

DIRECTORS' REPORT

To
The Members,
Sapphire Foods India Private Limited

Your Directors are pleased to present the 11th Annual Report on the business and operations of Sapphire Foods India Private Limited ("Company") together with the Audited Standalone and Consolidated Financial Statements for the financial year ended 31st March, 2020.

FINANCIAL RESULTS AND PERFORMANCE

The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015. The Consolidated Financial Statements based on the financial statements received from the subsidiaries, as approved by their respective boards, have been prepared in accordance with Indian Accounting Standard 110 (Ind AS - 110) on 'Consolidated Financial Statements' notified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015.

The Company's financial (standalone and consolidated) performance during the year ended 31st March, 2020 as compared to the previous financial year, is summarized below:

(Rs.in Lakhs)

Particular	Standalone		Consolidated	
	F.Y. 2019-20	F.Y. 2018-19	F.Y. 2019-20	F.Y. 2018-19
Total Income	111462.11	96960.49	135173.59	120357.12
Less: Expenses	117325.75	101165.57	141832.73	124712.82
Loss before exceptional item and Tax	(5863.64)	(4205.08)	(6659.14)	(4355.70)
Less: Exceptional Items	8027.63	-	9439.06	-
Loss before Tax	(13891.27)	(4205.08)	(16098.20)	(4355.70)
Less: Current Tax and Deferred Tax	-	-	(173.61)	110.00
Loss after Tax	(13891.27)	(4205.08)	(15924.59)	(4465.70)
Total Comprehensive Income/(Loss) for the year, Net of tax	(13918.72)	(4234.77)	(16416.10)	(4436.47)

During the year under review, the total income of your Company was Rs. 111462.11 Lakhs on a standalone basis and Rs. 135173.59 Lakhs on a consolidated basis as compared to the previous financial year's total income of Rs. 96960.49 Lakhs on a standalone basis and Rs. 1,20,357.12 Lakhs on consolidated basis. The net loss for the year under review, after taxation and deferred tax stood at Rs. 13891.27 Lakhs on a standalone basis and Rs. 15924.59 Lakhs on a consolidated basis.

The Company has not transferred any amount to General Reserve.

BUSINESS OPERATION AND STATE OF COMPANY AFFAIRS

Sapphire Foods India Private Limited, directly and through its' subsidiaries, is one of the largest franchisees of Yum! Brands in Asia with the rights to operate KFC, Pizza hut and Taco Bell Stores in India, Sri-Lanka and Maldives. Your Company, as on 31st March, 2020, directly and through its subsidiaries, operates 189 KFC stores, 240 Pizza Hut stores and 3 Taco Bell stores in India, Sri-Lanka and Maldives. During the financial year 2019-20, your company has opened 30 KFC stores and 25 Pizza Hut stores in India.

As on financial year ended 31st March, 2020, your company has registered 15.26% growth in revenue from operations due to strong growth in KFC business. KFC business has registered revenue growth of 17.76% during FY20 contributing to 71% of total revenue from operations of the Company. Pizza Hut business has registered steady growth contributing nearly 29% of total revenue from operations of the Company.

The outbreak of COVID-19 and subsequent lockdown by the Government of India from the end of March 2020 had significantly affected the normal working of stores operated by your Company across India. This unprecedented crisis had impacted the entire food industry across India with several restaurants and stores closed for dine-in for major part of the current financial year. As on the date of this report, nearly 90% of stores of the Company are back in operations and registering sales majorly through take-away and delivery. Keeping safety of customers as the utmost priority, your company has enhanced hygiene standards in stores operating across all over the country. In order to mitigate short-term liquidity crisis, your company had secured adequate funding of Rs. 20.00 crores through external borrowings from financial companies and successfully raised capital amounting to Rs. 40.85 crores from existing marque investors by way of Rights Issue. Given the nature of the food industry, your company expects fast recovery as fear of pandemic fades away.

There was no change in the nature of the business of the Company during the year under review.

DIVIDEND:

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

SUBSIDIARIES:

As on 31st March 2020, your Company has subsidiary company viz., Gamma Pizzakraft (Overseas) Private Limited (Gamma), which in turn, has three wholly-owned subsidiaries viz., Gamma Pizzakraft Private Limited, India; Gamma Pizzakraft Lanka Private Limited, Sri Lanka and French Restaurant Private Limited, Sri Lanka & one subsidiary viz., Gamma Island Foods Private Limited, Maldives. During the financial year under review, the Company has increased its stake in Gamma Pizzakraft (Overseas) Private Limited from to 99%. As on the date of this report, the remaining 1% non-controlling stake was acquired by your Company thereby making Gamma Pizzakraft (Overseas) Private Limited as a wholly-owned subsidiary of the Company.

The highlights of performance and financial position / salient features of the financial statement of each of the subsidiary companies for the year ended 31st March 2020 is given in Form AOC-1, in accordance with the provisions of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014. The Form AOC-1 is enclosed and forms an integral part of the Consolidated Financial Statements.

The Company has obtained a certificate from the Statutory Auditor certifying that the Company is in compliance with the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017 read with Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 with respect to Downstream Investment.

RATINGS

As on the date of this report, your Company has been assigned rating of "CARE BBB-; Stable" (Triple B Minus; Outlook: Stable) by CARE Ratings and "[ICRA] BBB (Negative); Assigned" by ICRA for Long-term Bank Facilities – Term Loan of the Company.

SHARE CAPITAL

During the year under review, there was no change in authorized share capital of the Company. The Company has issued and allotted, during the year under review, 71,36,094 Equity Shares to the respective beneficiaries pursuant to conversion of Compulsorily Convertible Preference Shares (CCPS) and Compulsorily Convertible Debentures (CCDs) into Equity Shares of the Company. Consequently, the Issued, Subscribed and Paid up Equity Share Capital of the Company, as on 31st March, 2020, stands at Rs. 50,24,39,680/- (Rupees Fifty Crores Twenty Four Lakhs Thirty Nine Thousand Six Hundred Eighty only) divided into 5,02,43,968 (Five Crores Two Lakhs Forty Three Thousand Nine Hundred Sixty Eight) Equity Shares of face value of Rs. 10/- each.

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

SAPPHIRE FOODS EMPLOYEE STOCK OPTION PLAN 2017 ("ESOP 2017"):

The Company has in place Sapphire Foods Employees Stock Option Plan 2017 ("ESOP 2017 / Plan") which was duly approved by the Board of Directors and the Shareholders of the Company. The Sapphire Foods Employees Stock Option Loyalty Scheme (Loyalty Scheme) and Sapphire Foods Employees Stock Option Performance Scheme (Performance Scheme) forms an integral part of the Plan. With a view to reward loyalty for past services with the Company, retention of critical employees and align employee interest with shareholder's interest and wealth accumulation, the Company has granted, from time to time, Stock Options to the eligible employees under the said Plan.

The Nomination and Remuneration Committee (named as ESOP Committee) of the Board is entrusted with the responsibility of implementation and administration of the ESOP Schemes. The details of ESOP as on 31st March 2020, as prescribed under the Companies Act, 2013 read with Rules made thereunder, is as under:

Sr. No.	Particulars	Sapphire Foods Employee Stock Option Plan, 2017	
		Loyalty Scheme	Performance Scheme
1.	Options granted;	5,49,190	10,98,379
2.	Options vested;	Nil	Nil
3.	Options exercised;	Nil	Nil
4.	Total number of shares arising as result of exercise of option;	Nil	Nil
5.	Options lapsed;	1,50,463	3,00,926
6.	Exercise Price (in Rs.)	10.00	175.61
7.	Variation of terms of options;	Refer Note	Refer Note
8.	Money realized by exercise of options (in Rs.)	Nil	Nil
9.	Total number of options in force;	3,98,727	7,97,453
10.	Options granted to Key Managerial Personnel;	2,70,833	5,41,666

Note: Keeping in view the interests of the eligible employees are protected, the Board and Shareholders of the Company, had amended and modify the terms of the aforesaid Schemes by overhauling the manner in which the schemes have been divided i.e. the Loyalty Scheme and Performance Scheme. The revised schemes viz., "Sapphire Foods Employee Stock Option Scheme 2019 – Scheme III – Management other than CEO" and "Sapphire Foods Employee Stock Option Scheme 2019 – Scheme IV – CEO" are variation/modification to the Loyalty Scheme and Performance Scheme.

- (i) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year – N.A.
- (ii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant; - Mr. Sanjay Purohit, Whole Time Director & Group CEO.
- (iii) no employee was issued stock options during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant – NIL

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

DEPOSITS

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

REPORT ON CORPORATE GOVERNANCE:

Your Company is committed in maintaining the highest standards of ethics and governance, resulting in enhanced transparency for the benefit of all stakeholders. The report on Corporate Governance forms an integral part of this report.

EXTRACT OF ANNUAL RETURN:

Pursuant to the provisions of Section 134(3) (a) of the Companies Act, 2013, Extract of the Annual Return in Form MGT-9 for the financial year ended 31st March 2020 made under the provisions of Section 92(3) of the Act forms part of this Report.

BOARD OF DIRECTORS

The Board of Directors are constituted in accordance with the provisions of Companies Act, 2013 and Articles of Association of the Company. Your Board consists of eminent persons with considerable professional expertise and credentials. Their professional experience and expertise have helped in strategy formulation for the Company and setting direction to attain long-term goals. The Company has received relevant disclosures and declarations from the Directors and none of them are disqualified from being appointed as Director in terms of Section 164(2) and 184(1) of the Companies Act, 2013.

As on financial year ended 31st March 2020, the Board of Directors of your Company comprises of 11 (Eleven) Directors, out of whom One Director is Whole-time (Executive) Director and Group CEO, Six are Non-Executive Directors and Four are Nominee Directors representing Investor Shareholders. The brief profile of the Directors on the Board of your Company is provided at Report on Corporate Governance, appended to this Report.

The provisions of Section 149(4) with regards to the appointment of Independent Directors is not applicable to your Company.

BOARD MEETINGS:

The Board of Directors met six times during the financial year 2019-20 on 22nd May, 2019, 28th August, 2019, 24th October, 2019, 25th November, 2019, 21st January, 2020 and 6th February, 2020 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. The meetings are held as per the requirements of business and maximum interval between any two Board Meetings is within the permissible limits. The details of the composition of the Board and the attendance of the directors at the board meetings, inter-alia, are provided at Report on Corporate Governance, appended to this report.

BOARD COMMITTEES:

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

- Audit Committee
- Nomination and Remuneration Committee (known as ESOP Committee)
- Operations Committee
- Corporate Social Responsibility (CSR) Committee

The details of the composition of these committees of the Board, meetings held during the financial year under review, etc. are set out at the Report on Corporate Governance which forms an integral part of this Report. The Committees of the Board meet at regular intervals to perform their duties and functions as entrusted upon them by the Board.

KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Punit Jhunjhunwala, Financial Controller of the Company, was appointed as Company Secretary (Key Managerial Personnel) with effect from 6th June 2019. Mr. Punit Jhunjhunwala vacated the position of Company Secretary with effect from 30th September, 2019 but continue to remain in the services of the Company as Financial Controller. The Company has appointed Mr. Sachin Dudam as Company Secretary and designated him as Key Managerial Personnel, in terms of Section 203 of the Companies Act, 2013, with effect from 1st October, 2019.

Mr. Sanjay Purohit, Whole-time Director & Group CEO and Mr. Vijay Jain, Chief Financial Officer of the Company were the other Key Managerial Personnel of the Company, as on financial year ended 31st March, 2020.

STATUTORY AUDITORS:

The appointment of M/s. S R B C & Co. LLP, Chartered Accountants, Mumbai (Registration No. 324982E) was approved by the members of the Company at the meeting held on 30th September, 2015 for the period of 5 (Five) years commencing from the conclusion of 6th Annual General Meeting till the conclusion of 11th Annual General Meeting. The period of accounts for which M/s. S R B C & Co. LLP, was appointed as Statutory Auditors was from 1st April, 2015 to 31st March, 2020.

The tenure of Statutory Auditors is set to end at the forthcoming 11th Annual General Meeting of the Company and therefore, the Board of the Directors of your Company at their meeting held on 6th August, 2020 had approved re-appointment of M/s. S R B C & Co LLP, Chartered Accountants, Mumbai for a further period of 5 (Five) years and recommended the same to the shareholders of the Company. The re-appointment of Statutory Auditors shall be subject to the approval of the shareholders of the Company at their forthcoming 11th Annual General Meeting and the tenure shall remain valid till the conclusion of 16th Annual General Meeting.

The Report given by the Statutory Auditors on the Financial Statements of the Company for FY 2019-20 is annexed to the Financial Statements. The main Audit Report and the Report on Internal Control on Financial Reporting is free from any qualification.

Further, there was no instances of Fraud reported by the Statutory Auditors during the year under review, as required under Section 134 of the Companies Act, 2013 and Rules made thereunder.

INTERNAL AUDITORS:

The Company had appointed Mr. Balkrishna Chaturvedi, Head- Internal Audit and Business Controls, Sapphire Foods India Private Limited as Internal Auditors of the Company, in compliance with the provisions of Section 138 of the Companies Act, 2013 and Rules framed thereunder. The Company has also appointed M/s. Deloitte Touche Tohmatsu India LLP, Chartered Accountants, as Internal Auditors for carrying out the activities of Management Testing of Internal Financial Controls and Internal Audit of various business processes.

Both the internal auditors carry out the functions as per the scope of work assigned and placed their Reports at the meetings of the Audit Committee, during quarterly intervals.

COST AUDITOR:

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

PARTICULARS OF INVESTMENTS, LOANS, GUARANTEES AND SECURITIES:

During the year under review, your Company has subscribed to the Rights Issue of Gamma Pizzakraft (Overseas) Private Limited, subsidiary of the Company. The Company has also granted Inter Corporate Deposit to Gamma Pizzakraft (Overseas) Private Limited in compliance with the applicable provisions of the Companies Act, 2013 and Rules framed thereunder.

The full particulars of the investments and loans, in accordance with Section 186 of the Companies Act, 2013, provided during the financial year under review, has been furnished in note 5 to the notes to account which forms part of the financial statements of the Company.

PARTICULAR OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

All transactions/contracts/arrangements entered into by the Company with related parties as defined under the provisions of Section 2(76) of the Companies Act, 2013, during the financial year under review were in ordinary course of business and on an arm's length basis and were reviewed/approved by the Audit Committee and Board of Directors. The Company has in place a policy on Related Party Transactions pursuant to the provisions of Companies Act, 2013.

During the year under review, the Company has not entered into any contracts/arrangements/transactions with the related parties which were considered material in nature and hence the disclosure of Related Party Transactions under Form AOC 2 is not applicable.

RISK MANAGEMENT POLICY:

Adequate Risk Management Framework is a necessity for the purpose of Risk Assessment and minimization/mitigation of Risks involved in Business Activity. Your Company has formulated a Risk Management Policy and defined Risk Management Framework which has been approved by the Audit Committee and Board of Directors during the year under review. The Audit Committee

has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

WHISTLE BLOWER POLICY:

Your Company has adopted a Whistle Blower Policy to provide a mechanism for the Directors and employees to report genuine concerns about any unethical behavior, actual or suspected fraud or violation of your Company's Code of Conduct. The employees are encouraged to voice their concerns by way of whistle blowing and none of the employees has been denied access to the Chairman of the Audit Committee. The provisions of this policy are in line with the provisions of Section 177 (9) of the Companies Act, 2013. All cases registered under the Whistle Blower Policy of the Company are subject to review by the Audit Committee.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of women at the workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the financial year under review, your company 7 Complaints were received by your Company under the Policy and all the Complaints were disposed-off.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

The particulars with regard to Foreign Exchange Earnings and Outgo are given in notes to financial statements.

COMPLIANCE OF SECRETARIAL STANDARDS

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

DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL

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

INTERNAL FINANCIAL CONTROLS:

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

Our management assessed the effectiveness of the Company's internal control over financial reporting as of 31st March 2020.

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

The internal audit department along with the external consultants carry out internal audit of the Company's activities. The audit is based on an internal audit plan, which is reviewed each year in consultation with and approved by the audit committee. The audit committee reviews reports submitted by the management and audit reports submitted by internal auditors and statutory auditors. Suggestions for improvement are considered and the audit committee follows up on corrective action.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the year ended 31st March 2020.

DIRECTOR'S RESPONSIBILITY STATEMENT:

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended 31st March, 2020, the Board of Directors hereby confirms that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit/loss of the Company for that year;
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. they have prepared the annual accounts of the Company on a going concern basis;
- e. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;

- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY:

Except as disclosed in this report, no material changes and commitments which could affect the Company's financial position, have occurred between the end of the financial year of the Company and date of this report.


ACKNOWLEDGEMENTS AND APPRECIATION:

Your Directors take this opportunity to thank customers, shareholders, suppliers, bankers, business partners/associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company.

Your Directors appreciate and value the contribution made by every member of the Sapphire family.

**FOR AND ON BEHALF OF THE BOARD
SAPPHIRE FOODS INDIA PRIVATE LIMITED**


**GIRISH BHAT
DIRECTOR
DIN: 01691290**


**SANJAY PUROHIT
WHOLE-TIME DIRECTOR
DIN:00117676**

**DATE: 25th September, 2020
PLACE: Mumbai**

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices, which ensure that a Company meets its obligations with the objective to optimize shareholder value and fulfill its responsibilities to the shareholders, employees, customers, community, government and other societal segments. The Company believes that a sound governance discipline also enables the Board to direct and control the affairs of the Company in an effective manner and maximize stakeholder value, including the society at large.

BOARD OF DIRECTORS

The Board of Directors are constituted in accordance with the provisions of Companies Act, 2013 and Articles of Association of the Company. Your Board consists of eminent persons with considerable professional expertise and credentials in finance, law, accountancy and other related skills and fields. Their wide experience and professional credentials help the Company for strategy formulation and its implementation, thereby enabling its growth objectives. The Board of the Company is committed towards upholding highest standards of governance. The Board has oversight on the functioning of the Company and ensures that every decision taken is in the best interest of all the stakeholders of the Company.

COMPOSITION OF THE BOARD

As on financial year ended 31st March 2020, the Board of Directors of your Company comprises of 11 (Eleven) Directors, out of whom One Director is Whole-time (Executive) Director and Group CEO, Six are Non-Executive Directors and Four are Nominee Directors representing Investor Shareholders. The Company has received relevant disclosures and declarations from the Directors and none of them are disqualified from being appointed as Director in terms of Section 164(2) and 184(1) of the Companies Act, 2013. The provisions of Section 149(4) with regards to the appointment of Independent Directors is not applicable to your Company. The brief profile of the Directors of the Company as on 31st March, 2020, is as under:

Mr. Sanjay Purohit,
Whole-time Director & Group CEO (DIN: 00117676)

Mr. Sanjay Purohit is the Whole Time Director and Group CEO of Sapphire Foods India Private Limited.

Mr. Sanjay Purohit has more than 30 years' experience in creating and growing profitable businesses across consumer product categories – food and apparel retail, packaged food, paints, oil and gas and has a track record of delivering high impact business results in every role. Mr. Purohit is able to combine deep consumer understanding and a strong strategic orientation with execution excellence. He is passionate about building high performing teams & an enabling work culture rooted in the foundational values of Excellence, Courage, Integrity, Empathy and Personal Accountability that he espouses.

Mr. Sanjay Purohit was the Managing Director for Levi Strauss & Co India, handling the India operations for 6 years for the iconic American jeans wear company. Before Levi's, he was with Cadbury India for 11 years as Executive Director and Board Member and has also worked with Mobil Peeves (a joint venture of Exxon-Mobil), Asian Paints and Kansai Nerolac Paints.

Mr. Sanjay Purohit is a Mechanical Engineer from NIT Surathkal and an alumnus of The Indian Institute of Management Bangalore.

Mr. Sumeet Narang, (Founder and Managing Director, Samara)
Non-Executive Director (DIN: 01874599)

Prior to founding Samara Advisors in 2007, Mr. Sumeet Narang briefly worked at Goldman Sachs, NY in their Proprietary Investments Group. During 2001-04, Mr. Narang had worked with Citigroup India across various functions based out of Delhi and Hyderabad. He has also worked with the Fiat group in Italy and India.

Mr. Sumeet Narang earned a Master's in Business Administration from the Harvard Business School, where he graduated as a Baker Scholar and John Loeb fellow. Mr. Narang also earned a Master's in Management from Indian Institute of Management, Lucknow (IIM), where he was an Aditya Birla Scholar and a B.E. in Mechanical Engineering from Indian Institute of Technology (IIT), Roorkee.

Mr. Sumeet Narang provides overall leadership to Samara Advisors and spends his time in strengthening the Samara brand amongst entrepreneurs, managements and Banks / financiers etc.

Mr. Manish Mehta, (Managing Director, Samara)
Non-Executive Director (DIN: 06442038)

Mr. Manish Mehta is a Managing Director and Investment Partner at Samara Capital and has been with Samara Capital since 2010.

Mr. Manish Mehta has led investments in the Consumer, Retail, Healthcare and Business Services verticals for the Fund. Prior to joining Samara Capital, Mr. Mehta has worked with the Private Equity Fund at Lehman Brothers in New York. Before that, he was Principal in a \$10 billion multi-strategy hedge fund at Barclays Global Investors. Mr. Mehta began his finance career with Lehman Brothers in 2001 in New York.

Mr. Manish Mehta earned his MBA from the Harvard Business School where he graduated with Distinction. He also holds a Master of Science degree in Transportation from Massachusetts Institute of Technology (MIT) and Bachelors' degree in Engineering from Indian Institute of Technology (IIT), Roorkee.

Mr. Vikram Agarwal, (Managing Director & CFO, Samara)
Non-Executive Director (DIN: 03038370)

Mr. Vikram Agarwal joined Samara Capital in 2007 and is an operating partner and CFO of the firm. As CFO, he leads the finance function within the firm. Mr. Agarwal is responsible for overseeing the financial reporting, compliance, legal, and governance work within the firm and all the funds advised by the firm. As operating partner, he works closely with the deal teams on

due diligence of target companies, structuring & negotiation of deal terms, sourcing deal level leverage, and closure of transactions. Mr. Vikram Agarwal also works with the portfolio companies to help them in M&A activities, raising capital from banks, equity investors, or from capital markets. Previously, Mr. Vikram Agarwal had worked with PwC Delhi where he spent around 7+ years in the tax and regulatory practice.

Mr. Vikram Agarwal is a Chartered Accountant from the Institute of Chartered Accountants of India and a commerce graduate from Shri Ram College of Commerce, Delhi.

Mr. Girish Bhat, (Managing Director, Samara)
Non-Executive Director (DIN: 01691290)

Mr. Girish Bhat joined Samara Capital in 2017 as Managing Director, Operations Group. As operating partner, he works closely with leadership of portfolio companies to transform, accelerate value creation and drive compliance. Mr. Girish Bhat helps in selecting, developing and mentoring Finance and IT leadership team, help the team to build business controls, systems and processes, establish effective ERP system and technology for business efficiency, enhance risk management process and strengthen Governance process for effectively operating portfolio companies like listed business.

Previously, Mr. Girish Bhat worked with Cadbury Schweppes plc UK (FMCG Business) for over 28 years in various positions as CFO and Commercial Director for Cadbury India, among others. In 2010 and 2011, he was recognized as "Top 100 CFO" in India and in 2015 as "CFO lead of Excellence" by CFO Magazine.

Mr. Girish Bhat is a Chartered Accountant (FCA) from the ICAI, Chartered Global Management Accountant (CGMA), Chartered Management Accountant (FCMA- from CIMA UK), Cost Accountant from Institute of Cost Accountants of India (ACMA) and a commerce graduate from Mumbai University.

Mr. Debobroto Das, (Vice President, Samara)
Non-Executive Director (DIN: 06578735)

Mr. Debobroto Das joined Samara Capital in 2017 and is Vice President at the firm. He works closely with portfolio companies in the Consumer, Business Services and Agricultural Inputs space, counselling and working with top management on governance, inorganic acquisitions, capital structure and liquidity events to deliver against Samara portfolio strategy. He evaluates transactions and tracks management teams across financial services, business services, specialty chemicals and consumer segments. Mr. Debobroto Das has over a decade of investing experience in the PE space, having previously worked with Actis, New Silk Route Advisors and Sun-Apollo. He has started his career with McKinsey & Co.

Mr. Debobroto Das has a MBA with Distinction from Harvard Business School and an undergraduate economics degree from St. Stephen's College, University of Delhi.

Mr. Amar Raj Singh, (Chairman & Managing Director, Gamma)
Non-Executive Director (DIN: 00885856)

Mr. Amar Raj Singh is the Managing Director of Gamma Pizzakraft Pvt Ltd and Gamma Lanka Pvt

Ltd, franchisees of Pizza Hut, Taco Bell and Delifrance. This entrepreneurial venture was commenced in 2005.

Mr. Amar Raj Singh started his career as a practicing chartered accountant. He then moved to Nepal for 14 years and rose to become the CEO of Soaltee Group, one of the largest and most prestigious business houses in the country, having international joint ventures and interests in Hospitality, Tobacco, Tea, Transportation etc. He then returned to India in 1996 and took over as Vice President with Coca Cola India and was responsible for the setting up of new plants and corporate affairs for India. After 5 years with Coke he moved on to become the Managing Director for India and South Asia, for Diageo, the world's largest liquor company owning brands like Johnnie Walker, Guinness and Smirnoff. He has worked extensively with CII and other business chambers in India and Nepal.

Mr. Amar Raj Singh did his schooling from Delhi Public School and finished his graduation from Sri Ram College of Commerce. He then went on to become a Chartered Accountant. He did a Senior Executive Programme from London Business School and a specialized course in Strategy and Organisation from Stanford University.

Mr. Amar Raj Singh is a keen golfer and sportsman. He was the Captain of the Royal Nepal Golf Club. He was decorated twice by His Majesty the King of Nepal for his services in the SAARC region.

Mr. Niladri Mukhopadhyay, (Merchant Banking, Goldman Sachs, Hong Kong)
Non-Executive Nominee Director (DIN: 06734203)

Mr. Niladri Mukhopadhyay is a Managing Director in the Merchant Banking Division in Hong Kong, focused on growth equity and corporate equity investing. He serves as chair of the Goldman Sachs (India) Finance Private Limited Risk Management Committee.

Mr. Niladri Mukhopadhyay had joined Goldman Sachs in 2010 in the Asian Special Situations Group, concentrating on principal investing and lending across the capital structure with a focus on India, Middle East and South East Asia. He was named Managing Director in 2015. Prior to joining the firm, Mr. Niladri Mukhopadhyay worked at Morgan Stanley in New York in the Distressed Trading and Investing Group and in investment banking.

Mr. Niladri Mukhopadhyay earned a BS in Electrical Engineering, *summa cum laude*, from Bucknell University in 2001 and an MBA, with distinction, from Harvard Business.

Mr. Julien Kinic, (Managing Partner, IDI EM)
Non-Executive Nominee Director (DIN: 07343612)

Mr. Julien Kinic is a co-founder and a Managing Partner of idi EM. He holds numerous seats in funds governance bodies as well as in portfolio companies boards. Previously, he spent two years in Agence Française de Développement (AFD, Proparco), the French government arm dedicated to the financing of emerging and developing countries, contributing to its development of both direct and indirect private equity investments. Prior to that, he has spent 5 years as an investment director at Cognetas, formerly known as Electra Partners Europe, a pan-European fund specialized in LBO. Before that, Mr. Julien Kinic has spent 6 years at Arthur Andersen in Paris with a focus on the mergers and acquisitions.

Mr. Julien Kinic holds a post-graduate diploma from the London School of Economics in the UK and is a graduate from Edhec Business School in Lille, France.

**Mr. Tarun Khanna, (Partner, CX Partners)
Non-Executive Nominee Director (DIN: 02306480)**

Prior to joining the Investment Advisor in 2008, Mr. Tarun Khanna was a Director in the investment and corporate banking sector at Yes Bank, a reputed private sector bank in India. He was responsible for originating M&A and capital raising transactions across North and East India for four-and-a-half years. He was an integral part of the start-up team at Yes Bank and served in a variety of leadership roles. He has originated several private equity transactions and has worked with several private equity funds, including with CVCI in two transactions. Prior to this assignment, Mr. Tarun Khanna was with Citi's Corporate & Investment Banking business for four years, before which he was with GE's commercial finance business for 18 months.

Mr. Tarun Khanna has an MBA degree from the University of Baltimore and a B.S. degree in Engineering from the University of Maryland.

**Mr. Pranav Parikh, (Managing Partner & Head of VC&PE Business, Edelweiss)
Non-Executive Nominee Director (DIN: 00025654)**

Mr. Pranav Parikh has over 18 years of successful investments track record across US and Indian markets. He has been a Portfolio manager at Q Investments-a USD 4 Billion multi-strategy hedge fund based in Texas, USA. He was instrumental in leading the fund's diversification into private equity space & setting up Q Investments' India office in 2006. Mr. Pranav Parikh has hands-on approach to driving operational improvements and strategic initiatives in investee companies, led profitable exits in 2008-2009, toughest times globally for investments industry.

Mr. Pranav Parikh Joined the Edelweiss group to set up the private equity and venture capital business. Under his leadership, the fund made 8 investments in a span of 2 years. He is also part of the senior leadership team at the Edelweiss group & is involved in various strategic initiatives for the group.

Mr. Pranav Parikh is BE in Industrial Engineering from MS University, India; MBA with honors from University of Texas, USA and is a CFA from CFA Institute (USA).

BOARD MEETINGS

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

During the financial year under review, the Board of Directors met six times on 22nd May, 2019, 28th August, 2019, 24th October, 2019, 25th November, 2019, 21st January, 2020 and 6th February, 2020 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. The details of attendance of Directors at the Board Meetings and at the last Annual General Meeting are as under:

Name of the Director	Designation / Category	No. of Board Meetings		Attendance at last AGM
		Held	Attended	
Sanjay Purohit	Whole-time Director	6	6	Yes
Sumeet Narang	Non-Executive Director	6	6	Yes
Manish Mehta	Non-Executive Director	6	6	-
Vikram Agarwal	Non-Executive Director	6	5	-
Girish Bhat	Non-Executive Director	6	6	Yes
Debobroto Das	Non-Executive Director	6	6	Yes
Amar Raj Singh	Non-Executive Director	6	5	Yes
Julien Kinic	Nominee Director	6	2	-
Niladri Mukhopadhyay	Nominee Director	6	5	-
Tarun Khanna	Nominee Director	6	6	Yes
Pranav Parikh	Nominee Director	6	5	-

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

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors of the Company has constituted various Committees of the Board with appropriate delegation of powers and authorities in order to effectively carry out some of the diverse functions of the Board. The terms of reference of these Committees are defined by the Board setting their roles and responsibilities to ensure smooth functioning. The Board Committees closely review the specific areas which have been allocated and the findings and recommendations of such business matters are placed before the Board for its consideration or information, as the case may be. The Board has accepted the recommendations made by the Board Committees including Audit Committee at the meetings held during the financial year under review. The Board of Directors has constituted 4 (Four) Committees of the Board viz:

- Audit Committee
- Nomination and Remuneration Committee (known as ESOP Committee)
- Operations Committee
- Corporate Social Responsibility (CSR) Committee

AUDIT COMMITTEE

The Company has an adequately qualified Audit Committee constituted in accordance with the provisions of Companies Act, 2013 and Rules made thereunder, to the extent applicable. As on 31st March, 2020, the Committee comprised of six Non-Executive Directors viz. Mr. Amar Raj Singh, Mr. Vikram Agarwal, Mr. Girish Bhat, Mr. Debobroto Das, Mr. Tarun Khanna and Mr. Niladri Mukhopadhyay and one Executive Director Mr. Sanjay Purohit. The Audit Committee is headed by Mr. Amar Raj Singh.

All members of the Committee are financially literate and have accounting or related financial management expertise. The Audit Committee, inter-alia, is primarily responsible for reviewing the adequacy of the internal control systems, financial disclosures, related party transactions and statutory compliances or any other responsibility in accordance with the Companies Act, 2013 or as delegated by the Board from time to time.

The Audit Committee has met five times during the financial year (FY) 2019-20 on 21st May, 2019, 27th August, 2019, 24th October, 2019, 8th January, 2020 and 6th February, 2020. The meetings of the Audit Committee were held as per the requirements of business. The composition of the Audit Committee and attendance details is prescribed as under:

Name of the Member	Designation	Number of Meetings	
		Held	Attended
Amar Raj Singh	Chairman	5	5
Sanjay Purohit	Member	5	5
Vikram Agarwal	Member	5	3
Girish Bhat	Member	5	5
Debobroto Das	Member	5	5
Niladri Mukhopadhyay	Member	5	3
Tarun Khanna	Member	5	5

ESOP COMMITTEE

The Nomination and Remuneration Committee viz., ESOP Committee, has been adequately constituted in accordance with the provisions of Companies Act, 2013 and Rules made thereunder, to the extent applicable. As on 31st March, 2020, the ESOP Committee comprised of seven Directors viz. Mr. Manish Mehta, Mr. Vikram Agarwal, Mr. Girish Bhat, Mr. Debobroto Das, Mr. Tarun Khanna, Mr. Niladri Mukhopadhyay and Mr. Sanjay Purohit. The Committee is headed by Mr. Vikram Agarwal.

The ESOP Committee is entrusted with powers to assist the Board in the discharge of its responsibilities related to compensation and benefits provided by the Company to its executive officers and employees. The ESOP Committee further administers and supervises the Employees Stock Options Schemes, including review and grant of Stock Options to eligible employees.

The ESOP Committee has met two times during the financial year 2019-20 on 28th August, 2019 and 6th February, 2020. The composition of the ESOP Committee and attendance details is prescribed as under:

Name of the Member	Designation	Number of Meetings	
		Held	Attended
Vikram Agarwal	Chairman	2	1
Sanjay Purohit	Member	2	2
Manish Mehta	Member	2	2
Debobroto Das	Member	2	2
Niladri Mukhopadhyay	Member	2	2
Tarun Khanna	Member	2	2

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Company has a duly constituted Corporate Social Responsibility (CSR) Committee, which is responsible for fulfilling the CSR objectives of the Company. As on 31 March, 2020, the Committee comprised of three Directors viz. Mr. Sanjay Purohit, Mr. Vikram Agarwal and Mr. Amar Raj Singh. Mr. Sanjay Purohit is the Chairman of the Committee.

The Board of Directors on recommendation of the CSR Committee has formulated the CSR policy of the Company. The Policy provides a broad framework with regards to implementation of CSR activities carried out by the Company in accordance with Schedule VII of the Act. The company's commitment towards this includes contributing to Institutions which are engaged in activities aligned to the activities forming part of its CSR policies. A report on CSR Activities as prescribed under the Act and Rules made thereunder is annexed to this Report.

The CSR Committee has met once during the financial year 2019-20 on 28th August, 2019. The composition of the CSR Committee and attendance details is prescribed as under:

Name of the Member	Designation	Number of Meetings	
		Held	Attended
Sanjay Purohit	Chairman	1	1
Amar Raj Singh	Member	1	1
Vikram Agarwal	Member	1	1

OPERATION COMMITTEE

The Operation Committee has been adequately constituted in accordance with the provisions of Companies Act, 2013 and Rules made thereunder, to the extent applicable. As on 31st March, 2020, the Operation Committee comprised of seven Directors viz. Mr. Sanjay Purohit, Mr. Manish Mehta, Mr. Vikram Agarwal, Mr. Girish Bhat, Mr. Debobroto Das, Mr. Tarun Khanna and Mr. Niladri Mukhopadhyay. The Committee is headed by Mr. Sanjay Purohit.

The purpose of Operation Committee is to evaluate, consider and approve various actions required to be taken by the Company in relation to the implementation of the business plan / matters approved by the Board of the Company from time to time.

No meeting of the Operation Committee was convened during the financial year 2019-20.

REMUNERATION TO DIRECTORS

None of the Directors receive remuneration from the Company except Mr. Sanjay Purohit, Whole-time Director & Group CEO, the details of which are provided at MGT-9 - Extract of Annual Return.

CODE OF CONDUCT

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

GENERAL BODY MEETINGS

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

Financial Year	Date of AGM / EGM	Particulars of the Meeting
2019-20	26 th September, 2019	10 th Annual General Meeting
2018-19	18 th March, 2019	Extra-Ordinary General Meeting
2018-19	18 th December, 2018	Extra-Ordinary General Meeting
2018-19	7 th December, 2018	Extra-Ordinary General Meeting
2018-19	29 th September, 2018	9 th Annual General Meeting
2018-19	30 th May, 2018	Extra-Ordinary General Meeting
2017-18	30 th March, 2018	8 th Adjourned Annual General Meeting
2017-18	14 th February, 2018	Extra-Ordinary General Meeting
2017-18	30 th December, 2017	8 th Annual General Meeting
2017-18	7 th November, 2017	Extra-Ordinary General Meeting
2017-18	28 th August, 2017	Tribunal Convened Meeting

ANNUAL GENERAL MEETING

The 11th Annual General Meeting of the Company will be held on Thursday, 15th October, 2020 at 3.00 p.m. at the Registered Office of the Company at 702, A Wing, Prism Tower, Mindspace, Link Road, Goregaon (West), Mumbai- 400062.

IDENTIFICATION / REGISTRATION NUMBER

Corporate Identification Number (CIN):	U55204MH2009PTC197005
International Securities Identification Number (ISIN):	INE806T01012

REGISTRAR AND TRANSFER AGENT

The Company has appointed Link Intime India Private Limited, as Registrar and Transfer Agent (RTA), for providing connectivity services and handling share registry. The contact details of RTA are as under:

Link Intime India Private Limited
C – 101, 247 Park, 1st Floor, LBS Marg,
Vikhroli (West), Mumbai – 400 083
Telephone No.: 022 – 49186270
Fax No.: 022 – 49186060
Email ID: rnt.helpdesk@linkintime.co.in

DEMATERIALISATION OF SHARES

The Company has an agreement with NSDL for providing depository services for holding the shares in dematerialized mode. As on 31st March, 2020, 89,48,627 Equity Shares, aggregating to 17.81% of the total equity share capital of the Company was held in dematerialized form. The Company has paid all the requisite fees to NSDL for the year 2019-20.

ADDRESS FOR CORRESPONDENCE

SAPPHIRE FOODS INDIA PRIVATE LIMITED
Company Secretary
702, A Wing, Prism Tower, Mindspace,
Link Road, Goregaon (West), Mumbai- 400062
Telephone No.: 022- 67522300
Email ID: secretarial@sapphirefoods.in

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the Company's CSR Policy, including overview of projects and programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programs

Sapphire Foods India Private Limited (SFIPL/Company) stands committed to the social and economic development of the communities in which it operates. The Company's commitment towards this includes contributing to Institutions which are engaged in activities aligned to the activities forming part of its CSR policies.

In this regard, the Company has promulgated CSR Policy and had laid down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large

CSR Policy – Objectives & Initiatives

The objective of the CSR Policy ("Policy") is to lay down the guiding principles in undertaking various programs and projects by or on behalf of the company relating to Corporate Social Responsibility ("CSR") within the meaning of section 135 of the Companies Act, 2013 read with Schedule VII of the Act and the CSR Policy Rules 2014. ("Rules")

In line with Schedule VII of the Act and the CSR Rules, the Company shall undertake CSR activities included in its Annual CSR Plan, as recommended by the CSR Committee at the beginning of each year. The Committee is authorized to approve any modification to the existing Annual CSR Plan or to propose any new program during the financial year under review.

Focus Areas

For purposes of focusing its CSR efforts in a continued and effective manner, the following areas have been identified:

- i. Promotion of education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- ii. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of Art, setting up public libraries, promotion and development of traditional arts and handicrafts;
- iii. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- iv. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- v. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

- vi. Measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- viii. Contribution to the Prime Minister National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, Scheduled Tribes, other backward classes, minorities and women;
- ix. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- x. Rural Development Projects.

2. Composition of CSR Committee:

The composition of CSR Committee of the Board of Directors of Sapphire Foods India Private Limited is as under:

Sr. No.	Name of the Director	Chairman / Member
1.	Mr. Sanjay Purohit	Chairman
2.	Mr. Vikram Agarwal	Member
3.	Mr. Amar Raj Singh	Member

3. Average net profit of the Company for last 3 financial years: NIL

4. Prescribed CSR Expenditure (2% of this amount as in item 3 (c) above): NIL

5. Details of CSR spend for the Financial Year

- a) Total amount spent for the financial year: Not applicable
- b) Amount unspent, if any: Not applicable
- c) Manner in which the amount spent during the financial year is detailed below: Not applicable

6. Reason for not spending prescribed CSR expenditure

The Company has not made any profits for the last 3 financial years and therefore the prescribed CSR expenditure was NIL.

7. Responsibility Statement of CSR Committee

The CSR Committee confirms that the implementation and monitoring of CSR Policy, wherever applicable, was in compliance with the CSR Objective and Policy of the Company.

Place: Mumbai

Date: 25th September, 2020


Mr. Girish Bhat
Director


Mr. Sanjay Purohit
Whole-time Director &
Chairman of CSR Committee

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:			
1	CIN		U55204MH2009PTC197005
2	Registration Date		10-11-2009
3	Name of the Company		Sapphire Foods India Private Limited
4	Category/Sub-category of the Company		Company Limited by Shares Indian Non-Government Company
5	Address of the Registered office & contact details		702, Prism Tower, A-Wing, Mindspace, Link Road, Goregaon (W), Mumbai - 400 062 Tel. No. 022-61696600 Email: secretarial@sapphirefoods.in
6	Whether listed company		NO
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.		Link Intime India Private Limited, C 101, 247 Park. L.B.S. Marg. Vikroli (West), Mumbai - 400 083. Tel. No. 4918 6270 Email: ml.helndesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)			
S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Food and Beverage Service Activities	56	99%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES						
SN	Name and address of the Company		CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Gamma Pizzakraft (Overseas) Private Limited		U51101DL2007PTC160063	Subsidiary	99%	2(87)
2	Gamma Pizzakraft Private Limited		U00060DL2005PTC138821	Subsidiary	100%	2(87)
3	Gamma Pizzakraft Lanka Private Limited		N.A.	Subsidiary	100%	2(87)
4	French Restaurants Private Limited		N.A.	Subsidiary	100%	2(87)
5	Gamma Island Foods Private Limited		N.A.	Subsidiary	51%	2(87)

* Companies at Sr. No. 2, 3, 4 and 5 are subsidiaries of Gamma Pizzakraft (Overseas) Private Limited

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Other (pls specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) Trust	-	30,17,500	30,17,500	7.00%	-	35,17,459	35,17,459	7.00%	0.00%
Sub Total (A) (1)	-	30,17,500	30,17,500	7.00%	-	35,17,459	35,17,459	7.00%	0.00%
(2) Foreign				0.00%					
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	87,71,411	3,11,41,547	3,99,12,958	92.59%	87,71,411	3,23,80,289	4,11,51,700	81.90%	-10.68%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	87,71,411	3,11,41,547	3,99,12,958	92.59%	87,71,411	3,23,80,289	4,11,51,700	81.90%	-10.68%
TOTAL (A)	87,71,411	3,41,59,047	4,29,30,458	99.59%	87,71,411	3,58,97,748	4,46,69,159	88.90%	-10.68%
				0.00%					
B. Public Shareholding				0.00%					
1. Institutions				0.00%					
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Alternate Investment Funds (AIF)	1,77,216	200	1,77,416	0.41%	1,77,216	53,97,593	55,74,809	11.10%	10.68%
j) Others (pls specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(1):-	1,77,216	200	1,77,416	0.41%	1,77,216	53,97,593	55,74,809	11.10%	10.68%
				0.00%					
2. Non-Institutions				0.00%					
a) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Indian	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Non Resident Indians	-	-	-	0.00%	-	-	-	0.00%	0.00%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	-	-	-	0.00%	-	-	-	0.00%	0.00%
Clearing Members	-	-	-	0.00%	-	-	-	0.00%	0.00%
Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(2):-	-	-	-	0.00%	-	-	-	0.00%	0.00%
Total Public (B)	1,77,216	200	1,77,416	0.41%	1,77,216	53,97,593	55,74,809	11.10%	10.68%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	0.00%	-	-	-	0.00%	0.00%
Grand Total (A+B+C)	89,48,627	3,41,59,247	4,31,07,874	100.00%	89,48,627	4,12,95,341	5,02,43,968	100.00%	

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year				Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares		% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Sagistra Realty Advisors Private Limited, Trustee of QSR Management Trust	30,17,500		7.00%		35,17,459	7.00%		0.00%
2	WWD Ruby Limited	1,43,17,768		33.21%		1,55,56,510	30.96%		-2.25%
3	Sapphire Foods Mauritius Limited	1,68,23,779		39.03%		1,68,23,779	33.48%		-5.54%
4	Amethyst Private Limited	87,71,411		20.35%		87,71,411	17.46%		-2.89%

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Date	Reason		Shareholding at the beginning / end of the year		Cumulative Shareholding during the year	
					No. of shares	% of total shares	No. of shares	% of total shares
1	Sagistra Realty Advisors Private Limited, Trustee of QSR Management Trust							
	At the beginning of the year	01-04-2019			30,17,500	7.00%		
	Changes during the year*	21-01-2020	Allot		4,99,959	-	35,17,459	7.00%
	At the end of the year	31-03-2020			35,17,459	7.00%		
2	Sapphire Foods Mauritius Ltd.*							
	At the beginning of the year	01-04-2019			1,68,23,779	39.03%		
	Changes during the year	-			-	-		
	At the end of the year	31-03-2020			1,68,23,779	33.48%		
3	WWD Ruby Limited							
	At the beginning of the year	01-04-2019			1,43,17,768	33.21%		
	Changes during the year*	21-01-2020	Allot		12,38,742	-	1,55,56,510	30.96%
	At the end of the year	31-03-2020			1,55,56,510	30.96%		
4	Amethyst Private Limited*							
	At the beginning of the year	01-04-2019			87,71,411	20.35%		
	Changes during the year	-			-	-		
	At the end of the year	31-03-2020			87,71,411	17.46%		

Allotment of Shares pursuant to conversion of CCPS and CCD held by WWD Ruby Limited and Sagistra Realty Advisors Private Limited, Trustee of QSR Management Trust, respectively

* The change in shareholding (%) was due to Allotment of Equity shares as mentioned hereinabove.

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason		Shareholding at the beginning / end of the year		Cumulative Shareholding during the year	
					No. of shares	% of total shares	No. of shares	% of total shares
1	AAJV Investment Trust*							
	At the beginning of the year	01-04-2019			1,77,216	0.41%		
	Changes during the year*	-			-	-		
	At the end of the year	31-03-2020			1,77,216	0.35%		
2	Edelweiss Crossover Opportunities Fund							
	At the beginning of the year	01-04-2019			150	0.00%		
	Changes during the year	21-01-2020	Allot		40,48,045	-	40,48,195	8.06%
	At the end of the year	31-03-2020			40,48,195	8.06%		
3	Edelweiss Crossover Opportunities Fund – Series II							
	At the beginning of the year	01-04-2019			50	0.00%		
	Changes during the year*	21-01-2020	Allot		13,49,398	-	13,49,448	2.69%
	At the end of the year	31-03-2020			13,49,448	2.69%		

Allotment of Shares pursuant to conversion of CCPS

* The change in shareholding (%) was due to Allotment of Equity shares as mentioned hereinabove.

(v) Shareholding of Directors and Key Managerial Personnel:

SN.	Shareholding of	Date	Reason	Shareholding		% of total shares	Cumulative		% of total shares
				No. of shares			No. of shares		
1	Name								
	At the beginning of the year					0.00%			0.00%
	Changes during the year					0.00%			0.00%
	At the end of the year					0.00%			0.00%
2	Name								
	At the beginning of the year					0.00%			0.00%
	Changes during the year					0.00%			0.00%
	At the end of the year					0.00%			0.00%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Compulsorily Convertible Debentures (CCD)	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
i) Principal Amount	7,216.90	1,694.86	-	-	8,911.76
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	2.07	-	-	-	2.07
Total (i+ii+iii)	7,218.97	1,694.86	-	-	8,913.83
Change in Indebtedness during the financial year					
* Addition (refer note 1 and 2)	47.63	21.00	-	-	68.63
* Reduction/Conversion (refer note 1)	(2,125.00)	(1,715.86)	-	-	(3,840.86)
Net Change	(2,077.37)	(1,694.86)	-	-	(3,772.23)
Indebtedness at the end of the financial year					
i) Principal Amount	5,096.30	-	-	-	5,096.30
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due*	45.30	-	-	-	45.30
Total (i+ii+iii)	5,141.60	-	-	-	5,141.60

Notes:

1) Secured loans are carried at amortized cost using the effective interest method. Accordingly Rs 4.39 lakhs has been amortised over the loan period.

2) Addition in CCD is due to the fair value changes as per measurement requirements under Ind AS

*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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

SN.	Particulars of Remuneration	Name & Designation of MD/WTD/ Manager		Total Amount (Rs.)
		Mr. Sanjay Purohit Whole Time Director & CEO		
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,99,38,041.00		2,99,38,041.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	28,800.00		28,800.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			-
2	Stock Option			-
3	Sweat Equity			-
4	Commission			-
	- as % of profit			-
	- others, specify			-
5	Others, please specify			-
	Total (A)	2,99,66,841.00		2,99,66,841.00
	Ceiling as per the Act	-		-

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors			Total Amount
					(Rs/Lac)
1	Independent Directors				
	Fee for attending board committee meetings				-
	Commission				-
	Others, please specify				-
	Total (1)				-
2	Other Non-Executive Directors				
	Fee for attending board committee meetings				-
	Commission				-
	Others, please specify				-
	Total (2)				-
	Total (B)-(1+2)				-
	Total Managerial Remuneration				-
	Overall Ceiling as per the Act				-

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN.	Particulars of Remuneration	Name & Designation of Key Managerial Personnel			Total Amount (Rs.)
		Mr. Vijay Jain	Mr. Punit Jhunjhunwala*	Mr. Sachin Dudam^	
		Chief Financial Officer (CFO)	Financial Controller & CS	Company Secretary (CS)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,20,72,780.00	12,86,969.00	7,64,616.00	1,33,59,749.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				-
2	Stock Option				-
3	Sweat Equity				-
4	Commission				
	- as % of profit				-
	- others, specify				-
5	Others, please specify				-
	Total	1,20,72,780.00	12,86,969.00	7,64,616.00	1,33,59,749.00

* Mr. Punit Jhunjhunwala, Financial Controller of the Company was appointed as Company Secretary w.e.f 6th June, 2019 upto 30th September, 2019

^ Mr. Sachin Dudam was appointed as Company Secretary with effect from 1st October, 2019

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

INDEPENDENT AUDITOR'S REPORT

To the Members of Sapphire Foods India Private Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Sapphire Foods India Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

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.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially

inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibility of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian

Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2020;



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(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 31 to the standalone Ind AS financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003




per Vikram Mehta

Partner

Membership Number: 105938

UDIN: 20105938AAAADT6639

Place of Signature: Mumbai

Date: August 06, 2020

Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verifying all assets once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No Material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- ii. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii. a) The Company has granted loans to one company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest
- b) The Company has granted loans to a company covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and amount is not yet due.
- c) There are no amounts of loans granted to a company listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- iv. In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to entities in which directors are interested and in respect of loans and advances given and investments made have been complied with by the company.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- vii. 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 Rs. 37,048,265 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 03.04.2020 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 Rs. 17,324,585 for the month of March 2020 has been paid subsequent to due date with interest in accordance to Notification No.35/2020 dated 24.06.2020 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:

Statement of Arrears of Statutory Dues Outstanding for More than Six Months:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Employees Provident Fund Act	Provident Fund	2,877,740	FY 18-19	15 th day of next month	Unpaid
Employees Provident Fund Act	Provident Fund	1,853,969	April 2019 to September 2019	15 th day of next month	Unpaid
Professional tax Act	Professional Tax	2,024,800	FY 18-19	10 th day of next month	Unpaid
Professional tax Act	Professional Tax	102,948	April 2019 to September 2019	10 th day of next month	Unpaid
Employees State Insurance Act	Employees State Insurance	15,391	FY 18-19	15 th day of next month	Unpaid
Maharashtra Labour Welfare Fund Act	Labour Welfare Fund	73,106	FY 18-19	15 th day after end of half year	Unpaid

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Amount in Rs. (net of amount paid under protest)	Period to which the amount relates	Forum where dispute is pending
CST Act, 1956	Sales Tax	32,945,194	2012-13 to 2014-15	Deputy Commissioner
CST Act, 1956	Sales Tax	3,549,151	2013-14	Joint Commissioner of Sales Tax
Entry Tax	Sales Tax	247,882	2014-15 to 2016-17	Assistant Commissioner
Income Tax Act, 1961	Income Tax	58,896,801	2010-11 to 2019-20	CIT (A)
Madhya Pradesh Entry Tax	Sales Tax	103,335	2015-16	Assistant Commissioner
Madhya Pradesh VAT Act	Sales Tax	491,482	2016-17	Assistant Commissioner
Gujarat Vat Act	Sales Tax	664,650	2015-16	Deputy Commissioner
Maharashtra VAT Act	Sales Tax	17,933,351	2012-13 to 2014-15	Deputy Commissioner
Maharashtra VAT Act	Sales Tax	2,768,979	2012-13 to 2014-15	Joint Commissioner
Tamil Nadu VAT Act	Sales Tax	210,234	2015-16	Assistant Commissioner

viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank or dues to debenture holders.



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- ix. In our opinion and according to the information and explanations given by the management, the term loans have been used for the purpose of which they were raised. The Company has not raised any money by way of initial public offer.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per Vikram Mehta
Partner

Membership Number: 105938

UDIN: 20105938AAAADT6639

Place of Signature: Mumbai

Date: August 06, 2020



Annexure 2**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Sapphire Foods India Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



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Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per Vikram Mehta

Partner

Membership Number: 105938

UDIN: 20105938AAAADT6639

Place of Signature: Mumbai

Date: August 06, 2020



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Balance Sheet as at March 31, 2020

Balance Sheet as at March 31, 2020		(Rs. in lakh)	
Particulars	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	35,037.45	30,712.06
Capital work-in-progress	3	1,571.96	1,689.75
Goodwill	4	10,586.08	18,352.21
Other Intangible assets	4	2,716.16	2,852.20
Right of use assets	44	43,523.40	-
Intangible assets under development	4	308.99	37.83
Deferred tax assets (net)	15	-	-
Financial assets			
Investment in subsidiary	5	15,634.12	9,923.29
Loans	5	190.00	80.00
Deposits	5	5,824.11	4,868.48
Other financial assets	5	1.21	7.11
Other non-current assets	6	1,565.87	3,547.58
Income tax assets (net)		236.52	157.20
Total non-current assets		1,17,195.87	72,227.71
Current assets			
Inventories	7	3,277.49	2,584.25
Financial assets			
Investments	5	1,552.07	-
Trade receivables	8	365.70	2,012.51
Cash and cash equivalents	9	1,680.13	1,850.73
Bank balances other than cash and cash equivalents	10	1,703.52	16,421.71
Deposits	5	72.28	144.67
Other financial assets	5	269.94	398.78
Other current assets	11	310.72	488.81
Total current assets		9,231.85	23,901.46
Total Assets		1,26,427.72	96,129.17
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	5,024.40	4,310.79
Other equity	13	50,423.94	46,027.66
Total equity		55,448.34	50,338.45
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	4,221.30	5,091.90
Lease Liabilities	16	44,379.90	-
Long term provisions	20	512.64	432.05
Total non-current liabilities		49,113.84	5,523.95
Current liabilities			
Financial liabilities			
Borrowings	14	-	1,250.00
Lease Liabilities	16	5,919.40	-
Trade payables	17	-	-
(a) total outstanding dues of micro enterprises and small enterprises		797.04	851.57
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		9,448.23	8,453.07
Other financial liabilities	18	3,933.95	27,725.24
Other current liabilities	19	1,298.70	1,337.10
Short term provisions	20	468.22	649.79
Total current liabilities		21,865.54	40,266.77
Total Equity and Liabilities		1,26,427.72	96,129.17
Summary of significant accounting policies		2	

Summary of significant accounting policies

2

The accompanying notes are an integral part of these financial statements.

As per our report of even date.

For S R B C & CO LLP
Chartered Accountants
ICAI Registration No : 324982E/ E300003



per Vikram Mehta
Partner
Membership No. : 105938
Place: Mumbai
Date: Aug 6, 2020

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

Girish Bhat
Director
DIN: 01691290

Sanjay Purohit
Whole time Director
DIN: 00417676

Sachin Dudam
Company Secretary
Membership No. : A31812
Place: Mumbai
Date: Aug 6, 2020

Vijay Jain
Chief Financial Officer



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Statement of Profit and Loss for the year ended March 31, 2020

Particulars	Note	(Rs. In lakh)	
		Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from contracts with customers	21	1,10,356.58	96,049.84
Other income	22	1,105.53	910.65
Total income		1,11,462.11	96,960.49
Expenses			
Cost of materials consumed	23	35,332.26	31,523.16
Employee benefits expense	24	17,983.91	15,842.53
Finance costs	25	6,021.51	1,603.75
Depreciation and amortization expense	26	15,556.84	5,452.59
Other expenses	27	42,431.23	46,743.54
Total expenses		1,17,325.75	1,01,165.57
Loss before exceptional items and tax		(5,863.64)	(4,205.08)
Exceptional items	28	8,027.63	-
Loss before tax		(13,891.27)	(4,205.08)
Tax expense			
Current tax	15	-	-
Deferred tax	15	-	-
Loss for the year after tax		(13,891.27)	(4,205.08)
Other comprehensive loss			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements losses of net defined benefit plan		(27.45)	(29.69)
Tax effect on remeasurements losses of net defined benefit plan	15	-	-
Other comprehensive loss for the year, net of tax		(27.45)	(29.69)
Total comprehensive loss for the year, net of tax		(13,918.72)	(4,234.77)
Earnings per equity share of Rs. 10 each:			
Basic and diluted earnings per share (Rs.)	29	(27.65)	(9.24)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of these financial statements.

As per our report of even date.

For S R B C & CO LLP
Chartered Accountants
ICAI Registration No : 324982E/ E300003

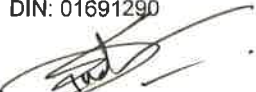


per **Vikram Mehta**
Partner
Membership No : 105938
Place: Mumbai
Date: Aug 6, 2020

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


Girish Bhat
Director
DIN: 01691290


Sanjay Purohit
Whole time Director
DIN: 00117676


Sachin Dudam
Company Secretary
Membership No. : A31812
Place: Mumbai
Date: Aug 6, 2020


Vijay Jain
Chief Financial Officer



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Statement of Cash Flows for the year ended March 31, 2020

	(Rs. in lakh)	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from operating activities		
Loss before tax	(13,891.27)	(4,205.08)
Adjustments for:		
Depreciation and amortisation expense	15,556.84	5,452.59
Finance cost	6,021.51	1,603.75
Interest income	(1,015.56)	(910.65)
Impairment loss on goodwill	7,766.13	-
Expenses on employee stock option scheme	464.46	668.31
Fair valuation of financial liability	297.12	219.86
Provision for slow moving inventories	298.08	-
Allowance for credit losses/ provision for advances	290.69	206.76
Provision for doubtful deposits	22.74	73.60
Provision for doubtful debts written back (net of bad debts written off)	(10.49)	-
(Gain)/loss on fair value/sale of mutual funds	(78.25)	-
Loss on sale/ discard of property, plant and equipment	57.51	15.66
Gain on termination of lease contract	(1.23)	-
Operating profit before working capital changes	15,778.28	3,124.80
Changes in working capital		
Increase/(Decrease) in trade payables	940.64	(97.30)
Increase/(Decrease) in liabilities	(66.24)	377.27
Increase/ (Decrease) in provisions	(128.43)	83.46
Increase in inventories	(991.32)	(162.14)
(Increase)/Decrease in trade and other receivables	1,657.30	(1,740.23)
(Increase)/Decrease in assets	(454.75)	1,300.53
Cash generated from operations	16,735.48	2,886.39
Income tax paid (net of refund)	(68.29)	(54.31)
Net cash generated from operating activities (A)	16,667.19	2,832.08
Cash flow from investing activities		
Purchase of property, plant and equipment	(12,168.58)	(12,739.40)
Acquisition of business (refer Note 35)	(18.00)	(431.95)
Sale of property, plant and equipment	131.39	72.75
Loan given to subsidiary	(110.00)	(80.00)
Purchase of non current investments	(5,710.83)	(884.38)
Purchase of Current Investments	(1,473.82)	-
Interest received	823.62	174.27
Fixed/restricted deposits with banks (placed)/ realised	14,602.70	(15,854.20)
Net cash used In investing activities (B)	(3,923.52)	(29,742.91)
Cash flow from financing activities		
Proceeds from issuance of equity share capital(including securities premium)	-	0.90
Proceeds from issuance of preference share capital	-	22,499.10
Proceeds from long-term borrowings	-	6,000.00
Repayment of long-term borrowings	(875.00)	-
Repayment of short-term borrowings	(1,250.00)	(3,250.00)
Proceeds from short-term borrowings	-	2,500.00
Payment of principal portion of lease liabilities	(5,000.96)	-
Interest paid on lease liabilities	(5,116.11)	-
Finance cost paid	(672.20)	(1,496.08)
Net cash (used in)/ from financing activities (C)	(12,914.27)	26,253.92
Net decrease in cash and cash equivalents (A+B+C)	(170.60)	(656.91)
Cash and cash equivalents at the beginning of the year	1,850.73	2,507.64
Cash and cash equivalents at the end of the year	1,680.13	1,850.73
Cash and cash equivalents comprise (refer note 9)		
Balances with banks		
In current accounts	1,509.56	1,281.37
Term deposits with maturity of less than 3 months	1.15	-
Cash on hand	169.42	569.36
Total cash and cash equivalents at the end of the year	1,680.13	1,850.73

Note :

Significant non cash movement in financing activities includes conversion of CCPS and CCD into equity shares amounting to Rs 22,499.10 lakh and Rs 1,694.86 lakh (Refer Note 18) and lease liabilities arising due to implementation of Ind AS 116 amounting to Rs 9,316.24 lakh (Refer Note 44).

For SRBC & COLLP

Chartered Accountants
ICAI Registration No : 324982E/ E300003

per Vikram Mehta
Partner
Membership No : 105938
Place: Mumbai
Date: Aug 6, 2020



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

Girish Bhat
Director
DIN: 01691290

Sachin Dudam
Company Secretary
Membership No. : A31812
Place: Mumbai
Date: Aug 6, 2020

Sanjay Purohit
Whole time Director
DIN : 00117676

Vijay Jain
Chief Financial Officer



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Statement of Changes in Equity for the year ended March 31, 2020

A. Equity share capital

Particulars	Note	No. of shares	(Rs. in lakh) Amount
Balance as at April 1, 2018		4,16,75,367	4,167.54
Add: Shares issued during the year	12	14,32,507	143.25
Balance as at March 31, 2019		4,31,07,874	4,310.79
Add: Shares converted during the year (Refer Note 18)	12	71,36,094	713.61
Balance as at March 31, 2020		5,02,43,968	5,024.40

B. Other equity

For the year ended March 31, 2020

Particulars	Reserves and surplus			Shares pending allotment	Share options outstanding account	(Rs. in lakh) Total
	Capital reserve	Securities premium	Retained earnings			
Balance as at April 01, 2019	3,560.98	63,883.59	(22,085.22)	-	668.31	46,027.66
Effect of adoption of Ind AS 116 Leases (Note 44)	-	-	(5,904.70)	-	-	(5,904.70)
Shares allotted during the year	-	23,777.46	-	-	-	23,777.46
Recognition of share based payment	-	-	-	-	442.24	442.24
Loss for the year	-	-	(13,891.27)	-	-	(13,891.27)
Other comprehensive loss for the year	-	-	(27.45)	-	-	(27.45)
Balance as at March 31, 2020	3,560.98	87,661.05	(41,908.64)	-	1,110.55	50,423.94

For the year ended March 31, 2019

Particulars	Reserves and surplus			Shares pending allotment	Share options outstanding account	(Rs. in lakh) Total
	Capital reserve	Securities premium	Retained earnings			
Balance as at April 01, 2018	3,560.98	63,882.71	(17,850.45)	143.23	-	49,736.47
Shares allotted during the year	-	0.88	-	(143.23)	-	(142.35)
Recognition of share based payment	-	-	-	-	668.31	668.31
Loss for the year	-	-	(4,205.08)	-	-	(4,205.08)
Other comprehensive loss for the year	-	-	(29.69)	-	-	(29.69)
Balance as at March 31, 2019	3,560.98	63,883.59	(22,085.22)	-	668.31	46,027.66

For S R B C & CO LLP
Chartered Accountants
ICAI Registration No : 324982E/ E300003

per Vikram Mehta
Partner
Membership No : 105938
Place: Mumbai
Date: Aug 6, 2020



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

Girish Bhat
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Company Secretary
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Place: Mumbai
Date: Aug 6, 2020

Sanjay Purohit
Whole time Director
DIN : 00117676

Vijay Jain
Chief Financial Officer



Sapphire Foods India Private Limited
Notes to Financial Statements for the year ended March 31, 2020

1. Corporate information

Sapphire Foods India Private Limited ('the Company') is a private company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The company is principally engaged in the franchisee business of KFC and Pizza Hut restaurants in India. The registered office of the company is 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400062.

The standalone financial statements were approved for issue in accordance with a resolution of the board of directors on 6 August 2020.

2. Significant accounting policies

2.1 Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (hereinafter referred to as the 'IND AS'), as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time)

The accounting policies are applied consistently to all the periods presented in the standalone financial statement except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The standalone financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

The standalone financial statements provide comparative information in respect of the previous period. In addition, the Company presents an additional balance sheet at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in standalone financial statements.

2.2 Basis of measurement

The standalone financial statements have been prepared on a historical cost convention, except for the following assets and liabilities which have been measured at fair value or revalued amount:–

- Property, plant and equipment acquired as part of Business Acquisition,
- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- Contingent/ Deferred consideration,
- Defined Benefit Plans- Measured at fair value, and
- Share based payments

2.3 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 Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.



Sapphire Foods India Private Limited
Notes to Financial Statements for the year ended March 31, 2020

- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and



Sapphire Foods India Private Limited
Notes to Financial Statements for the year ended March 31, 2020

circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

b. Current v/s non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c. Foreign currencies

Functional and presentation currency

Management has determined the currency of the primary economic environment in which the entity resides in and operates as the functional currency. The functional currency of the Company is Indian Rupees (INR). The financial statements have been presented in INR, as it best represents the operating business performance and underlying transactions.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction. The related revenue and expense are recognized using the same exchange rate.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

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, employee advances, investments in equity and debt securities etc;
- Financial liabilities include long-term and short-term loans and borrowings, derivative financial liabilities, bank overdrafts and trade payables



Financial assets:

Initial measurement

Initially, a financial instrument is recognized at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized in determining the carrying amount, if it is not classified as at fair value through profit or loss. Transactions costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

i) Financial assets at amortised cost:

A financial asset is classified as "financial asset at amortised cost" (amortised cost) under IND AS 109 Financial Instruments if it meets both the following criteria:

- (1) The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows, and
- (2) The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified date (the 'SPPI' contractual cash flow characteristics test).

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

ii) Financial assets at fair value through other comprehensive income (FVTOCI):

All equity investment in scope of IND AS 109 Financial Instruments are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IND AS 103 Business Combinations applies are classified as fair value through profit or loss. For all other equity instruments, the Company may make irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-to-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument through fair value through other comprehensive income (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.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

De-recognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities and equity instruments:

a) Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.



Sapphire Foods India Private Limited
Notes to Financial Statements for the year ended March 31, 2020

b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

c) Financial liabilities

Financial liabilities are classified as either financial 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:

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

i) Financial liabilities measured at amortized cost

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

ii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

De-recognition of financial liabilities

Financial liabilities are derecognized when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

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 intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



e. Revenue recognition

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 Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

However, Goods and Service (GST) is not received by the company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

No element of financing is deemed present as the majority of sales are on cash basis and credit sales are made with normal credit period consistent with market practice.

The following specific recognition criteria must also be met before revenue is recognised:

Income from retail sales

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Revenue is measured at the 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 service

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration we expect to receive in exchange for those services.

The Company recognise revenue from alliance income when the service is performed.

Interest income

Interest income 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 Company'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 Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

f. Taxes

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to a business combination, or items directly recognized in equity or in OCI.



Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction. Deferred income tax assets are recognized to the extent 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 utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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 are initially measured at cost and subsequently it is measured at cost less accumulated depreciation and impairment losses, if any. Cost comprises of purchase price and all costs incurred to bring the assets to their current location and condition for its intended use. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Any subsequent cost incurred is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Capital work in progress comprises cost of property, plant and equipment (including related expenses), That are not yet ready for their intended use at the reporting date.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

On transition to IND AS, the Company 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 company has used the following life to provide depreciation on its property, plant and equipment.

Class of asset	Useful lives estimated by the management (years)
Plant and machinery	15 years
Office equipment	5 years
Computers	3 years
Furniture and fixtures	8 years
Vehicles	10 years
Leasehold improvements	Over the Lease term

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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 Company 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 company has used the following life to provide depreciation on its intangible assets.



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Class of asset	Useful lives estimated by the management (years)
License fees	Over the period of license (upto 10 years)
Computer Software	3 years
Franchisee fees	10 years

There are no intangible assets with indefinite useful lives other than goodwill.

i. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings, Plant and Equipment and Computers. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term over the shorter of the lease term and the estimated useful lives of the assets.

- Stores and Buildings - Over the shorter of the lease term and the estimated useful lives of the assets

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

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.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an operating expense on a straight-line basis over the lease term.



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 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 Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

l. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.



If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

m. Retirement and other employee benefits

Defined benefit plan

In accordance with applicable laws in India, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") for every employee who has completed 5 years or more of service on departure at 15 days salary (last drawn salary) for each completed year of service. The Gratuity Plan provides for a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment based on last drawn salary and tenure of employment with the Company. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date using projected unit credit method.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Defined contribution plan

The Company makes contributions to the Provident Fund scheme, a defined contribution benefit scheme. These contributions are deposited with Government administered fund and recognised as an expense in the period in which the related service is performed. There is no further obligation on the Company on this defined contribution plan.

Compensated absences

Accumulated leave, is expected to be utilized within the next 12 months, and are treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

n. Share-based payments

Employees of the Company also receive remuneration in the form of share based payments in consideration for the services rendered.

Under the equity settled share based payment, the fair value on the grant date of the awards given to employees is recognised as 'employee benefit expenses' with a corresponding increase in equity over the vesting period. The fair value of the options at the grant date is calculated on the basis of the Black Scholes model. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning



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and end of that period and is recognised in employee benefits expense. When the options are exercised, the Company issues fresh equity shares

When the terms of an equity-settled award are modified, an additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

o. Investment in subsidiaries

Investment in Subsidiary entities is carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiary entity the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

p. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q. Contingencies

A contingent liability is:

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognised because:

- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations arising from past events and for which the fair values can be reliably determined.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

r. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit/(loss) attributable to ordinary equity holders of the Company using the weighted-average number of equity shares considered for deriving basic earnings per share and weighted average number of dilutive equivalent shares outstanding during the period, except where the results would be anti-dilutive. Dilutive potential shares are deemed converted at the beginning of the period, unless issued at later date.



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Notes to Financial Statements for the year ended March 31, 2020

s. Fair value measurement

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

t. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker being Managing Director of the company. The Managing Director assesses the financial performance and position of the company as a whole, and makes strategic decisions.

u. Cash Flow

Ind AS 7 requires an entity to exclude non-cash transaction relating to investing and financing activities from the statement of cash flow. However, such transactions should be disclosed elsewhere in the financial statements. The investing and financing activities in cash flow statement do not have a direct impact on current cash flows although they do affect the capital and asset structure of an entity. The company has disclosed these transactions, to the extent material in relevant notes.

Cash and cash equivalents consist of cash on hand and balances with banks which are unrestricted for withdrawal and usage.

2.4 New and amended standards

Ind AS 116 – Leases

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method as per para C8 (c)(ii) of Ind AS 116 with right-of-use asset recognized at an amount equal to the lease liability.

Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of Right of Use asset of ₹ 40,085.19 lakh and a lease liability of ₹ 45,989.89 lakh. Lease expenses have changed to depreciation cost on the right to use assets and finance cost for interest accrued on lease liability. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

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



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Notes to Financial Statements for the year ended March 31, 2020

- 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.

The Ministry of Corporate Affairs (MCA) notifies the new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Appendix C to Ind AS 12 - Uncertainty over income tax treatments

Appendix C to Ind AS 12 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The adoption of Appendix C to Ind AS 12 did not have any material impact on the standalone financial statements of the Company.

Amendment to Ind AS 12 – Income Taxes

The Ministry of Corporate Affairs issued amendments to Ind AS 12 – Income Taxes. The amendments clarify that an entity shall recognize the income tax consequences of dividends on financial instruments classified as equity according to where the entity originally recognized those past transactions or events that generated distributable profits were recognized. The adoption of amendment to Ind AS 12 did not have any material impact on the standalone financial statements of the Company.

Amendment to Ind AS 19 - Plan Amendment, Curtailment or Settlement

The Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset. The adoption of amendment to Ind AS 19 did not have any material impact on the standalone financial statements of the Company.

2.5 New accounting standards not yet adopted:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards.

Amendment to Ind AS 116 – Leases

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. The reporting period in which a lessee first applies the amendment, it is not required to disclose certain quantitative information required under Ind AS 8.



SAPPHIRE FOODS INDIA PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2020

3 Property, Plant and Equipment and Capital work-in-progress

Property, Plant and Equipment							(Rs. in lakh)
Particulars	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Computers	Leasehold improvements	Total
Cost							
Balance as at April 01, 2018	14,315.69	1,433.60	390.70	881.28	1,587.49	16,156.61	34,765.37
Additions	3,938.58	434.00	63.88	213.59	836.48	4,776.53	10,263.06
On acquisition of business (Note 35)	35.28	0.41	-	1.56	1.29	-	38.54
Disposals	(182.46)	(14.38)	(11.08)	(3.99)	(13.31)	(353.94)	(579.16)
Balance as at March 31, 2019	18,107.09	1,853.63	443.50	1,092.44	2,411.95	20,579.20	44,487.81
Additions	4,855.47	349.91	7.84	326.38	1,289.79	4,837.95	11,667.34
Disposals	(1,174.51)	(109.15)	(31.47)	(74.54)	(527.33)	(198.08)	(2,115.08)
Balance as at March 31, 2020	21,788.05	2,094.39	419.87	1,344.28	3,174.41	25,219.07	54,040.07
Depreciation							
Balance as at April 01, 2018	2,608.66	246.22	81.58	424.21	876.30	5,263.00	9,499.97
Charge for the year	1,618.10	270.01	56.68	167.08	496.59	2,188.54	4,797.00
Disposals	(135.39)	(11.03)	(4.34)	(3.59)	(13.11)	(353.76)	(521.22)
Balance as at March 31, 2019	4,091.37	505.20	133.92	587.70	1,359.78	7,097.78	13,775.75
Charge for the year	2,790.14	368.01	104.58	215.80	701.00	3,027.81	7,207.34
Disposals	(1,084.32)	(78.73)	(30.04)	(66.26)	(523.93)	(197.19)	(1,980.47)
Balance as at March 31, 2020	5,797.19	794.48	208.46	737.24	1,536.85	9,928.40	19,002.62
Net Book Value							
Balance as at March 31, 2020	15,990.86	1,299.91	211.41	607.04	1,637.56	15,290.67	35,037.45
Balance as at March 31, 2019	14,015.72	1,348.43	309.58	504.74	1,052.17	13,481.42	30,712.06
Capital work-in-progress							
Balance as at March 31, 2020							1,571.96
Balance as at March 31, 2019							1,689.75



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2020
4 Intangible assets and Intangible assets under development

					(Rs. in lakh)
Intangible assets					
Particulars	Computer Softwares	License fees	Franchisee fees	Total	Goodwill
Cost					
Balance as at April 01, 2018	664.96	12.23	2,672.66	3,349.85	17,964.67
Additions	328.69	150.25	848.39	1,327.33	-
On acquisition of business (Note 35)	-	-	22.63	22.63	387.54
Disposals	-	-	(131.63)	(131.63)	-
Balance as at March 31, 2019	993.65	162.48	3,412.05	4,568.18	18,352.21
Additions	244.31	160.23	244.64	649.18	-
Disposals	(4.74)	(3.40)	(71.60)	(79.74)	-
Balance as at March 31, 2020	1,233.22	319.31	3,585.09	5,137.62	18,352.21
Amortisation and Impairment					
Balance as at April 01, 2018	568.60	2.81	590.14	1,161.55	-
Charge for the year	182.91	27.92	444.76	655.59	-
Disposals	-	-	(101.16)	(101.16)	-
Balance as at March 31, 2019	751.51	30.73	933.74	1,715.98	-
Charge for the year	241.20	79.96	426.31	747.47	-
Disposals	(4.74)	(3.41)	(33.84)	(41.99)	-
Impairment (Refer Note a below)	-	-	-	-	7,766.13
Balance as at March 31, 2020	987.97	107.28	1,326.21	2,421.46	7,766.13
Net Book Value					
Balance as at March 31, 2020	245.25	212.03	2,258.88	2,716.16	10,586.08
Balance as at March 31, 2019	242.14	131.75	2,478.31	2,852.20	18,352.21

Note :

- a) The recoverable amount as at March 31, 2020, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the management covering a five-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 applied to cash flow projections for impairment testing during the current year is 16% (31 March 2019: 16%) and cash flows beyond the five-year period are extrapolated using a 4.0% growth rate (31 March 2019: 5.0%) 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 did not exceed the carrying value. As a result of this analysis, on a prudent basis, management has recognised an impairment charge of INR 7,766.13 lakh in the current year against goodwill. The impairment charge is recorded in the statement of profit and loss as an exceptional item (Refer Note 28 and 34)

Intangible assets under development

Balance as at March 31, 2020	308.99
Balance as at March 31, 2019	37.83



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2020

5 Financial assets

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Investments		
Investments in subsidiary measured at Cost		
Unquoted equity shares		
1,79,29,848 (March 31, 2019: 1,31,59,169) Equity shares of Rs. 10 each fully paid-up in Gamma Pizzakraft (Overseas) Private Limited (Refer Note (a))	15,634.12	9,923.29
Unquoted mutual fund		
Investment in Mutual Fund measured at fair value through profit or loss (FVTPL) (Refer Note (b))	1,552.07	-
Total Investments	17,186.19	9,923.29
Current	1,552.07	-
Non-current	15,634.12	9,923.29

Note (a): Non-controlling interest in Gamma Pizzakraft (Overseas) Private Limited

Non-controlling shareholders of Gamma Pizzakraft (Overseas) Private Limited ('Gamma'), had the option to put their entire shareholding to the company at any time during the period commencing on the closing date (September 9, 2015) and expiring on the fourth anniversary of the closing date with a fixed return of 15% per annum calculated on the business valuation carried out at the closing date upto the end of 47 months.

If the option had been exercised during 48th month from the closing date, Company had the obligation to:

1. Purchase the entire shares at a price which gives non-controlling shareholders a fixed return of 15% per annum calculated on the basis of the business valuation carried out at the closing date OR

2. Purchase the entire shares based on the fair value as determined basis the multiples of revenue or EBITDA applied at the time of acquisition of this business by the Company OR

3. To deliver the shares of the company, as per ratio determined based on the relative fair value of the business determined on the basis of multiple of EBITDA of Gamma as compared to the Company including Gamma

If the above options are not exercised, Company had the option to buy all the shares from non-controlling shareholders at any time after the expiry of put option period at an aggregate price which gives the existing share holder a 15% per annum calculated on the business valuation carried out at the closing date

In the current year, non controlling shareholders have exercised the aforesaid right and as a result, the Company has purchased 46,87,205 shares from these shareholders at Rs 119.71 per share. Also refer note 31 (e).

Note (b) Investment in unquoted mutual fund

The Company has 39,729.38 outstanding debt mutual fund units as at March 31, 2020 (March 31, 2019 : Nil)

Loans (unsecured and considered good)

Loan to related party		
-Subsidiary (refer Note 38)	190.00	80.00
Total loans	190.00	80.00
Current	-	-
Non-current	190.00	80.00

Loan to subsidiary carries an interest rate of 12% p.a. and is given for a period of 3 years for business purposes and does not include interest receivable of Rs 1.74 lakh which is included below in "others" (Mar 2019 : Rs 0.31 lakh).

Deposits (unsecured)

Considered good	5,896.39	5,013.15
Credit impaired	37.99	489.60
	5,934.38	5,502.75
Less: Allowance for expected credit losses	(37.99)	(489.60)
Total deposits	5,896.39	5,013.15
Current	72.28	144.67
Non-current	5,824.11	4,868.48

Others (unsecured)

Term deposits with maturity of more than 12 months	1.21	2.34
Claims and other receivables	-	1.43
Interest accrued on fixed deposits and loan		
- Related party (Note 38)	1.74	0.31
- Others	22.66	270.14
Margin money deposits with banks (placed as security with government body)	121.39	4.77
Other receivables		
Considered good		
- Related party (Note 38)	-	27.95
- Others	124.15	98.95
Considered doubtful	36.46	36.46
	160.61	163.36
Less: Provision for doubtful receivables	(36.46)	(36.46)
	124.15	126.90

Total other financial assets

	271.15	405.89
Current	269.94	398.78
Non-current	1.21	7.11

Movements in allowance for credit losses of receivables is as below:

	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	526.06	686.68
Charge/(release) during the year	22.74	(160.62)
Utilised during the year	(474.35)	-
Balance at the end of the year	74.45	526.06

For explanation on the credit risk management process, refer Note 41 (b)



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2020

6 Other non-current assets (unsecured)

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Capital advances :		
Considered good	475.22	882.19
Considered doubtful	286.59	-
Less : Allowance for doubtful balances	(286.59)	-
	475.22	882.19
Prepaid expenses (Note 44)	-	1,033.02
Balances with government authorities		
Considered good	1,090.65	1,632.37
Considered doubtful	286.45	282.35
	1,377.10	1,914.72
Less: Allowance for doubtful balances	(286.45)	(282.35)
	1,090.65	1,632.37
Total other non-current assets	1,565.87	3,547.58

7 Inventories

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
(At lower of cost or net realisable value)		
Raw materials	2,708.05	1,553.42
Packing materials	464.87	347.82
Small wares, cleaning, uniform and operating supplies	402.65	431.92
Less : Provision for slow moving inventories	(298.08)	(15.91)
Goods in transit	-	267.00
Total Inventories	3,277.49	2,584.25

During the year ended 31st March 2019, there was a change in the inventory valuation method from FIFO to Weighted Average. The Management had assessed the impact of this change and was of view that there was no material impact due to fast moving inventories specific to the QSR industry in which the company operates. Also, there were annual contracts entered into with vendors, hence no material impact.

8 Trade receivables

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	365.70	2,012.51
Unsecured, credit impaired	39.77	286.96
Less : Allowance for expected credit losses	(39.77)	(286.96)
Total trade receivables	365.70	2,012.51

Movements in allowance for credit losses of receivables is as below:

	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Balance as at the beginning of the year	286.96	113.07
Charge/(release) during the year	(10.49)	173.89
Utilised during the year	(236.70)	-
Balance at the end of the year	39.77	286.96

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.



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2020

9 Cash and cash equivalents

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Balances with banks		
In current accounts	1,509.56	1,281.37
Cash on hand	169.42	569.36
Term deposits with original maturity of less than three months	1.15	-
Total cash and cash equivalents	1,680.13	1,850.73

10 Bank balances other than cash and cash equivalents

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Term deposits with maturity more than 3 months but less than 12 months	1,698.53	15,826.85
Margin money deposit (placed as security with government body)	4.99	594.86
Total bank balances other than cash and cash equivalents	1,703.52	16,421.71

11 Other current assets (unsecured)

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	142.96	234.34
Advances to suppliers:		
Considered good	154.73	221.38
Considered doubtful	7.67	141.68
Less : Allowance for doubtful balances	(7.67)	(141.68)
	154.73	221.38
Employee advances	13.03	33.09
Total other current assets	310.72	488.81

12 Share capital

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
a. Authorised shares:		
18,30,90,000 (March 31, 2019: 18,30,90,000) Equity shares of Rs.10 each	18,309.00	18,309.00
250,000 (March 31, 2019: 2,50,000) 8% Compulsorily convertible preference Shares of Rs.100 each	250.00	250.00
68,00,000 (March 31, 2019: 68,00,000) 0.001% Compulsorily convertible preference Shares of Rs. 361.90 each	24,609.20	24,609.20
	43,168.20	43,168.20
b. Issued, subscribed and fully paid-up shares:		
5,02,43,968 (March 31, 2019: 4,31,07,874) Equity shares of Rs.10 each fully paid up	5,024.40	4,310.79
	5,024.40	4,310.79
c. Reconciliation of number of shares outstanding at the beginning and end of the year :		
Equity shares		
Outstanding at the beginning of the year	4,31,07,874	4,16,75,367
Issued during the year (Note e, g(iii) and h)	71,36,094	14,32,507
Outstanding at the end of the year	5,02,43,968	4,31,07,874

d. Rights, preferences and restrictions attached to equity shares

The Company has one class of equity share having par value of Rs. 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 CCPS 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)



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2020

f. Shareholders holding more than 5% shares in the company

Particulars	As at March 31, 2020		As at March 31, 2019	
	% holding	No. of Shares	% holding	No. of Shares
Equity shares				
Sapphire Foods Mauritius Limited	33.48%	1,68,23,779	39.03%	1,68,23,779
WWD Ruby Limited	30.96%	1,55,56,510	33.21%	1,43,17,768
Amethyst Private Limited	17.46%	87,71,411	20.35%	87,71,411
QSR Management Trust through trustee Sagista Realty				
Advisors Private Limited	7.00%	35,17,459	7.00%	30,17,500
Edelweiss Crossover Opportunities Fund	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.

g. Shares reserved for issue under options

- 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.
- Information relating to Sapphire Foods Employee Stock Option Plan 2017, including details of options granted, exercised and lapsed during the current year and options outstanding at the end of reporting period, is set out in note 42.
- Compulsorily Convertible Debentures (CCDs) amounting to Rs. Nil (March 31, 2019: 3.25 lakh) 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 (Refer note above), 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 Statement of Profit and Loss (refer Note 27). During the year on January 21, 2020, these CCD's have been converted into 4,99,959 equity shares at the fair value of Rs 343.20 per share and change in fair value is recorded in the Statement of Profit and Loss (Refer Note 27).

h. Issued and paid up component of 68,00,000 0.001% Compulsorily convertible preference Shares (CCPS's) of Rs. 361.90 each amounting to Rs 22,499.10 lakh included within authorised share capital is forming part of other financial liabilities (refer Note 17)
During the year on January 21, 2020, these CCPS's have been converted into 66,36,135 equity shares at the fair value of Rs 343.20 per share.

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 Rs. 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.

13 Other equity

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Securities premium		
Balance as per last balance sheet	63,883.59	63,882.71
Add: Premium on issue of equity shares	23,777.46	0.88
Balance as at the end of the year	87,661.05	63,883.59
Capital reserve		
Balance as per last balance sheet	3,560.98	3,560.98
Add: Items of other comprehensive income recognised directly in Capital reserve	-	-
Balance as at the end of the year	3,560.98	3,560.98
Share options outstanding account		
Balance as per last balance sheet	668.31	-
Employee stock option expense (refer Note 24)	442.24	668.31
Balance as at the end of the year	1,110.55	668.31
Retained earnings		
Balance as per last balance sheet	(22,085.22)	(17,850.45)
Effect of adoption of Ind AS 116 Leases (Note 44)	(5,904.70)	-
Loss for the year	(13,891.27)	(4,205.08)
Items of other comprehensive income/(loss) recognised directly in retained earnings:		
Re-measurement gains/ (losses) on defined benefit plans (net of deferred tax)	(27.45)	(29.69)
Balance as at the end of the year	(41,908.64)	(22,085.22)
Total other equity	50,423.94	46,027.66

Note : Nature and purpose of reserves

- Retained earnings- Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Company.
- 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.
- 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.
- 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. This reserve is utilised in accordance with the specific provisions of the Companies Act, 2013.



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2020

14 Borrowings (measured at amortised cost)

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Non-current borrowings (secured)		
Term loan from bank (refer Note below)	5,096.30	5,966.90
Less : Current maturities disclosed in other current financial liabilities (refer Note 18)	(875.00)	(875.00)
Total non-current borrowings	4,221.30	5,091.90

Term loan from bank is taken for a period of 5 years for the purpose of modernisation and expansion. 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 and is 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).

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

Current borrowings (secured)

Working capital loan from banks

Borrowings from Standard Chartered Bank *

(secured against trade receivables, cash and cash equivalents, other receivables, inventory and property, plant and equipment)

Total current borrowings

-	1,250.00
-	1,250.00

* 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.

15 Income tax

The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are:

Particulars	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Current income tax	-	-
Deferred tax		
Relating to originating and reversal of temporary differences	-	-
Income tax expense/(income) reported in the statement of total comprehensive income/ (loss)	-	-
- Income tax expense/(income) reported in the statement of profit/ (loss)	-	-
- Income tax expense/(income) reported in the statement of other comprehensive income/ (loss)	-	-

A reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows :

Particulars	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Loss before taxes	(13,891.27)	(4,205.08)
Statutory income tax rate	31.20%	31.20%
Expected income tax expense*	(4,334.08)	(1,311.98)
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense :-		
Deferred tax assets not recognised for unused tax losses to the extent of deferred tax liabilities	1,816.12	1,240.07
Permanent difference :		
Interest inadmissible under section 23 of the MSME Act	3.44	3.31
TDS Interest	2.56	-
35DD Deduction	(3.77)	-
Change in fair value of financial liability	92.70	68.60
Impairment of Goodwill	2,423.03	-
	4,334.08	1,311.98
Total Income tax expense/ (income)	-	-

* The income tax liability is NIL being loss incurred during the year

For the above disclosure, the Company has evaluated the recent amendments in the Income Tax Act, 1961, i.e. new section 115BAA which has been introduced with effect from FY 2019-20 (AY 2020 - 21) to provide an option for a concessional tax at the rate of 22% but the 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.



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2020

Deferred tax

Deferred tax relates to the following:

Particulars	Balance Sheet		Profit and Loss	
	As at March 31, 2020	As at March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Deferred tax liabilities				
Property, plant and equipment/ Intangible assets	1,642.30	1,560.57	81.73	696.20
Lease Liabilities (lease rental reversal)	3,156.53	-	3,156.53	-
Deposits	148.33	15.11	133.22	15.11
Mutual Funds	12.79	-	12.79	-
	4,959.95	1,575.68	3,384.27	711.31
Deferred tax assets				
Employee benefits payable	452.41	315.38	137.03	190.39
Long term/ Short term provisions	182.38	210.42	(28.04)	6.21
Deposits	-	-	-	(25.99)
Provision for slow moving inventories	93.00	-	93.00	-
Right of use assets	2,371.83	-	2,371.83	-
Lease Liabilities (interest)	1,596.23	-	1,596.23	-
Effect of adoption of Ind AS 116 Leases on Retained Earnings	1,842.27	-	-	-
Provisions for doubtful advances	132.10	301.25	(169.15)	2.77
Disallowance under section 40(a)(i) of Income Tax Act, 1961	137.25	165.56	(28.31)	(46.58)
Unabsorbed business losses (income recognised in statement of profit or loss for the year to the extent of expenses recorded)	12,739.70	12,916.07	(588.32)	584.51
	19,547.17	13,908.68	3,384.27	711.31
Deferred tax expense/ (Income)	-	-	-	-
Net deferred tax assets/ (liabilities) #	14,587.22	12,333.00	-	-

Deferred tax assets are recognised to the extent of deferred tax liabilities and hence, the value in the Balance Sheet is Nil.

The Company has carried forward tax losses of Rs 13,789.02 lakh (31 March, 2019 Rs 14,329.52 lakh) and unabsorbed depreciation of Rs 26,479.66 lakh (31 March, 2019 Rs 23,664.02 lakh) and short term capital loss of Rs. 563.68 lakh (31st March 2019 Rs. 563.68 lakh)

Expiry schedule of losses on which deferred tax assets is not recognised is as under :

Expiry of losses financial year wise	(Rs. in lakh)			
	Business losses	Unabsorbed depreciation	Long term capital loss	Short term capital loss
FY 2019 - 20	1,425.78	-	-	-
FY 2020 - 21	2,614.22	-	-	-
FY 2021 - 22	2,560.93	-	-	-
FY 2022 - 23	3,153.37	-	-	-
FY 2023 - 24	4,034.72	-	-	-
FY 2024 - 25	-	-	-	-
Beyond 5 years	-	-	-	563.68
Indefinite	-	26,479.66	-	-
Total	13,789.02	26,479.66	-	563.68

16 Lease Liabilities

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Lease Liabilities (Refer Note 44)	50,299.30	-
Total Lease Liabilities	50,299.30	-
Current	5,919.40	-
Non-current	44,379.90	-

17 Trade payables

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises (Note 36)	797.04	851.57
Total outstanding dues of creditors other than micro enterprises and small enterprises :		
- Related parties (Note 38)	16.99	0.05
- Others	9,431.24	8,453.02
Total trade payables	10,245.27	9,304.64

Terms and conditions of the above Trade payables:

- Trade payables are non-interest bearing and are normally settled on 30-60 days terms.



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2020

18 Other current financial liabilities

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Nil (March 31, 2019: 62,16,937) Compulsorily convertible preference shares (refer Note a below and Note 12)	-	22,499.10
Financial liability-With respect to compulsorily convertible debentures (refer Note a below and Note 12 (g) (iii))	-	1,694.86
Current maturities of non-current borrowings (Note 14)	875.00	875.00
Interest accrued but not due on borrowings	45.30	2.07
Employees benefits payables	1,338.38	1,182.72
Capital creditors	1,515.64	1,336.16
Other payables :		
- Related party (Note 38)	94.54	11.94
- Others	65.09	123.39
Total other current financial liabilities	3,933.95	27,725.24

Note a :

During the previous year, Compulsorily convertible preference shares (CCPS) were convertible into equity basis the EBITDA for the year ended 31 March 2019. Upon determination of EBITDA, on or prior to expiry of 90 business days from the date of such determination, the Company shall convert the CCPS into equity shares.

Number of shares to be issued on conversion is dependent on the pre-money valuation. Pre-money valuation 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, company had classified the CCPS's as financial liability in accordance with Ind AS 32. Changes in the fair value of financial liability recorded in the Statement of Profit and Loss (Refer Note 27).

During the year on January 21, 2020, these CCPS's have been converted into 66,36,135 equity shares and CCD's into 4,99,959 equity shares at the fair value of Rs 343.20 per share. Change in fair value is recorded in the Statement of Profit and Loss (Refer Note 27). This is non-cash transaction for the purpose of statement of cash flows.

19 Other current liabilities

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Advance from customers	31.63	157.69
Statutory dues	1,267.07	1,179.41
Total other current liabilities	1,298.70	1,337.10

20 Provisions

Particulars	(Rs. in lakh)			
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits				
Gratuity (Note 37)	512.64	432.05	21.85	38.17
Leave encashment	-	-	50.06	204.19
Others*	-	-	396.31	407.43
Total provisions	512.64	432.05	468.22	649.79

* 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. Also, during the year from June 1, 2019, there is a change in leave encashment policy, 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.



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2020

21 Revenue from contracts with customers (refer Note 43)

	(Rs. in lakh)	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sale of food items		
Restaurants sales	1,09,156.78	94,705.61
Other operating income		
- Sale to Airport dealers	1,076.39	1,127.03
- Alliance Income	4.02	96.04
- Scrap sales & others	119.39	121.16
Total	1,10,356.58	96,049.84

22 Other income

	(Rs. in lakh)	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on fixed deposits and loan	577.57	441.94
Interest - others *	437.99	468.71
Fair value gain on financial instruments at fair value through profit or loss	78.25	-
Provision for doubtful debts written back (net of bad debts written off)	10.49	-
Gain on termination of lease contract (Note 44)	1.23	-
Total	1,105.53	910.65

* represents income on financial assets carried at amortised cost and interest on IT refund.

23 Cost of materials consumed (raw material and packing material)

	(Rs. in lakh)	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventory as at the beginning of the year	1,901.24	1,971.44
Add: On acquisition of business (refer Note 35)	-	2.32
Add: Purchases	36,603.94	31,450.64
Less: Inventory at the end of the year	3,172.92	1,901.24
Total	35,332.26	31,523.16

24 Employee benefits expense

	(Rs. in lakh)	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	15,929.72	13,649.55
Contribution to provident fund and other funds (refer Note a below)	1,110.57	1,042.93
Gratuity (refer Note 37)	122.51	105.59
Employee stock option scheme (refer Note 42 and note b below)	464.46	668.31
Staff welfare expenses	356.65	376.15
Total	17,983.91	15,842.53

(a) Netted off with refund claimed under Provident Fund scheme namely Pradhan Mantri Protsahan Rojgar Yojana ('PMPRY') of Rs 159.30 lakh (Mar 2019: Rs 249.98 lakh)

(b) Expenses on employee stock option scheme includes Rs 22.22 lakh towards long term incentive plan for the specified employees as per the scheme.

25 Finance costs

	(Rs. in lakh)	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on loans from banks	613.62	598.94
Interest - others	185.58	208.31
Interest on lease liabilities (Note 44)	5,116.11	-
Other borrowing cost	106.20	796.50
Total	6,021.51	1,603.75



SAPPHIRE FOODS INDIA PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2020

26 Depreciation and amortisation expense

Particulars	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment (Note 3)	7,207.34	4,797.00
Amortisation on intangible assets (Note 4)	747.47	655.59
Depreciation on right of use asset (Note 44)	7,602.03	-
Total	15,556.84	5,452.59

27 Other expenses

Particulars	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Rent (Note 44)	4,347.54	13,142.82
Electricity and utilities charges	8,320.25	7,555.47
Royalty	7,130.30	6,619.10
Marketing and advertisement expenses *	3,946.51	3,151.87
Commission on aggregators and meal coupons	4,911.15	2,744.30
Common area maintenance expenses	2,430.14	2,112.70
Distribution and warehousing charges	2,338.57	2,214.44
Repairs and maintenance:		
- Plant and machinery	829.65	837.57
- Others	1,658.11	1,365.01
Professional fees	1,192.35	1,381.82
Small wares, cleaning, uniform and operating supplies	1,419.52	1,461.72
Home delivery charges	494.21	851.55
Changes in fair value of financial liability (Note 12 (g) (iii))	297.12	219.86
Travelling and conveyance	714.66	786.81
Payment to auditors		
Audit fee	57.82	56.05
Tax audit fee	3.82	4.13
Allowance for credit losses/ provision for advances	290.69	206.76
Provision for doubtful deposits	22.74	73.60
Sundry balances written off	52.31	-
Loss on sale/ discard of property, plant and equipment	57.51	15.66
Miscellaneous expenses	1,916.26	1,942.29
Total	42,431.23	46,743.54

* Includes marketing contribution waiver on KFC acquired outlets @ 5.5% of net revenues w.e.f Oct 1, 2017 for the remaining 8 years.

28 Exceptional Items

Particulars	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Impairment loss on goodwill of Pizza Hut	7,766.13	-
Provision for obsolete inventories	261.50	-
Total	8,027.63	-

Note :-

Considering the QSR industry, COVID 19 has significant impact on business operations of the Company. Further, there is substantial impact on the Pizza Hut segment accompanied with unprecedented slow-down in demand. The Company 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 Rs. 8,027.63 lakh, in the Statement of Profit and Loss for the year ended March 31, 2020. (also refer note 33(g) and note 34).



SAPPHIRE FOODS INDIA PRIVATE LIMITED**Notes to the financial statements for the year ended March 31, 2020****29 Earnings Per Share (EPS)**

Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit/(loss) attributable to equity holders (after adjusting for cost of options) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the loss and share data used in the basic and diluted EPS computations:

Particulars	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Loss attributable to the equity holders of the Company (Rs. In lakh)	(13,891.27)	(4,205.08)
Weighted average number of Equity shares outstanding during the year	5,02,43,968	4,54,98,499
Basic and Diluted Earning Per Share (Face value of Rs. 10 per share) #	(27.65)	(9.24)

Share options have not been considered above being anti-dilutive in nature (Refer Note 12g).

30 Contingent liabilities

Particulars	(Rs. in lakh)	
	March 31, 2020	March 31, 2019
i) Claims against the Company not acknowledged as debts in respect of:		
- Sales Tax	915.02	2,258.94
- Income Tax	696.81	216.45
- Other matters	214.24	86.30
Total	1,826.07	2,561.69

ii) 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.

iii) The Company has entered into business transfer agreement with A. N. Traders Pvt Limited (ANTPL) in August 2016. The obligation of the parties was completed and the transaction of transferring the franchisee has been closed. One of the promoter of ANTPL has filed FIR against the company and various other parties. The Company has filed a quashing petition in the High Court of Delhi seeking an order to quash the FIR as the same had been filed on false and frivolous grounds. The petition is pending for hearing in the High Court of Delhi. The Company do not foresee any financial obligation against the FIR.

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

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



SAPPHIRE FOODS INDIA PRIVATE LIMITED**Notes to the financial statements for the year ended March 31, 2020****31 Commitments**

- (a) Estimated amount of contracts to be executed on capital account and not provided for (net of advances)

Particulars	(Rs. in lakh)	
	March 31, 2020	March 31, 2019
Estimated amount of contracts to be executed on capital account and not provided for (net of advances)	1,772.89	1,193.25

- (b) The 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.
- (c) As per the agreement mentioned in (b) above, the 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 and achievement of average daily sales, Net new stores targets and timelines specified in the agreement are under review.
- (d) The 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. In view of the Covid19 pandemic, Net new stores targets and timelines specified in the agreement are under review.
- (e) The Company has purchased all but 1% shares from non controlling shareholders as a result of exercise of put option. As per the Share Purchase Agreement dated 7 September 2019, the Company is liable to make the payment of Rs 215.34 lakh to one of the shareholder for balance 1% of the shareholding in the subsidiary on or before 25 July 2020 pursuant to transfer of balance 1% stake by the other party.

32 Segment Reporting**Description of segments and principal activities and information about products and services**

As the Company's business activity primarily falls within a single business and geographical segment i.e. Food and Beverages, thus there are no additional disclosures to be provided under Ind AS 108 – "Operating Segment". The management considers that the various goods and services provided by the Company constitutes single business segment, since the risk and rewards from these services are not different from one another.

Geographical information

All revenue and non-current assets of the Company is situated in India, hence, disclosure pertaining to geographical areas has not been presented.

Information about major customers

Company is not dependent on any single customer for its revenue and none of the customers contribute to more than 10% of revenue individually.



SAPPHIRE FOODS INDIA PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2020

33 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Company 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 Company. 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 (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from 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 Company 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 Company and is derived from its weighted average cost of capital (WACC). The cost of equity is derived from the expected return on investment by the Company's investors.

Materials price inflation - Past actual material price movements are used as an indicator of future price movements.

Growth rate estimates - Rates are based on management's estimate through internal and published industry research.

Rent expense, Salaries and wages, Royalty and Marketing expenses - Past actual rate movements are used as an indicator of future rate movements.

Any increase/decrease in the above factors may result in impairment.

(b) Taxes

The Company has exposure to income taxes in Indian jurisdiction. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management'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 Company has not recognised deferred tax assets on the losses in excess of deferred tax liabilities.

(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 37.



SAPPHIRE FOODS INDIA PRIVATE LIMITED**Notes to the financial statements for the year ended March 31, 2020****(d) Useful life and residual value of property, plant and equipment**

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 15 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Company's property, plant and equipment at the end of the reporting period is disclosed in Note 3 to financial statements.

(e) Contingencies

In the normal course of business, contingent liabilities may arise from litigations and other claims against the company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised. Refer Note 30 for further details.

(f) Leases

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

The Company included the renewal period as part of the lease term for leases of stores with shorter period (i.e., upto 10 years). The Company 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 Company 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.

(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 Company's assets such as Investments, Loans, Intangible assets, Goodwill, Trade receivable and Inventories etc. the Company has considered internal and external information. The Company has performed sensitivity analysis on the assumptions used basis the internal and external information/indicators of future economic conditions, the Company expects to recover the carrying amount of the assets. (Refer note 34)

34 Impairment Testing of Goodwill

Goodwill acquired through business combinations is not amortized but is evaluated for impairment annually or whenever events or changes in circumstances indicate the carrying value may not be recoverable.

The Company performed its annual impairment test for the year ended March 31, 2020 on March 31, 2020.

The Company test for goodwill impairment at the CGU level. Company has determined that they have 2 CGUs being KFC & Pizza Hut. Company'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 five year period. The projected cash flows have been updated to reflect the decreased demand for products and services in the current pandemic situation. The post-tax discount rate is applied to cash flow projections. The Company has estimated cash flow upto the year 2025 and then have considered a perpetuity growth rate to arrive at perpetual value post 2025. It was concluded that in case of Pizza Hut, the fair value less costs of disposal did not exceed the carrying value mainly on account of impact of COVID 19 on this segment of business. As a result of this analysis, management has recognised an impairment charge of INR 7,766.13 lakh in the current year as an impairment of goodwill. The impairment charge is recorded in the statement of profit and loss as an exceptional item. Refer Note 4 a.

The key assumptions have been disclosed in Note 33(a)

Carrying amount of Goodwill as on March 31, 2020 is Rs. 10,586.08 lakh for KFC brand and March 31, 2019 Rs. 18,352.21 lakh (comprises of KFC Rs 10,586.08 lakh and PH Rs 7,766.13 lakh).

Sensitivity to change in assumptions**Discount rate assumption**

A change in discount rate by 100 basis points will result in change in the recoverable value by :-

Particulars	(Rs. in lakh)
Increase in 100 basis points and impact on the recoverable value	(9,709.99)
Decrease in 100 basis points and impact on the recoverable value	11,687.66



SAPPHIRE FOODS INDIA PRIVATE LIMITED**Notes to the financial statements for the year ended March 31, 2020****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.

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.

	(Rs. in lakh)
	March 31, 2019
Fair Value of Consideration Paid	431.95
Fair Value of Deferred / Contingent Consideration paid in March 31, 2020	18.00
	449.95
Fair Value of assets acquired and liabilities assumed	
Property, Plant and Equipment and Intangibles	61.17
Inventory	2.32
Goodwill	387.54
Non-Current Liabilities	(1.08)
Total	449.95

The goodwill consisted primarily of future economic benefits and synergies with existing operations.



SAPPHIRE FOODS INDIA PRIVATE LIMITED**Notes to the financial statements for the year ended March 31, 2020****36 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 :****(Rs. in lakh)**

Particulars	March 31, 2020	March 31, 2019
a) The principal amount and the interest due thereon remaining unpaid to suppliers		
i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at the end of accounting year	769.56	835.11
ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at the end of accounting year	27.48	16.46
Total	797.04	851.57
b) The amount of interest paid by the company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	280.79	9.72
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006		
d) The amount of interest accrued and remaining unpaid at the end of the accounting year	27.48	16.46
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	27.48	16.46

The above information and that given in Note 17 - Trade Payables regarding Micro and Small Enterprises has been determined based on the information available with the Company.



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2020

37 Disclosure as per IND-AS 19, "Employee Benefits"

I. Defined contribution plan:

The Company has defined contribution plan. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual or constructive obligation. The expense/ (income) recognised during the year towards defined contribution plan is Rs. 1,110.57 lakh (31st March 2019: Rs. 1,042.93 lakh) [refer Note 24].

II. Defined benefit plan: Gratuity

The Company operates a gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each year of service and to employee who has completed 5 years or more of service. The same is payable on termination of service or retirement whichever is earlier. The Gratuity paid is governed by The Payment of Gratuity Act, 1972. The Company contributes to the fund based on actuarial report details of which is available in the table of investment pattern of plan asset, based on which the company is not exposed to market risk. The following table summarises the component of net defined benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for respective period.

A. Balance Sheet

Particulars	(Rs. in lakh)	
	Defined benefit plans	
	As at March 31, 2020	As at March 31, 2019
Present value of plan liabilities	541.62	476.86
Fair value of plan assets	7.13	6.64
Net plan liability / (asset)	534.49	470.22

B. Movements in plan assets and plan liabilities

Particulars	Year ended March 31, 2020			Year ended March 31, 2019		
	Plan Asset	Plan Liability	Total	Plan Asset	Plan Liability	Total
	(Rs. in lakh)			(Rs. in lakh)		
As at the beginning of the year	6.64	476.86	470.22	6.19	424.36	418.17
Current service cost	-	91.15	91.15	-	77.81	77.81
Interest cost	-	31.82	31.82	-	28.22	28.22
Return on plan assets less expected interest on plan assets	0.46	-	(0.46)	0.45	-	(0.45)
Actuarial (gain)/loss on plan assets	0.03	-	(0.03)	-	-	-
Actuarial (gain)/loss arising from changes in demographic assumptions	-	(42.85)	(42.85)	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	-	55.22	55.22	-	9.60	9.60
Actuarial (gain)/loss arising from experience adjustments	-	15.11	15.11	-	20.09	20.09
Acquisition (refer Note 35)	-	-	-	-	1.08	1.08
Benefit payments	-	(85.69)	(85.69)	-	(84.30)	(84.30)
As at the end of the year	7.13	541.62	534.49	6.64	476.86	470.22

C. Statement of Profit and Loss

Particulars	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Employee benefit expenses:		
Current service cost	91.15	77.81
Finance cost/(income)	31.36	27.78
Net Impact on the loss before tax (refer note 24)	122.51	105.59
Remeasurement of the net defined benefit liability:		
Actual return on plan assets less expected interest on plan assets	(0.03)	-
Actuarial (gain)/loss arising from changes in demographic assumptions	(42.85)	-
Actuarial (gain)/loss arising from changes in financial assumptions	55.22	9.60
Actuarial (gain)/loss arising from experience adjustments	15.11	20.09
Net impact on the Other Comprehensive Loss before tax	27.45	29.69



D. Assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind-AS 19 are set by reference to market conditions at the valuation date. The significant actuarial assumptions were as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Financial Assumptions		
Discount Rate	5.80%	7.00%
Salary Escalation Rate	For Corporate : 8% For Stores : 5%	For Corporate : 9% For Stores : 5%
Expected Rate of Return on Assets (per annum)	NA	NA

Particulars	As at March 31, 2020	As at March 31, 2019
Demographic Assumptions		
Mortality Rate	ALM (2012-14) Ultimate	ALM (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, 23% If service > 5 yrs, 16% For Store : If service < 5 yrs, 50% If service > 5 yrs, 3%
Retirement Age	60 years	60 years
Average expected future working life (years)	3.71	5.16

E. Sensitivity

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

Particulars	Change in assumption	2020		Change in assumption	2019	
		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%	(55.36)	84.11 (55.00)	+/-1%	(37.93)	60.73 (38.07)
Salary Escalation Rate	+/-1%	82.05		+/-1%	59.79	

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

F. The defined benefit obligations shall mature after year end as follows:

Year ending March 31	(Rs. in lakh)	
	2020	2019
1st following year	28.99	44.80
2nd following year	34.15	39.69
3rd following year	35.09	41.61
4th following year	35.38	40.92
5th following year	34.76	39.71
6th to 10th year	165.04	172.41

G. Risk exposure:

Through its defined benefits plan, the company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields at the end of the reporting period on government bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

Interest rate risk

A decrease in the bond increase rate will increase the plan liability ; however, this will be partially offset by an increase in the return on the plan's debt investments.

Demographic risk

This is the risk of variability of results due to unsystematic nature of decrements that includes mortality, withdrawal, disability and retirement. The effects of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, medical cost inflation, discount rate and vesting criteria.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2020

36 Related Party Disclosures

Names of related parties and related party relationship

Related parties where control exists

Subsidiaries

Gamma Pizzakraft (Overseas) Private Limited
Gamma Pizzakraft Private Limited
Gamma Pizzakraft Lanka Private Limited
French Restaurants Private Limited
Gamma Island Food Private Limited

Related parties with whom transactions have taken place during the year

Entities under common control:

KFCH Restaurants Private Limited

Company having significant influence:

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 (w.e.f June 30,2017)
Mr. Tarun Khanna, Nominee Director
Mr. Niladri Mukhopadhyay, Nominee 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:

Bectors Food Specialities Limited (upto July 10, 2018)
Iron Mountain India Private Limited
SMS Integrated Facility Services Private Limited
Samara India Advisors Private Limited



(Rs. In lakh)

Particulars	March 31, 2020				
	Subsidiaries	Entitles under Common Control	Key Managerial personnel and their relatives	Company having Significant Influence	Enterprises under Significant Influence
Balance as at:					
Other Receivables					
KFCH Restaurants Private Limited		(27.95)			
Trade Payables					
Ion Mountain India Private Limited					12.65 (0.05)
SMS Integrated Facility Services Private Limited					4.34 (-)
Other Payables					
KFCH Restaurants Private Limited		84.25 (-)			
Gamma Pizzakraft Lanka Private Limited	7.95 (7.90)				
Gamma Pizzakraft Private Limited	2.34 (3.25)				
Mr. Amar Raj Singh			(0.79)		
Compulsory Convertible Debentures					
Sagista Realty Advisors Private Limited, Trustee of QSR Management Trust				(1,694.86)	
Subscription to Equity Shares					
Gamma Pizzakraft (Overseas) Private Limited	99.93 (884.38)				
Issuance of Equity Shares (Including securities premium)					
Sapphire Foods Mauritius Limited				(143.23)	
WWD Ruby Limited				4,251.36 (0.18)	
Edelweiss Crossover Opportunities Fund				13,892.89 (0.54)	
Edelweiss Crossover Opportunities Fund – Series II				4,630.96 (0.18)	
Sagista Realty Advisors Private Limited, Trustee of QSR Management Trust				1,715.86 (-)	
Issuance of Preference Shares					
WWD Ruby Limited				(4,199.82)	
Edelweiss Crossover Opportunities Fund				(13,724.46)	
Edelweiss Crossover Opportunities Fund – Series II				(4,574.82)	
Inter-Corporate Deposits as at (including accrued interest)					
Gamma Pizzakraft (Overseas) Private Limited	191.74 (80.31)				



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2020

Transactions for the year ended:					
Purchases of material					
Bectors Food Specialities Limited					(41.20)
Sale of material					
KFCH Restaurants Private Limited		228.42 (197.20)			
Housekeeping/ Storage Service					
Iron Mountain India Private Limited					9.80 (0.05)
SMS Integrated Facility Services Private Limited					25.20 (26.00)
Call Centre Charges (inclusive of taxes)					
KFCH Restaurants Private Limited		41.20 (58.57)			
Reimbursement of expenses					
KFCH Restaurants Private Limited		0.59 (50.60)			
Mr. Amar Raj Singh			4.37 (6.27)		
Gamma Pizzakraft Lanka Private Limited	(6.12)				
Gamma Pizzakraft Private Limited	2.49 (3.38)				
Interest Income on Inter-Corporate Deposits					
Gamma Pizzakraft (Overseas) Private Limited	16.43 (0.34)				
Reimbursement of expenses incurred on behalf					
Samara India Advisors Private Limited					0.50 (-)
Inter-Corporate Deposits given					
Gamma Pizzakraft (Overseas) Private Limited	110.00 (80.00)				
Purchase of Equity Shares of Gamma Pizzakraft (Overseas) Private Limited					
Mr. Amar Raj Singh			1,726.74 (-)		
Settlement of liabilities on behalf of the entity					
KFCH Restaurants Private Limited		13.40 (66.24)			
Remuneration to Key Managerial Personnel *					
Short Term Employee Benefits			445.57 (352.16)		
Share based payments			445.59 (361.39)		

* Excludes provision for compensated absence and gratuity for Key Managerial Personnel as separate actuarial valuation is not available.
(Prior year's figures have been shown within the brackets).

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, collections amount to Rs.511.40 lakh (net) (previous year Rs.2,841.09 lakh) were received by KFCH on behalf of SFIPL from its customers and the same has been remitted back to the Company during the year. 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.



39 Fair Values and Fair Value hierarchy

The fair value of all current financial assets and liabilities including cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivable, other financial assets, trade payables, 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. These instruments have been exercised and hence, no liability as at 31st March, 2020. 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 Company 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 hierarchy

Particulars	As at March 31, 2020					As at March 31, 2019				
	Carrying amount/ Amortised cost	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total Fair Value	Carrying amount/ Amortised cost	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total Fair Value
Financial Assets										
At Amortised Cost										
Deposits (Note 5)	5,896.39	-	-	-	5,896.39	5,013.15	-	-	-	5,013.15
Trade receivables (Note 8)	365.70	-	-	-	365.70	2,012.51	-	-	-	2,012.51
Cash and cash equivalents (Note 9)	1,880.13	-	-	-	1,880.13	1,850.73	-	-	-	1,850.73
Bank balances other than cash and cash equivalents (Note 10)	1,703.52	-	-	-	1,703.52	16,421.71	-	-	-	16,421.71
Other financial assets (Note 5)	271.15	-	-	-	271.15	405.89	-	-	-	405.89
Loan to related party (Note 5)	190.00	-	-	-	190.00	80.00	-	-	-	80.00
At Fair value through profit or loss										
Investments (Note 5)	-	-	1,552.07	-	1,552.07	-	-	-	-	-
Financial Liabilities										
At Amortised Cost										
Borrowings (current and non-current) (Note 14)	4,221.30	-	-	-	4,221.30	6,341.90	-	-	-	6,341.90
Lease liabilities (Note 16)	50,299.30	-	-	-	50,299.30	-	-	-	-	-
Trade payables (Note 17)	10,245.27	-	-	-	10,245.27	9,304.64	-	-	-	9,304.64
Other current financial liabilities (Note 18)	3,933.95	-	-	-	3,933.95	3,531.29	-	-	-	3,531.29
At Fair value through profit or loss										
Other current financial liabilities (Note 18)	-	-	-	-	-	-	-	-	24,193.96	24,193.96

The Company considers that the carrying amounts of these financial instruments recognised at amortised cost in the financial statements approximates its fair value.

Reconciliation of fair value measurement of liability categorised at level 3 :

Particulars	At Fair value through profit or loss	
	As at March 31, 2020	As at March 31, 2019
Opening Balance	24,193.96	-
Additions during the year	-	23,974.10
Sale/Reduction/Conversion during the year	(24,491.07)	-
Total (Gain)/Loss	297.12	219.86
Closing Balance	-	24,193.96



40 Capital Risk Management

For the purpose of the company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements. The capital structure is governed by policies approved by the Board of Directors and is monitored by various matrices funding requirements are reviewed periodically.

41 Financial risk management objectives and policies

The Company's principal financial liabilities comprise of borrowings, lease liabilities, trade and other payables. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents including bank balances other than cash and cash equivalents that derive directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business investments strategies. The Company is exposed to market risk, credit risk and liquidity risk.

The Company'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 Company are accountable to the Board of Directors. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

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 March 31, 2020. The analysis exclude the impact of movements in market variables on the carrying values of gratuity, pension obligation and other post-retirement obligations, provisions, and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2020.

i Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the outstanding financial liability.

The Company basis its assessment believes that the probability of the occurrence of their forecasted transactions are not materially impacted by COVID 19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing the debt obligations.

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Borrowings bearing variable rate of interest	5,096.30	7,216.90

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on affected portion of loans and borrowings taken at floating rates. With all other variables held constant, the company's loss before tax is affected through the impact of floating rate borrowings as follows :

A change of 50 bps in interest rates would have following impact on loss before tax:

Change	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
50 bps increase would increase the loss before tax by	(25.48)	(36.08)
50 bps decrease would decrease the loss before tax by	25.48	36.08

ii Foreign Currency risk

The Company has not entered into any derivative transaction during the year.

Unhedged Foreign currency exposure at the end of year is as below:

Particulars	Year ended March 31, 2020	Currency	Closing Exchange Rate	Year ended March 31, 2020	Year ended March 31, 2019	Currency	Closing Exchange Rate	Year ended March 31, 2019
Foreign currency (in lakh)				Indian currency (in lakh)	Indian currency (in lakh)			
Other Payables	20.01	LKR	0.40	7.95	20.01	LKR	0.39	7.90

Foreign currency sensitivity

A change of 50 bps in exchange rate would have following impact on loss before tax:

Change	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
50 bps increase would increase the loss before tax by	0.04	0.04
50 bps decrease would decrease the loss before tax by	(0.04)	(0.04)



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2020
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 Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

i Trade Receivable

The trade receivable of the Company generally spread over limited numbers of parties. The Company evaluates the credit worthiness of the parties on an ongoing basis. Further, outstanding customer receivables are regularly monitored and followed up. Therefore, the Company does not expect any material risk on account of non-performance from these parties.

The Company 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 Company, as at the date of approval of these financial statements has used internal and external sources of information. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

ii Financial Instruments and cash deposits

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

c Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company monitors its liquidity position and deploys a cash management system. It maintains adequate source of financing through the use of bank deposits and cash credit facilities. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be low.

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 Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

Particulars	Year	(Rs. in lakh)		
		< 1 Year	1 - 3 Years	Total
Financial Liabilities				
Trade Payable	March 31, 2020	10,245.27	-	10,245.27
	March 31, 2019	9,304.64	-	9,304.64
Borrowings (including current maturities of long-term debt)	March 31, 2020	875.00	4,221.30	5,096.30
	March 31, 2019	2,125.00	5,091.90	7,216.90
Other Financial Liabilities				
Payable on Capital goods purchased	March 31, 2020	1,515.64	-	1,515.64
	March 31, 2019	1,336.16	-	1,336.16
Payable to employees	March 31, 2020	1,338.38	-	1,338.38
	March 31, 2019	1,182.72	-	1,182.72
Other payables	March 31, 2020	204.93	-	204.93
	March 31, 2019	137.40	-	137.40

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 Company's performance to developments affecting a particular industry. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.



42 Share-based payments

The Company had received approval of the Board and Shareholders for issuance of 20,31,249 Equity Shares of Rs.10 each for offering to eligible employees of the Company under Sapphire Foods Employee Stock Option Plan 2017 (this plan). There are 2 schemes of the plan implemented by the Company- Sapphire Foods Employee Stock Option Loyalty Scheme 2017- "Scheme I" (loyalty scheme) and Sapphire Foods Employee Stock Option Performance Scheme 2017- "Scheme II" (performance scheme).

The purpose of these schemes is to reward loyalty for past services with the Company, retention of critical employees, achieving company performance and aligning the shareholders interest.

During the year ended 31st March 2019, the Company had granted the following options:

	Loyalty	Performance
No. of options	5,41,190	3,07,571
Method of accounting	Fair value	Fair value
Vesting plan	5 years from 1 September 2015 or actual date of employment with the Company, whichever is later	3rd anniversary from performance target date
Grant Date	03-Sep-18	04-Jun-18
Exercise Date	5 years from the date of vesting or happening of a major liquidity event, whichever is later	5 years from the date of vesting or happening of a major liquidity event, whichever is later
Exercise Price (Rs.)	10	173.5
Method of settlement	Equity-settled	Equity-settled
Fair value per option (Rs.)	341.59	262.38

	Loyalty		Performance	
No. of Options	2019-20	2018-19	2019-20	2018-19
Outstanding at the beginning of the year	5,04,052	-	2,77,479	-
Granted during the year	-	5,49,190	-	3,07,571
Forfeited/cancelled during the year	-	-	-	-
Expired during the year	-	-	-	-
Lapsed/ Expired during the year	(1,05,324)	(45,138)	(18,586)	(30,092)
Outstanding at the end of the year	3,98,728	5,04,052	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	3 September 2018	4 June 2018
Risk free interest rate	8.10%	7.90%
Expected life (in years)	7.4	5.4
Expected volatility	45%	40%
Dividend yield	0%	0%
Price of the underlying share in the market at the time of option grant (Rs.)	351	351

The expected price volatility is based on the historic volatility (based on remaining life of the options)

There are no new stock options granted during the year 2019-20.

43 Ind AS 115: Revenue from Contracts with Customers

Ind AS 115 supersedes Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of Initial application of 1st April, 2018.

The application of Ind AS 115 did not have any impact on recognition and measurement of revenue and related items in the financial results.

1. Disaggregated revenue information:

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	2019-20	(Rs. in lakh) 2018-19
Type of goods or service		
Restaurant sales	1,09,156.78	94,705.61
Other operating income	-	-
Total revenue from contract with customers	1,09,156.78	94,705.61
India	1,09,156.78	94,705.61
Outside India	-	-
Total revenue from contract with customers	1,09,156.78	94,705.61
Timing of revenue recognition		
Goods transferred at a point in time	1,09,152.78	94,609.57
Services transferred over time (included in other operating income)	4.02	96.04
Total revenue from contract with customers	1,09,156.78	94,705.61

2. Contract balances:

	31st March, 2020	(Rs. in lakh) 31st March, 2019
Trade receivables	265.70	2,012.51
Contract liabilities	31.63	157.69



4.4 Adoption of new accounting standard on Leases – Ind AS 116

Leases where the Company is a Lessee

The Company has adopted Ind AS 116 effective 1st April, 2019, using the modified retrospective method as per para C8 (c)(i) of Ind AS 116. The Company has applied the standard to its leases with the cumulative impact recognised to retained earnings on the date of initial application (1st April, 2019). Accordingly, the Company has not restated the comparative information. This has resulted in recognising a right-of-use asset of Rs.40,085.19 lakh and a corresponding lease liability of Rs.45,989.89 lakh. The difference of Rs.5,904.70 lakh has been adjusted to retained earnings as at 1st April 2019.

a) In the statement of profit and loss for the current year, 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 adoption of this standard did not have any significant impact on the loss for the year and earnings per share. The weighted average incremental borrowing rate of 10.50% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

Impact of Ind AS 116 on the financial statement for the year ended 31st March 2020 is as follows:

Particulars	Year ended 31 March, 2020 (comparable)	Year ended 31 March, 2020 (Ind AS 116)	Change due to Ind AS 116 Increase/(Decrease)
Rent expense	14,742.70	4,347.54	(10,395.16)
Finance cost	595.40	9,021.51	8,426.11
Depreciation and amortisation expense	7,954.81	15,556.84	7,602.03
Other income - gain on termination of lease contract	(1,104.30)	(1,105.53)	(1.23)
Loss before tax	11,569.52	13,891.27	2,321.75

Reconciliation for the above effect on statement of cash flows for the year ended March 31, 2020 is as follows:

Particulars	Year ended 31 March, 2020 (comparable)	Year ended 31 March, 2020 (Ind AS 116)	Change due to Ind AS 116 Increase/(Decrease)
Net cash generated from operating activities (A)	6,550.12	16,667.19	10,117.07
Net cash used in investing activities (B)	(3,923.52)	(3,523.52)	-
Net cash used in financing activities (C)	(2,787.20)	(12,914.27)	(10,117.07)
Net decrease in cash and cash equivalents (A+B+C)	(170.60)	(170.60)	-
Cash and cash equivalents at 1st April 2019	1,850.73	1,850.73	-
Cash and cash equivalents at 31st March 2020	1,680.13	1,680.13	-

(b) The Company incurred Rs.284.98 lakh for the year ended 31st March, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is Rs.10,402.05 lakh for the year ended 31st March, 2020, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is Rs.5,116.11 lakh for the year.

(c) The Company's leases mainly comprise of stores and buildings. The Company takes on leases stores and buildings for the purpose of business operations.

(d) The Company also had non-cash additions to right of use assets and lease liabilities of Rs.9,316.24 lakh in 31st March, 2020 (Nil in 31st March, 2019)

Leases are shown as follows in the Company's balance sheet and profit & loss account

Particulars	(Rs. in lakh) As at 31st March, 2020
Cost	51,125.43
Accumulated depreciation and impairment	(7,602.03)
Net carrying amount	43,523.40

The above amount is bifurcated as under:

Particulars	(Rs. in lakh) Right-Of-Use Assets Building
As on 1 April 2019	40,085.19
Reclassification from prepayment pursuant to adoption of Ind AS 116	1,144.84
Additions	9,895.40
Depreciation	(7,602.03)
As at 31 March 2020	43,523.40



Set out below are the carrying amounts of lease liabilities (included under financial liabilities) and the movements during the year :

(Rs. in lakh)		(Rs. in lakh)			
Particulars	As at 31st March, 2020	Less than 1 year	1 - 5 years	More than 5 years	Total
As at 1 April 2019	45,989.89				
Additions	9,316.24				
Accretion of Interest	5,116.11				
Termination	(5.87)				
Payments	(10,117.07)				
As at 31 March 2020	50,299.30				
Lease liabilities					
Current	5,919.40				
Non-current	44,379.90				
Total lease liabilities	50,299.30				

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.

(Rs. in lakh)	
Amounts recognized in the Statement of Profit and Loss	2019-2020
Other Income	
Gain on termination of lease contract	1.23
Other expenses	
Short-term lease rent expense	233.00
Low value asset lease rent expense	51.98
Variable lease rent expense	2,157.92
GST on rent	1,778.85
Other lease expense (additional cost, if any)	124.56
Depreciation and Impairment losses	
Depreciation of right of use lease asset	7,602.03
Finance cost	
Interest expense on lease liability	5,116.11

The Company has lease contracts for stores that contains variable payments based on the revenue generated from a particular store. Management's objective is to align the lease expense with the revenue generated. The following provides information on the Company's variable lease payments, including the magnitude in relation to fixed payments for the similar contracts:

(Rs. in lakh)			
Particulars	For the year ended 31 March 2020		
	Fixed Payments	Variable Payments	Total
Fixed Rent	4,000.04	-	4,000.04
Variable rent with minimum payment	6,386.46	1,544.03	7,932.49
Variable rent only	-	613.90	613.90
	10,386.50	2,157.93	12,544.43

A 5% increase in revenue for the relevant stores would increase total lease payments by 2%.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

(Rs. in lakh)			
Particulars	Within 5 years	More than 5 years	Total
Extension options expected not to be exercised	30.00	24.00	54.00
Termination options expected to be exercised	509.44	530.79	1,040.23
	539.44	554.79	1,094.23

44.1 Leases

Operating Lease commitments - Company as a lessee

Following are the details of lease payments debited to the Statement of Profit and Loss for the year ended March 31, 2019 :

(Rs. in lakh)	
Particulars	March 31, 2019
- Minimum Lease Payment	10,756.29
- Contingent Rent*	2,386.53
	13,142.82

*In some of the stores, the Company is also liable to pay contingent rents based on certain percentage of turnover.

The Company takes stores, warehouses and certain assets on operating leases. The lease term is for a period ranging from 3 to 25 years. There are escalation clauses in the lease agreement. There are no sub-leases.

Future minimum rentals payable under non-cancellable operating leases as at March 31, 2019 are, as follows:

(Rs. in lakh)	
Particulars	March 31, 2019
For a period not later than one year	1,629.41
For a period later than one year but not later than five years	1,909.63
For a period later than five years	38.00



45 Impact of COVID-19

The outbreak of Coronavirus (COVID-19) pandemic globally and in India and consequential nationwide lock down has caused significant disturbance and slowdown of economic activity.

Comparable sales increased 7% for the eleven months ended February 2020. Sales results began to markedly decline during the second half of March due to COVID-19 and the resulting operational impact brought on by several related factors, including limited operations and "stay-at-home" guidance which caused significant restaurant closures. The sales trends from the second half of March have continued into April. Sales sequentially improved over the last few weeks of April, as compared to the equivalent weeks of March.

The government lifting up bans in some areas and a proper mix of delivery and take away resulted in the business getting back on the track with May and June month sales reaching almost double that of April 2020 and May 2020 respectively.

As a result of the impact of COVID-19 on the Pizza Hut business as well as general market conditions, we recognized a goodwill impairment charge of Rs.7,766.13 lakh during the year ended March 31, 2020 related to Pizza Hut business (Refer Note 34) and also provided for obsolete inventory which expired due to lockdown of Rs 261.50 lakh.

The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect underlying assumptions and estimates used to prepare the Company's financial statements, which may differ from that considered as at the date of approval of these financial statements.

The Company will closely monitor any material changes to future economic conditions.

46 Note on Going concern

The Company has earned operating profit of Rs 15,778.28 lakh and incurred a net loss of Rs 13,891.27 lakh during the year ended March 31, 2020 due to slow down in the sales as a consequence of pandemic and as of that date, the Company's current liabilities exceeded its current assets by Rs 12,633.69 lakh. In July 2020, the Company subsequently has raised fresh capital through rights issue of equity shares of Rs 4,085.05 lakh and debt from NBFC of Rs 2,000.00 lakh to create sustainable cash flows under COVID-19 pandemic situation. Accordingly, the financial statements are continued to be prepared on a going concern basis, which contemplates realization of assets and settlement of liabilities in an orderly manner.

47 Events after the reporting period

Subsequent to the year-end, the Company has raised funding of Rs.4,085.05 lakh (including securities premium) by way of rights issue of equity shares to the existing shareholders. Except as stated, the Company has evaluated subsequent events from the balance sheet date through August 6, 2020, the date at which the financial statements were available to be issued and determined that there are no material items to disclose.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Registration No : 324982E/ E300003

per Vikram Mehta
Partner
Membership No : 105938
Place: Mumbai
Date: Aug 6, 2020



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

Girish Bhat
Director
DIN: 01691290

Sachin Gudam
Company Secretary
Membership No.: A31812
Place: Mumbai
Date: Aug 6, 2020

Sanjay Purohit
Whole time Director
DIN : 00117676

Vijay Jain
Chief Financial Officer



INDEPENDENT AUDITOR'S REPORT

To the Members of Sapphire Foods India Private Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Sapphire Foods India Private Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2020, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Emphasis of Matter

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 this matter.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Directors report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



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In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and



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related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

We did not audit the financial statements and other financial information, in respect of five subsidiaries whose Ind AS financial statements include total assets of Rs 18,802.32 lakhs as at March 31, 2020, and total revenues of Rs 23,684.62 lakhs and net cash inflows of Rs 159.19 lakhs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report(s) of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;



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- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies incorporated in India, refer to our separate Report in "Annexure I" to this report;
- (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Holding Company, its subsidiaries incorporated in India for the year ended March 31, 2020;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries as noted in the 'Other matter' paragraph:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements – Refer Note 30 to the consolidated Ind AS financial statements;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries incorporated in India during the year ended March 31, 2020.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per Vikram Mehta

Partner

Membership Number: 109538

UDIN: 20105938AAAAEN4603

Place of Signature: Mumbai

Date: September 25, 2020



S R B C & COLLP

Chartered Accountants

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF SAPPHIRE FOODS INDIA PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Sapphire Foods India Private Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Sapphire Foods India Private Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies which are companies incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.



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Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to these two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per Vikram Mehta

Partner

Membership Number: 109538

UDIN: 20105938AAAAEN4603

Place of Signature: Mumbai

Date: September 25, 2020



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Consolidated Balance Sheet as at March 31, 2020

		(Rs. in lakh)	
Particulars	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	43,461.28	38,857.87
Capital work-in-progress	3	1,837.71	2,063.41
Goodwill	4	16,215.90	25,393.46
Other Intangible assets	4	6,879.11	7,667.06
Right of use assets	44	49,529.19	-
Intangibles under development	4	308.99	37.83
Financial assets			
Deposits	5	6,142.26	5,322.76
Other financial assets	5	73.63	75.71
Other non-current assets	6	1,569.67	3,582.39
Income tax assets (net)		379.03	232.90
Total non-current assets		1,26,396.77	83,233.39
Current assets			
Inventories	7	4,438.38	3,807.89
Financial assets			
Investments	5	1,552.07	-
Deposits	5	191.62	288.81
Trade receivables	8	460.49	2,244.57
Cash and cash equivalents	9	2,209.99	2,221.39
Bank balances other than cash and cash equivalents	10	1,705.80	16,423.99
Other financial assets	5	350.64	465.51
Other current assets	11	760.79	833.94
Total current assets		11,669.78	26,286.10
Total Assets		1,38,066.55	1,09,519.49
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	5,024.40	4,310.79
Other equity	13	47,422.96	42,890.85
Non controlling interests		24.96	247.51
Total equity		52,472.32	47,449.15
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	5,400.19	6,512.36
Lease Liabilities	16	50,251.32	-
Deferred tax liabilities (net)	15	1,172.73	1,699.81
Long term provisions	20	881.26	685.80
Total non-current liabilities		57,705.50	8,897.97
Current liabilities			
Financial liabilities			
Borrowings	14	514.75	2,018.19
Lease Liabilities	16	7,185.58	-
Trade payables	17		
(a) total outstanding dues of micro enterprises and small enterprises		806.93	851.57
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		12,260.15	10,563.60
Other financial liabilities	18	4,905.00	37,367.24
Other current liabilities	19	1,591.73	1,587.03
Short term provisions	20	624.59	784.74
Total current liabilities		27,888.73	53,172.37
Total Equity and Liabilities		1,38,066.55	1,09,519.49
Summary of significant accounting policies	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Registration No : 324982E/ E300003

per **Vikram Mehta**
Partner
Membership No. : 105938
Place: Mumbai
Date: September 25, 2020



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

Girish Bhat
Director
DIN : 01691290

Sachin Dudam
Company Secretary
Membership No. : A31812
Place: Mumbai
Date: September 25, 2020

Sanjay Purohit
Whole time Director
DIN : 00147676

Vijay Jain
Chief Financial Officer



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Consolidated Statement of Profit and Loss for the year ended March 31, 2020

		(Rs. in lakh)	
Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from contracts with customers	21	1,34,041.20	1,19,382.24
Other income	22	1,132.39	974.88
Total income		1,35,173.59	1,20,357.12
Expenses			
Cost of materials consumed	23	43,167.17	39,464.33
Employee benefits expense	24	22,881.12	20,625.89
Finance costs	25	7,219.25	1,751.68
Depreciation and amortization expense	26	19,131.03	7,435.27
Other expenses	27	49,434.16	55,435.85
Total expenses		1,41,832.73	1,24,712.82
Loss before exceptional items and tax		(6,659.14)	(4,355.70)
Exceptional Items	28	9,439.06	-
Loss before tax		(16,098.20)	(4,355.70)
Tax expense			
Current tax			
Current year	15	130.22	173.11
Earlier year	15	(2.08)	42.26
Deferred tax			
Current year	15	(301.75)	(105.37)
Loss for the year after tax		(15,924.59)	(4,465.70)
Other comprehensive Income/ (loss)			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements losses of net defined benefit plan		(96.81)	(29.80)
Tax effect on remeasurements losses of net defined benefit plan	15	18.68	-
Items that will be reclassified to profit or loss in subsequent periods			
Exchange difference on translation of foreign operations		(413.38)	59.03
Other comprehensive income/ (loss) for the year, net of tax		(491.51)	29.23
Total comprehensive loss for the year, net of tax		(16,416.10)	(4,436.47)
Profit/(loss) for the year			
Attributable to:			
Equity holders of the parent		(15,754.01)	(4,467.32)
Non-controlling interests		(170.58)	1.62
Total comprehensive Income/(loss) for the year			
Attributable to:			
Equity holders of the parent		(16,271.49)	(4,454.00)
Non-controlling interests		(144.61)	17.53
Earnings per equity share of Rs. 10 each:			
Basic and diluted earnings per share (Rs.)	29	(31.36)	(9.82)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Registration No : 324982E/ E300003

per Vikram Mehta
Partner
Membership No : 105938
Place: Mumbai
Date: September 25, 2020



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

Girish Bhat
Director
DIN: 01691290
Sachin Dudam
Company Secretary
Membership No. : A31812
Place: Mumbai
Date: September 25, 2020

Sanjay Purohit
Whole time Director
DIN: 0017676
Vijay Jain
Chief Financial Officer



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Consolidated Cash Flow Statement for the year ended March 31, 2020

Particulars	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from operating activities		
Loss before tax	(16,098.20)	(4,355.70)
Adjustments for:		
Depreciation and amortisation expenses (refer Note 44)	19,131.03	7,435.27
Finance cost	7,219.25	1,751.68
Interest income	(1,020.80)	(933.95)
Expenses on employee stock option scheme	464.46	668.31
Impairment loss on goodwill of Pizza Hut CGU for parent and few subsidiaries	9,177.56	-
Provision no longer required written back	(14.18)	(1.51)
Fair valuation of financial liabilities	297.12	219.86
Provision for doubtful deposits	22.74	73.60
Provision for slow moving inventories	298.08	-
(Gain)/loss on fair value/sale of mutual funds	(78.25)	-
Allowance for credit losses/ provision for advances	290.69	206.76
Loss on sale/discard of property, plant and equipment	65.76	29.17
Gain on termination of lease contract	(1.23)	-
Operating profit before working capital changes	19,754.03	5,093.49
Changes in working capital		
Increase in trade payables	1,651.91	100.25
Increase/(Decrease) in liabilities	(20.97)	155.57
Increase/ (Decrease) in provisions	(61.49)	108.49
Increase in inventories	(928.56)	(488.74)
(Increase)/ Decrease in trade and other receivables	1,794.59	(1,795.42)
(Increase)/Decrease in others assets	(610.81)	1,840.09
Cash generated from operations	21,578.69	5,043.73
Income tax paid (net of refunds)	(274.27)	(381.14)
Net cash from operating activities (A)	21,304.42	4,662.59
Cash flow from investing activities		
Purchase of property, plant and equipment	(14,296.60)	(17,523.87)
Acquisition of business (refer Note 34)	(18.00)	(431.95)
Sale of property, plant and equipment	141.97	88.93
Purchase of Current Investments	(1,473.82)	-
Interest received	839.02	205.10
Fixed/restricted deposits with banks (placed)/realised	14,602.70	(15,850.66)
Net cash used in investing activities (B)	(204.73)	(33,512.45)
Cash flow from financing activities		
Proceeds from issuance of equity share capital(including securities premium)	-	0.90
Proceeds from issuance of preference share capital	-	22,499.10
Equity contribution from non-controlling interest	-	705.83
Acquisition of non-controlling interests	(5,610.90)	-
Proceeds from long-term borrowings	56.81	7,358.50
Repayment of long-term borrowings	(1,028.65)	(150.82)
Repayment of short-term borrowings	(1,205.82)	(3,250.00)
Proceeds from short-term borrowings	-	2,500.00
Payment of principal portion of lease liabilities (refer Note 44)	(6,039.11)	-
Interest paid on lease liabilities (refer Note 44)	(6,052.46)	-
Finance cost paid	(933.34)	(1,644.00)
Net cash (used in) / from financing activities (C)	(20,813.47)	28,019.51
Net decrease in cash and cash equivalents (A+B+C)	286.22	(830.35)
Cash and cash equivalents at the beginning of the year	1,453.20	2,293.55
Cash and cash equivalents at the end of the year	1,739.42	1,453.20
Cash and cash equivalents comprise		
Balances with banks (Note 9)		
In current accounts	1,808.02	1,501.78
Term deposits with maturity of less than 3 months (Note 9)	101.15	60.00
Cash on hand (Note 9)	300.82	659.61
Bank Overdraft (Note 14)	(470.57)	(768.19)
Total cash and cash equivalents at the end of the year	1,739.42	1,453.20

Note :

Significant non cash movement in financing activities includes conversion of CCPS and CCD into equity shares amounting to Rs 22,499.10 lakh and Rs 1,694.86 lakh (Refer Note 18) and lease liabilities arising due to implementation of Ind AS 116 amounting to Rs 9,699.70 lakh (Refer Note 44).

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Registration No : 324982E/ E300003

per **Vikram Mehta**
Partner
Membership No : 105938
Place: Mumbai
Date: September 25, 2020



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

Girish Bhat
Director
DIN : 01691290

Sachin Dudam
Company Secretary
Membership No : A31812
Place: Mumbai
Date: September 25, 2020

Sanjay Purohit
Whole time Director
DIN : 0011676

Vijay Jain
Chief Financial Officer



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Consolidated Statement of Changes In Equity for the year ended March 31, 2020

A. Equity Share Capital

Particulars	Note	No. of Shares	(Rs. in lakh) Amount
Balance as at April 1, 2018		4,16,75,367	4,167.54
Equity shares issued during the year	12	14,32,507	143.25
Balance as at March 31, 2019		4,31,07,874	4,310.78
Equity shares converted during the year (Refer Note 18)	12	71,36,094	713.51
Balance as at March 31, 2020		5,02,43,968	5,024.40

B. Other Equity

For the year ended March 31, 2020

(Rs. in lakh)

Particulars	Reserves and Surplus				Share application money pending allotment	Share options outstanding account	Attributable to the equity holders of the parent	Non-controlling interests	Total Equity
	Capital reserve	Foreign currency translation reserve	Securities premium	Retained earnings					
Balance as at April 01, 2019	3,560.99	103.96	63,883.59	(25,326.00)	-	668.31	42,890.85	247.51	43,138.36
Effect of adoption of Ind AS 116 Leases (net) (Note 44)	-	-	-	(6,719.85)	-	-	(6,719.85)	(77.94)	(6,797.79)
Issue of equity shares during the year	-	-	23,777.46	-	-	-	23,777.46	-	23,777.46
Loss for the year	-	-	-	(15,754.01)	-	-	(15,754.01)	(170.58)	(15,924.59)
Other comprehensive income/(loss) for the year	-	(439.36)	-	(78.12)	-	-	(517.46)	25.97	(491.51)
Recognition of share based payment (Note 42)	-	-	-	-	-	442.24	442.24	-	442.24
Non-controlling interest put option classified as financial liability	-	-	-	-	-	-	-	-	-
- Gain on settlement of NCI put options	-	-	-	3,303.75	-	-	3,303.75	-	3,303.75
Balance as at March 31, 2020	3,560.99	(335.40)	87,661.05	(44,574.23)	-	1,110.55	47,422.96	24.96	47,447.92

For the year ended March 31, 2019

(Rs. in lakh)

Particulars	Reserves and Surplus				Share application money pending allotment	Share options outstanding account	Attributable to the equity holders of the parent	Non-controlling interests	Total Equity
	Capital reserve	Foreign currency translation reserve	Securities premium	Retained earnings					
Balance as at April 01, 2018	3,560.99	44.93	63,882.71	(24,061.11)	143.23	-	43,570.75	(59.71)	43,511.04
Issue of equity shares during the year	-	-	0.88	-	(143.23)	-	(142.35)	-	(142.35)
Loss for the year	-	-	-	(4,467.32)	-	-	(4,467.32)	1.62	(4,465.70)
Other comprehensive income/(loss) for the year	-	59.03	-	(45.71)	-	-	13.32	15.91	29.23
Recognition of share based payment (Note 42)	-	-	-	-	-	668.31	668.31	-	668.31
Non-controlling interest put option classified as financial liability	-	-	-	-	-	-	-	-	-
- Shares issued during the year	-	-	-	327.10	-	-	327.10	378.73	705.83
- Non-controlling interests share of total comprehensive income	-	-	-	89.04	-	-	89.04	(89.04)	-
- Fair valuation of put option liability	-	-	-	2,832.00	-	-	2,832.00	-	2,832.00
Balance as at March 31, 2019	3,560.99	103.96	63,883.59	(25,326.00)	-	668.31	42,890.85	247.51	43,138.36

For S R B C & CO LLP
Chartered Accountants
ICAI Registration No : 324982E/ E300003

per Vikram Mehta
Partner
Membership No : 105938
Place: Mumbai
Date: September 25, 2020



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

Girish Bhat
Director
DIN: 01691290

Sachin Gudam
Company Secretary
Membership No : A31812
Place: Mumbai
Date: September 25, 2020

Sanjay Purohit
Whole time Director
DIN : 00175606

Vijay Jain
Chief Financial Officer



Sapphire Foods India Private Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2020

1. Corporate Information

The consolidated financial statements comprise financial statements of Sapphire Foods India Private Limited ('the Company' 'the parent' or 'the Holding Company') and its subsidiaries (collectively, 'the Group') for the year ended March 31, 2020.

The Holding Company is a private company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the holding company is 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400062.

The Group is principally engaged in the franchisee business of KFC, Pizza Hut and Deli France branded restaurants. The functional and presentation currency of the Company and the presentation currency of the Group is Indian Rupee ("₹").

The consolidated financial statements were approved for issue in accordance with a resolution of the board of directors on September 25, 2020.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (hereinafter referred to as the 'IND AS'), as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules as amended from time to time and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in the consolidated financial statement except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The consolidated financial statements are presented in INR and all values are rounded to the nearest Lakh (INR 00,000), except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the group presents an additional balance sheet at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in consolidated financial statements.

2.2 Basis of measurement

The consolidated financial statements have been prepared on a historical cost convention, except for the following assets and liabilities which have been measured at fair value:-

- Property, plant and equipment acquired as part of Business Acquisition,
- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- Contingent/ Deferred consideration
- Defined Benefit Plans- plan assets measured at fair value, and
- Share based payments

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company i.e. its subsidiaries as at March 31, 2020.

The list of subsidiaries considered for consolidation together with the proportion of shareholding held by the Group is as follows:



Sapphire Foods India Private Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2020

Sr no	Entity name	Country of Incorporation/ Place of business	Nature of relationship	% Holding as at March 31, 2020	% Holding as at March 31, 2019
01	Gamma Pizzakraft Overseas Private Limited	India	Subsidiary	99%	73%
02	Gamma Pizzakraft Private Limited	India	Sub-Subsidiary	100%	100%
03	Gamma Pizzakraft Lanka Private Limited	Sri Lanka	Sub-Subsidiary	100%	100%
04	French Restaurants Private Limited	Sri Lanka	Sub-Subsidiary	100%	100%
05	Gamma Island Food Private Limited	Maldives	Sub-Subsidiary	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
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31st. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.



Sapphire Foods India Private Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2020

- 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 fixed assets, 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 statement of financial position. 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.



Sapphire Foods India Private Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2020

- 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 IND AS 103 as per the pooling of interest method and the Ind AS Transition Facilitation Group Clarification Bulletin 9 (ITFG 9).

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 subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.



Sapphire Foods India Private Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2020

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.
- 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



Sapphire Foods India Private Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2020

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, employee advances, investments in equity and debt securities;

- Financial liabilities include long-term and short-term loans and borrowings, derivative financial liabilities, bank overdrafts and trade payables

Financial assets:

Initial measurement

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. Subsequently, financial instruments are measured according to the category in which they are classified.

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).



Sapphire Foods India Private Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2020

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 finance 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.

i) 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.

ii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

De-recognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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:



Sapphire Foods India Private Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2020

I) Financial liabilities measured at amortized cost

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

II) Financial liabilities at fair value through profit or loss

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

Financial liabilities are derecognized when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

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 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 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 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:

Income from retail 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



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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 is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration we expect to receive in exchange for those services.

The group recognise revenue from alliance income when the service is performed.

Interest income

Interest income 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 finance 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

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to a business combination, or items directly recognized in equity or in OCI.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction. Deferred income tax assets are recognized to the extent 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 utilized.



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The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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 are initially measured at cost and subsequently it is measured at cost less accumulated depreciation and impairment losses, if any. Cost comprises of purchase price and all costs incurred to bring the assets to their current location and condition for its intended use. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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.

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.

Class of asset	Useful lives estimated by the management (years)
Plant and machinery	15 years
Office equipment	5 years
Computers	3 years
Furniture and fixtures	8 years
Vehicles	10 years
Leasehold improvements	Over the lease term



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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

There are no intangible assets with indefinite useful lives.

i. Leases

Policy applicable from April 1, 2019- Ind AS 116

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.



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Group as a lessee

The Group's lease asset classes primarily consist of leases for buildings, Plant and Equipment and Computers. The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

Right-of-use assets

The group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term over the shorter of the lease term and the estimated useful lives of the assets.

- Stores and Buildings - 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 are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the group changes its assessment of whether it will exercise an extension or a termination option.

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.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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 on a straight-line basis over the lease term.

Policy applicable before April 1, 2019- Ind AS 17

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.



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Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

J. Inventories

Basis of valuation

Inventories other than scrap materials are valued at lower of cost and net realizable value, if any. The comparison of cost and net realizable value is made on an item-by-item basis.

Method of valuation

Cost of raw materials and 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



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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.

I. 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.

m. Retirement and other employee benefits

Defined benefit plan

In accordance with applicable laws in India, the Group provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") for every employee who has completed 5 years or more of service on departure at 15 days salary (last drawn salary) for each completed year of service. The Gratuity Plan provides for a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment based on last drawn salary and tenure of employment with the Group. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date using projected unit credit method.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the group recognises related restructuring costs

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



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corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Defined contribution plan

The Group makes contributions to the Provident Fund scheme, a defined contribution benefit scheme. These contributions are deposited with Government administered fund and recognised as an expense in the period in which the related service is performed. There is no further obligation on the Group on this defined contribution plan.

Compensated absences

Accumulated leave, is expected to be utilized within the next 12 months, and are treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

n. Share-based payments

Employees of the group also receive remuneration in the form of share based payments in consideration of the services rendered.

Under the equity settled share based payment, the fair value on the grant date of the awards given to employees is recognised as 'employee benefit expenses' with a corresponding increase in equity over the vesting period. The fair value of the options at the grant date is calculated on the basis of the Black Scholes model. At the end of each reporting period, apart from the non-market vesting condition, the expense is reviewed and adjusted to reflect changes to the level of options expected to vest. When the options are exercised, the group issues fresh equity shares

When the terms of an equity-settled award are modified, an additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

o. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

p. Contingencies

A contingent liability is:

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or a present obligation that arises from past events but is not recognised because:

- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset 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.

Contingent liabilities and assets are not recognised 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.



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Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

q. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit/(loss) attributable to ordinary equity holders of the Group using the weighted-average number of equity shares considered for deriving basic earnings per share and weighted average number of dilutive equivalent shares outstanding during the period, except where the results would be anti-dilutive. Dilutive potential shares are deemed converted at the beginning of the period, unless issued at later date.

Ordinary shares that will be issued upon the conversion of mandatorily convertible instruments are included in the calculation of basic earnings per share from the date the contract is entered into.

r. Fair value measurement

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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.

s. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker being Managing Director of the Group. The Managing Director assesses the financial performance and position of the Group as a whole, and makes strategic decisions.

t. Cash Flow

Ind AS 7 requires to exclude non-cash transaction relating to investing and financing activities from the statement of cash flow. However, such transactions should be disclosed elsewhere in the financial statements. The investing and financing activities in cash flow statement do not have a direct impact on current cash flows although they do affect the capital and asset structure. The group has disclosed these transactions, to the extent material in relevant notes.

Cash and cash equivalents consist of cash on hand and balances with banks which are unrestricted for withdrawal and usage.

2.5 New and amended Standards

Ind AS 116 – Leases

The group applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and



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Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Effective April 1, 2019, the group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method as per para C8 (b)(i) of Ind AS 116 with right-of-use asset recognized at a carrying amount as if the standard had been applied since the commencement date.

Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of Right of Use asset of ₹ 46,783.26 lakh and a lease liability of ₹ 53,787.69 lakh. Lease expenses have changed to depreciation cost on the right to use assets and finance cost for interest accrued on lease liability. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

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.

Appendix C to Ind AS 12 - Uncertainty over income tax treatments

Appendix C to Ind AS 12 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The adoption of Appendix C to Ind AS 12 did not have any material impact on the standalone financial statements of the group.

Amendment to Ind AS 12 - Income Taxes

The Ministry of Corporate Affairs issued amendments to Ind AS 12 - Income Taxes. The amendments clarify that an entity shall recognize the income tax consequences of dividends on financial instruments classified as equity according to where the entity originally recognized those past transactions or events that generated distributable profits were recognized. The adoption of amendment to Ind AS 12 did not have any material impact on the standalone financial statements of the group.

Amendment to Ind AS 19 - Plan Amendment, Curtailment or Settlement

The Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset. The adoption of amendment to Ind AS 19 did not have any material impact on the standalone financial statements of the group.

New accounting standards not yet adopted:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards.

Amendment to Ind AS 116 - Leases

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. The reporting period in which a



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lessee first applies the amendment, it is not required to disclose certain quantitative information required under Ind AS 8.

Amendments to Ind AS 103 Business Combinations

The amendments to the definition of a business in Ind AS 103 help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1 April 2020 and to asset acquisitions that occur on or after the beginning of that period. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments to Ind AS 1 Presentation of Financial Statements and Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors align the definition of 'material' across the standards and clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020. The amendments to the definition of material are not expected to have a significant impact on the Group's consolidated financial statements.

Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after the 1 April 2020. These amendments are not expected to have a significant impact on the Group's consolidated financial statements.



SAPPHERE FOODS INDIA PRIVATE LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

3 Property, Plant and Equipment and Capital work-in-progress

	Freehold land	Building	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Computers	Leasehold improvements	Total
(Rs. in lakh)									
Cost									
Balance as at April 01, 2018	120.37	546.67	16,602.15	1,862.71	409.17	1,074.93	1,948.71	18,049.85	40,614.56
On acquisition of business (Note 34)	-	-	35.28	0.41	-	1.56	1.29	-	38.54
Additions	-	1,764.80	5,889.07	557.49	93.45	527.37	1,075.06	4,776.53	14,683.77
Disposals	-	(25.93)	(183.74)	(3.01)	(13.63)	(3.96)	(24.85)	(353.94)	(609.06)
Balance as at March 31, 2019	120.37	2,285.54	22,342.76	2,417.60	488.99	1,599.90	3,000.21	22,472.44	54,727.81
Additions	-	919.20	5,520.41	441.92	74.84	482.46	1,463.10	4,837.95	13,739.88
Disposals	-	(8.01)	(1,248.91)	(118.12)	(36.68)	(82.67)	(543.09)	(198.08)	(2,235.56)
Translation Difference	(6.46)	(188.86)	(248.69)	(25.02)	2.27	(43.97)	(50.73)	-	(561.46)
Balance as at March 31, 2020	113.91	3,007.87	26,365.57	2,716.38	529.42	1,955.72	3,869.49	27,112.31	65,670.67
Depreciation									
Balance as at April 01, 2018	-	55.45	2,832.98	273.11	83.80	514.89	1,030.16	5,566.94	10,357.33
Charge for the year	-	422.24	2,092.82	317.81	61.79	267.03	630.69	2,249.28	6,041.66
Disposals	-	(21.47)	(121.39)	(0.01)	(6.89)	(2.31)	(23.22)	(353.76)	(529.05)
Balance as at March 31, 2019	-	456.22	4,804.41	590.91	138.70	779.61	1,637.63	7,462.46	15,869.94
Charge for the year	-	521.67	3,336.41	427.35	114.47	354.28	868.69	3,044.90	8,667.77
Disposals	-	(5.01)	(1,146.97)	(86.77)	(35.21)	(73.24)	(537.73)	(197.19)	(2,082.12)
Translation Difference	-	(79.50)	(87.21)	(14.49)	(0.39)	(25.66)	(38.95)	-	(246.20)
Balance as at March 31, 2020	-	893.38	6,906.64	917.00	217.57	1,034.99	1,929.64	10,310.17	22,209.39
Net Book Value									
Balance as at March 31, 2020	113.91	2,114.49	19,458.93	1,799.38	311.85	920.73	1,939.85	16,802.14	43,461.28
Balance as at March 31, 2019	120.37	1,829.32	17,538.35	1,826.69	350.29	820.29	1,362.58	15,009.98	38,857.87
Capital work-in-progress									
Balance as at March 31, 2020	-	-	-	-	-	-	-	-	1,837.71
Balance as at March 31, 2019	-	-	-	-	-	-	-	-	2,063.41



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
4 Intangible assets and Intangible assets under development

	(Rs. in lakh)				
	Computer softwares	License fees	Franchisee fees	Total	Goodwill
Cost					
Balance as at April 01, 2018	738.77	12.23	9,722.22	10,473.22	25,005.92
On acquisition of business (Note 34)	-	-	22.63	22.63	387.54
Additions	343.43	150.25	1,033.11	1,526.79	-
Disposals	(0.46)	-	(143.89)	(144.35)	-
Balance as at March 31, 2019	1,081.74	162.48	10,634.07	11,878.29	25,393.46
Additions	291.06	160.23	360.71	812.00	-
Disposals	(4.74)	(3.40)	(71.60)	(79.74)	-
Translation Difference	(10.91)	-	(62.18)	(73.09)	-
Balance as at March 31, 2020	1,357.15	319.31	10,861.00	12,537.46	25,393.46
Amortisation and Impairment					
Balance as at April 01, 2018	523.63	-	2,400.25	2,923.88	-
Charge for the year	203.33	27.92	1,162.36	1,393.61	-
Disposals	(0.15)	-	(106.11)	(106.26)	-
Balance as at March 31, 2019	726.81	27.92	3,456.50	4,211.23	-
Charge for the year	262.91	79.96	1,175.10	1,517.97	-
Disposals	(4.74)	(3.40)	(33.84)	(41.98)	-
Impairment (Refer Note a below)	-	-	-	-	9,177.56
Translation Difference	(8.54)	-	(20.33)	(28.87)	-
Balance as at March 31, 2020	976.44	104.48	4,577.43	5,658.35	9,177.56
Net Book Value					
Balance as at March 31, 2020	380.71	214.83	6,283.57	6,879.11	16,215.90
Balance as at March 31, 2019	354.93	134.56	7,177.57	7,667.06	25,393.46

Note :-

- a) The recoverable amount as at March 31, 2020, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the management covering a five-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 applied to cash flow projections for impairment testing during the current year and cash flows beyond the five-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 did not exceed the carrying value. As a result of this analysis, on a prudent basis, management has recognised an impairment charge of INR 9,177.56 lakh in the current year against goodwill. The impairment charge is recorded in the statement of profit and loss as an exceptional item (Refer Note 28 and 33)

Intangible assets under development

Balance as at March 31, 2020	308.99
Balance as at March 31, 2019	37.83



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
5 Financial assets

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Unquoted mutual fund		
Investment in Mutual Fund measured at fair value through profit or loss (FVTPL) (Refer Note (a))	1,552.07	-
Total Investments	1,552.07	-
Note (a) Investment in unquoted mutual fund		
The Company has 39,729.38 outstanding debt mutual fund units as at March 31 2020 (March 31,2019 : Nil), book value of which equals the market value.		
Deposits (unsecured)		
Security Deposits		
Considered Good	6,333.88	5,611.57
Credit impaired	37.99	489.60
	6,371.87	6,101.17
Less: Allowance for expected credit losses	(37.99)	(489.60)
	6,333.88	5,611.57
Total deposits	6,333.88	5,611.57
Current	191.62	288.81
Non-current	6,142.26	5,322.76
Others (unsecured)		
Term deposits with maturity of more than 12 months	1.21	2.34
Claims and other receivables	10.48	12.15
Margin money deposits with banks (placed as security with government body)	121.39	4.77
Interest accrued on fixed deposits	25.50	270.70
Loans to employees	72.42	73.37
Other receivables		
Considered good	-	27.95
- Related party (Note 36)	193.27	149.94
- Others	36.46	36.46
Considered doubtful	229.73	214.35
Less: Provision for doubtful receivables	(36.46)	(36.46)
	193.27	177.89
Total other financial assets	424.27	541.22
Current	350.64	465.51
Non-current	73.63	75.71

Movements in allowance for credit losses of receivables is as below:

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	526.06	686.68
Charge/(release) during the year	22.74	(160.62)
Utilised during the year	(474.35)	-
Balance at the end of the year	74.45	526.06

For explanation on the credit risk management process, refer Note 41 (b)

6 Other non-current assets (unsecured)

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Capital advances		
Considered good	475.22	882.19
Considered doubtful	286.59	-
Less: Allowance for doubtful balances	(286.59)	-
	475.22	882.19
Prepaid expenses	3.80	1,067.83
Balances with government authorities		
Considered good	1,090.65	1,632.37
Considered doubtful	286.45	282.35
	1,377.10	1,914.72
Less: Allowance for doubtful balances	(286.45)	(282.35)
	1,090.65	1,632.37
Total other non-current assets	1,569.67	3,582.39



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
7 Inventories

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
(At lower of cost or net realisable value)		
Raw materials	3,364.66	2,400.16
Packing material	473.91	354.25
Small wares, cleaning, uniform and operating supplies	897.89	802.39
Less: Provision for slow moving inventories	(298.08)	(15.91)
Goods in transit	-	267.00
Total inventories	4,438.38	3,807.89

During the year ended 31st March 2019, there was a change in the inventory valuation method from FIFO to Weighted Average. The Management had assessed the impact of this change and was of view that there was no material impact due to fast moving inventories specific to the QSR industry in which the company operates. Also, there were annual contracts entered into with vendors, hence no material impact.

8 Trade receivables

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	460.49	2,244.57
Unsecured, credit impaired	39.77	286.96
Less : Allowance for expected credit losses	(39.77)	(286.96)
Total Trade receivables	460.49	2,244.57

Movements in allowance for credit losses of receivables is as below:

	Year ended March 31, 2020	Year ended March 31, 2019
Balance as at the beginning of the year	286.96	113.07
Charge/(release) during the year	(10.49)	173.89
Utilised during the year	(236.70)	-
Balance at the end of the year	39.77	286.96

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.

9 Cash and cash equivalents

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Balances with banks		
In current accounts	1,808.02	1,501.78
Cash on hand	300.82	659.61
Term deposits with original maturity of less than three months	101.15	60.00
Total cash and cash equivalents	2,209.99	2,221.39

10 Bank balances other than cash and cash equivalents

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Term deposits with maturity more than 3 months but less than 12 months	1,698.81	15,829.13
Margin money deposit (placed as security with government body)	6.99	594.86
Total bank balances other than cash and cash equivalents	1,705.80	16,423.99

11 Other current assets (unsecured)

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Balance with government authorities	102.32	83.30
Employee advances	23.67	45.94
Advances to suppliers:		
Considered good	488.04	458.88
Credit impaired	7.67	141.68
Less : Allowance for expected credit losses	(7.67)	(141.68)
	488.04	458.88
Prepaid expenses	146.76	245.82
Total other current assets	760.79	833.94



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
12 Share capital

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
a. Authorised shares:		
18,30,90,000 (March 31, 2019: 18,30,90,000) Equity shares of Rs.10 each	18,309.00	18,309.00
250,000 (March 31, 2019: 2,50,000) 8% Compulsorily Convertible Preference Shares of Rs.100 each	250.00	250.00
68,00,000 (March 31, 2019: 68,00,000) 0.001% Compulsorily convertible preference Shares of Rs. 361.90 each	24,609.20	24,609.20
	43,168.20	43,168.20
b. Issued, subscribed and fully paid-up shares:		
5,02,43,968 (March 31, 2019: 4,31,07,874) Equity shares of Rs.10 each fully paid up	5,024.40	4,310.79
	5,024.40	4,310.79
c. Reconciliation of number of shares outstanding at the beginning and end of the year :		
Equity shares		
Outstanding at the beginning of the year	4,31,07,874	4,16,75,367
Converted during the year (Note e g(iii) and h)	71,36,094	14,32,507
Outstanding at the end of the year	5,02,43,968	4,31,07,874

d. Rights, preferences and restrictions attached to Equity shares

The Company has one class of equity share having par value of Rs. 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 CCPS 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, 2020		As at March 31, 2019	
	% holding	No. of Shares	% holding	No. of Shares
Equity shares				
Sapphire Foods Mauritius Limited	33.48%	1,68,23,779	39.03%	1,68,23,779
WWD Ruby Limited	30.96%	1,55,56,510	33.21%	1,43,17,718
Amethyst Private Limited	17.46%	87,71,411	20.35%	87,71,411
QSR Management Trust through Trustee Sagista Realty Advisors Private Limited	7.00%	35,17,459	7.00%	30,17,500
Edelweiss Crossover Opportunities Fund	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.

g. Shares reserved for issue under options

- 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.
- Information relating to Sapphire Foods Employee Stock Option Plan 2017, including details of options granted, exercised and lapsed during the current year and options outstanding at the end of reporting period, is set out in note 42.
- Compulsorily Convertible Debentures (CCDs) amounting to Rs. Nil (March 31, 2019: 3.25 lakh) 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 (Refer note above), CCDs would be converted such number of shares so that CCD holder's equity in the company's 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 CCDs, company in the previous year had classified the CCDs as financial liability in accordance with Ind AS 32. Changes in the fair value of financial liability is recorded in the Statement of Profit and Loss (refer Note 27). During the year on January 21, 2020, these CCDs have been converted into 4,99,959 equity shares at the fair value of Rs 343.20 per share and change in fair value is recorded in the Statement of Profit and Loss (Refer Note 27).

h. Issued and paid up component of 68,00,000 0.001% Compulsorily convertible preference Shares (CCPS's) of Rs. 361.90 each amounting to Rs 22,499.10 lakh included within authorised share capital is forming part of other financial liabilities (refer Note 18)

During the year on January 21, 2020, these CCPS's have been converted into 66,36,135 equity shares at the fair value of Rs 343.20 per share.

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 Rs. 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.



SAPPHIRE FOODS INDIA PRIVATE LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

13 Other equity

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Securities premium		
Balance as per last balance sheet	63,883.59	63,882.71
Add: Premium on issue of equity shares	23,777.46	0.88
Balance as at the end of the year	87,661.05	63,883.59
Capital reserve		
Balance as per last balance sheet	3,560.99	3,560.99
Add: Items of other comprehensive income recognised directly in Capital reserve	-	-
Balance as at the end of the year	3,560.99	3,560.99
Share options outstanding account		
Balance as per last balance sheet	668.31	-
Employee stock option expense (refer Note 24)	442.24	668.31
Balance as at the end of the year	1,110.55	668.31
Foreign currency translation reserve		
Balance as per last balance sheet	103.96	44.93
Add: Additions during the year	(439.36)	59.03
Balance as at the end of the year	(335.40)	103.96
Retained earnings		
Balance as per last balance sheet	(25,326.00)	(24,061.11)
Effect of adoption of Ind AS 116 Leases (net) (Note 44)	(6,719.85)	-
Less: Loss for the year	(15,754.01)	(4,467.32)
Less: Non-controlling interests put option classified as financial liability		
- Shares issued during the year	-	327.10
- Non-controlling interests share of total comprehensive income	-	89.04
- Fair valuation of put option liability	-	2,832.00
- Gain on settlement of NCI put options	3,303.75	-
Less: Items of other comprehensive income/(loss) recognised directly in retained earnings:		
Other comprehensive income/(loss) for the year	(78.12)	(45.71)
Balance as at the end of the year	(44,574.23)	(25,326.00)
Total other equity	47,422.95	42,890.85

Note : Nature and purpose of reserves

a) Retained earnings- Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Company.

b) Share 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. 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.

14 Borrowings (measured at amortised cost)

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Non-current borrowings (secured)		
Term Loan from Banks (Secured) (Refer Note (a) and (b))	6,604.70	7,572.15
Less: Current maturities disclosed in other current financial liabilities (Refer Note 18)	(1,204.51)	(1,059.79)
Total non-current borrowings	5,400.19	6,512.36

(a) Term Loan from SCB Bank

Term loan from SCB bank of Rs 5,096.30 lakh (as at March 31, 2020) is taken for a period of 5 years for the purpose of modernisation and expansion. 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 and is 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).

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.



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(b) Term Loan from Development Finance Corporation of Ceylon (DFCC) Bank (Rs. in lakh)

Interest Rate	Repayment term	Security	As at March 31, 2020	As at March 31, 2019
Term Loan-2				
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 Dadigamuwa together with the right of way over lot 2 and lot 15 belonging to the company.	66.25	115.15
Term Loan-3				
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.	92.75	131.60
Term Loan-4				
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.	1,292.59	1,358.50
			1,451.59	1,605.25

(c) Term Loan from Daimler Financial Services India Pvt Ltd

Term loan from Daimler Financial Services India Pvt. Ltd. of Rs 56.81 lakh is taken for a period of 3 years against motor vehicle at the interest rate ranges of 10.75% p.a.

Current borrowings (unsecured unless otherwise stated)

Bank Overdraft ***	470.57	768.19
Borrowings from Standard Chartered Bank * (secured against trade receivables, cash and cash equivalents, other receivables, inventory and property, plant and equipment)	-	1,250.00
Borrowings from DFCC Bank **	44.18	-
Total current borrowings	514.75	2,018.19

* 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.

**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.

15 Income tax
a. The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current Income tax		
Current year	130.22	173.11
Earlier year	(2.08)	42.26
Deferred tax		
Relating to originating and reversal of temporary differences		
Current year	(301.75)	(105.37)
Income tax expense/ (income) reported in the consolidated statement of profit/(loss)	(173.61)	110.00
Relating to originating and reversal of temporary differences	(18.68)	-
Income tax expense/ (income) reported in the consolidated statement of total comprehensive income/(loss)	(192.29)	110.00
- Income tax expense/(income) reported in the consolidated statement of profit/ (loss)	(173.61)	110.00
- Income tax expense/(income) reported in the consolidated statement of other comprehensive income/ (loss)	(18.68)	-



SAPPHIRE FOODS INDIA PRIVATE LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Loss before taxes	(16,098.20)	(4,355.70)
Statutory income tax rate	30.97%	27.02%
Expected income tax expense (a)	(4,985.61)	(1,176.86)
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense (b) :-		
Impact of change in provisional and actual tax liability at the time of filing of ITR	2.08	(185.25)
Deferred tax assets not recognised for unused tax losses to the extent of deferred tax liabilities	(2,375.12)	(1,029.70)
Interest inadmissible under section 23 of the MSME Act	(3.44)	(3.31)
TDS Interest	(2.54)	-
35DD Deduction	3.77	-
Change in fair value of financial liability	(92.70)	(68.60)
Impairment of Goodwill	(2,423.03)	-
Others	97.66	-
	(4,793.32)	(1,286.86)
Total income tax expense (a - b)	(192.29)	110.00

For the above disclosure, 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.

c. Deferred tax

Deferred tax relates to the following:

Particulars	Balance Sheet		Profit and Loss	
	As at	As at	Year ended	Year ended
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Deferred tax liabilities				
Property, plant and equipment/ Intangible assets	2,317.99	2,065.91	252.08	813.37
Deposits	148.33	15.11	133.22	41.10
Lease Liabilities (lease rental reversal)	3,046.99	-	3,046.99	-
Mutual Funds	12.79	-	12.79	-
Fair value adjustment on acquisition	1,102.42	1,416.12	(313.70)	(210.38)
	6,628.52	3,497.14	3,131.38	644.09
Deferred tax assets				
Employee benefits payable	452.41	315.38	(137.03)	(190.39)
Long term/ Short term provisions	182.39	210.42	28.03	(6.20)
Provision for slow moving inventories	93.00	-	(93.00)	-
IND AS 116 ROU*	2,656.55	-	(2,449.91)	-
Lease Liabilities (Interest)	1,596.23	-	(1,596.23)	-
Effect of adoption of Ind AS 116 Leases on Retained Earnings	1,842.27	-	-	-
Remeasurement of employee defined benefit liability	135.32	105.07	48.95	(12.13)
Deferred consideration	-	19.79	(19.79)	-
Provisions for doubtful advances	132.10	301.25	169.15	(2.77)
Disallowance under section 40(a)(i) of Income Tax Act, 1961	137.25	165.56	28.31	46.58
Unabsorbed losses to extent of Deferred Tax Liability**	-	679.86	588.39	(584.55)
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.	(1,771.73)	-	-	-
	5,455.79	1,797.33	(3,433.13)	(749.46)
Deferred tax expense/ (income)	-	-	(301.75)	(105.37)
Net deferred tax assets/ (liabilities)	(1,172.73)	(1,699.81)	-	-

*IND AS ROU adjustment amounting to Rs. 206.64 lakh recognised through reverses and Rs. 18.68 lakh routed to OCI totalling to Rs. 225.32 lakh does not form part of P & L Impact

** The Group has recognised deferred tax assets 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	(Rs. in lakh)			
	Business losses	Unabsorbed depreciation	Long term capital loss	Short term capital loss
FY 2019 - 20	1,425.78	-	-	-
FY 2020 - 21	2,614.22	-	-	-
FY 2021 - 22	2,560.93	-	-	-
FY 2022 - 23	3,153.37	-	-	-
FY 2023 - 24	5,080.83	-	-	-
FY 2024 - 25	181.42	-	-	-
Beyond 5 years	314.02	-	-	674.37
Indefinite	-	27,123.61	-	-
Total	15,330.57	27,123.61	-	674.37



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
16 Lease Liabilities

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Lease Liabilities (Refer Note 44)	57,436.90	-
Total Lease Liabilities	57,436.90	-
Current	7,185.58	-
Non-current	50,251.32	-

17 Trade payables

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of vendors		
- Related Parties (Note 36)	16.99	0.05
- Micro and Small Enterprises	806.93	851.57
- Others	12,243.16	10,563.55
Total Trade payables	13,067.08	11,415.17

Terms and conditions of the above Trade Payables

- Trade payables are non-interest bearing and are normally settled on 30-60 days terms.

18 Other current financial liabilities

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Nil (March 31, 2019: 62,16,937) Compulsorily convertible preference shares (refer Note (b) below and Note 12)	-	22,499.10
Put Option Liability allocated to Non Controlling Interests (Note a below)	215.34	9,130.00
Financial liability-With respect to compulsorily convertible debentures (Note 12 (g) (iii))	-	1,694.86
Current maturities of non-current borrowings (Note 14)	1,204.51	1,059.79
Interest accrued but not due on borrowings	45.52	2.07
Employees benefits payables	1,498.26	1,291.04
Capital creditors	1,515.64	1,336.71
Other payables		
- Related party (Note 36)	315.44	186.21
- Others	110.29	167.46
Total other current financial liabilities	4,905.00	37,367.24

Note (a): Non-Controlling Interest in Gamma Pizzakraft (Overseas) Private Limited

In the current year, non-controlling shareholders have exercised the aforesaid right and as a result, the Company has purchased 26% interest (46,87,205 shares) from these shareholders at Rs 119.71 per share (at 15% IRR based on primary executed share purchase agreement ('SPA')). Balance amount payable of Rs 215.34 lakh (refer Note 18) for 1% stake has been subsequently paid.

Particulars	(Rs. in lakh)
Cash consideration to non-controlling shareholders	5,826.25
Carrying value of the additional interest	9,130.00
Difference recognised in retained earnings	3,303.75

Note (b): During the previous year, Compulsorily convertible preference shares (CCPS) were convertible into equity basis the EBITDA for the year ended 31 March 2019. Upon determination of EBITDA, on or prior to expiry of 90 business days from the date of such determination, the Company shall convert the CCPS into equity shares.

Number of shares to be issued on conversion is dependent on the pre-money valuation. Pre-money valuation 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, company has classified the CCPS's as financial liability in accordance with Ind AS 32. Changes in the fair value of financial liability is recorded in the Statement of Profit and Loss (Refer Note 27).

During the year on January 21, 2020, these CCPS's have been converted into 66,36,135 equity shares and CCD's into 4,99,959 equity shares at the fair value of Rs 343.20 per share. Change in fair value is recorded in the Statement of Profit and Loss (Refer Note 27). This is non-cash transaction for the purpose of statement of cash flows.

19 Other current liabilities

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Advance from customers	31.85	157.85
Statutory dues	1,559.88	1,429.18
Total other current liabilities	1,591.73	1,587.03

20 Provisions

Particulars	(Rs. in lakh)			
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits				
Gratuity (Note 37)	881.26	685.80	178.22	173.12
Leave encashment **	-	-	50.06	204.19
Others *	-	-	396.31	407.43
Total provisions	881.26	685.80	624.59	784.74

* 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.

** Also, 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.



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
21 Revenue from contracts with customers (refer Note 43)

Particulars	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Sale of food items		
Restaurants sales	1,32,841.40	1,18,038.01
Other operating income		
- Sale to Airport dealers	1,076.39	1,127.03
- Alliance Income	4.02	96.04
- Scrap sales & others	119.39	121.16
Total	1,34,041.20	1,19,382.24

22 Other income

Particulars	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest on fixed deposits and loan	580.08	444.76
Interest - others *	440.72	489.19
(Gain)/(loss) on fair value/sale of mutual funds	78.25	-
Provision for doubtful debts written back (net of bad debts written off)	14.18	1.51
Exchange fluctuation gain (net)	0.91	18.57
Gain on termination of lease contract (Note 44)	1.23	-
Miscellaneous income	17.02	20.85
Total	1,132.39	974.88

* represents income on financial assets carried at amortised cost and interest on IT refund.

23 Cost of materials consumed (raw material and packing material)

Particulars	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Inventory as at the beginning of the year	2,754.41	2,543.68
Add: On acquisition of business (refer Note 34)	-	2.32
Add: Purchases	44,251.33	39,672.74
Less: Inventory at the end of the year	(3,838.57)	(2,754.41)
Total	43,167.17	39,464.33

24 Employee benefits expense

Particulars	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	19,601.14	17,213.01
Contribution to provident fund and other funds (refer Note a below)	1,409.54	1,327.28
Gratuity (refer Note 37)	210.09	175.61
Employee stock option scheme (refer Note 42 and note b below)	464.46	668.31
Staff welfare expenses	1,195.89	1,241.68
Total	22,881.12	20,625.89

(a) Netted off with refund claimed under Provident Fund scheme namely Pradhan Mantri Protsahan Rojgar Yojana ('PMPRY') of Rs 162.60 lakh (Mar 2019: Rs 254.16 lakh)

(b) Expenses on employee stock option scheme includes Rs 22.22 lakh towards long term incentive plan for the specified employees as per the scheme.

25 Finance costs

Particulars	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest on loans	851.68	724.28
Interest - others	208.91	230.90
Interest on lease liabilities (Note 44)	6,052.46	-
Other financing cost	106.20	796.50
Total	7,219.25	1,751.68



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
26 Depreciation and amortisation expense

Particulars	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment (Note 3)	8,667.77	6,041.66
Depreciation on right of use asset (Note 44)	8,945.29	-
Amortisation on intangible assets (Note 4)	1,517.97	1,393.61
Total	19,131.03	7,435.27

27 Other expenses

Particulars	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Rent (refer Note 44)	4,413.05	15,179.31
Electricity expenses	9,817.10	8,777.92
Royalty	8,573.75	8,053.63
Marketing and advertisement expenses *	5,193.80	4,424.33
Commission on aggregators and meal coupons	5,096.39	2,803.52
Common area maintenance expenses	2,478.17	2,152.69
Distribution and warehousing charges	2,542.85	2,411.95
Repairs and maintenance :		
- Plant and machinery	1,138.32	1,092.01
- Others	1,772.94	1,512.43
Legal and professional charges	1,332.03	1,515.52
Travelling and conveyance	975.07	1,047.56
Small wares, cleaning, uniform and operating supplies	1,454.53	1,499.29
Changes in fair value of financial liability (Note 12 (g) (iii))	297.12	219.86
Loss on sale/discard of property, plant and equipment	65.76	29.17
Provision for doubtful deposits	22.74	73.60
Allowance for credit losses/ provision for advances	290.69	206.76
Sundry Balances written off (net)	52.31	-
Miscellaneous expenses	3,917.54	4,436.10
Total	49,434.16	55,435.65

* Includes marketing contribution waiver on KFC acquired outlets @ 5.5% of net revenues w.e.f Oct 1, 2017 for the remaining 8 years.

28 Exceptional Items

Particulars	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Impairment loss on goodwill of Pizza Hut CGU for parent and few subsidiaries (refer Note below)	9,177.56	-
Provision for obsolete inventories (refer Note below)	261.50	-
Total	9,439.06	-

Note :-

Considering the Quick Service Restaurants (QSR) industry, COVID 19 has significant impact on business operations of the Group. Further, there is 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 Rs. 9,439.06 lakh, in the Statement of Profit and Loss for the year ended March 31, 2020. (also refer note 32(g) and note 33).



SAPPHIRE FOODS INDIA PRIVATE LIMITED**Notes to the Consolidated Financial Statements for the year ended March 31, 2020****29 Earnings Per Share (EPS)**

Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit/(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 loss and share data used in the basic and diluted EPS computations:

Particulars	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Loss attributable to the equity holders of the Company (Rs. in lakh)	(15,754.01)	(4,467.32)
Weighted average number of Equity shares outstanding during the year	5,02,43,968	4,54,98,499
Basic and Diluted Earning Per Share (Face value of Rs. 10 per share) #	(31.36)	(9.82)

Share options have not been considered above being anti-dilutive in nature (refer Note 12 g).

30 Contingent liabilities

Particulars	(Rs. in lakh)	
	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	915.02	2,258.94
- Income Tax	1,521.17	886.11
- Other matters	215.24	86.30
Total	2,651.43	3,231.35

- 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. Motor bikes taken on operating leases have been recognised as Right of use assets (ROU) with effect from April 1, 2019 under Ind AS 116 net of the amount recoverable from employees. Aggregated amount so recoverable from employees on future lease rentals of such operating lease agreements amounting to Rs 113.29 lakh as at March 31, 2020 (March 31, 2019 Rs 121.60 lakh) (March 31, 2020 - 285 lakh LKR ; March 31, 2019 - 308 lakh LKR). 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 Rs 276.26 lakh (Rs 695 lakh LKR) 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 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 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.

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 financial statements. The Group does not expect the outcome of these proceedings to have materially adverse impact on its financial statements.



SAPPHIRE FOODS INDIA PRIVATE LIMITED**Notes to the Consolidated Financial Statements for the year ended March 31, 2020****31 Commitments**

- (a) Estimated amount of contracts to be executed on capital account and not provided for (net of advances)

Particulars	(Rs. in lakh)	
	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)	1,772.89	1,193.25

- (b) The 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.
- (c) As per the agreement mentioned in (b) above, the 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 and achievement of average daily sales, Net new stores targets and timelines specified in the agreement are under review.
- (d) The 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. In view of the Covid19 pandemic, Net new stores targets and timelines specified in the agreement are under review.

32 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. 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.



SAPPHIRE FOODS INDIA PRIVATE LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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 further impairment.

(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 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.

(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 37.

(d) Useful life and residual value of property, plant and equipment

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 Company's property, plant and equipment at the end of the reporting period is disclosed in Note 2 to financial statements.

(e) Contingencies

In the normal course of business, contingent liabilities may arise from litigations and other claims against the company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised. Refer Note 30 for further details.

(f) Leases

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

The Group included the renewal period as part of the lease term for leases of stores with shorter period (i.e., 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.



SAPPHIRE FOODS INDIA PRIVATE LIMITED**Notes to the Consolidated Financial Statements for the year ended March 31, 2020****(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.

(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 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 33)

33 Impairment Testing of Goodwill

Particulars	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Cost	25,393.46	25,393.46
Less : Impairment	9,177.56	-
Net Carrying Value	16,215.90	25,393.46

Carrying value of goodwill :-

Allocation of goodwill to Cash Generating Units (CGU's)	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
KFC	10,586.08	10,586.08
PH	5,629.82	14,807.38
Total	16,215.90	25,393.46

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 for the year ended March 31, 2020 on March 31, 2020.

The Group test for goodwill impairment at the CGU level and the respective goodwill on consolidation of subsidiaries. The Group has determined that they have 2 CGUs being KFC & Pizza Hut. 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 five year period. The projected cash flows have been updated to reflect the decreased demand for products and services in the current pandemic situation. The post-tax discount rate is applied to cash flow projections. The Group has estimated cash flow upto the year 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 as at March 31, 2020 has resulted in an impairment of Rs 9,117.56 lakh (2018-19 : Nil), which is recognised within exceptional items in the consolidated statement of profit and loss considering increased uncertainty on account of COVID 19 outbreak. Refer Note 4 a.

The key assumptions have been disclosed in Note 32(a)

Sensitivity to change in assumptions**Discount rate assumption**

A change in discount rate by 100 basis points will result in change in the recoverable value by :-

Particulars	(Rs. in lakh)	
	Mar-20	Mar-19
Increase in 100 basis points and impact on the recoverable value	(13,193.79)	(7,497.42)
- KFC	(7,620.49)	(3,566.61)
- PH	(5,573.30)	(3,930.81)
Decrease in 100 basis points and impact on the recoverable value	15,960.51	8,922.58
- KFC	9,140.58	4,209.08
- PH	6,819.93	4,713.50



SAPPHIRE FOODS INDIA PRIVATE LIMITED**Notes to the Consolidated Financial Statements for the year ended March 31, 2020****34 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.

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>(Rs. in lakh)</u> <u>March 31, 2019</u>
Fair Value of Consideration Paid	431.95
Fair Value of Deferred / Contingent Consideration paid in March 31, 2020	<u>18.00</u>
	<u>449.95</u>
Fair Value of assets acquired and liabilities assumed	
Property, Plant and Equipment and Intangibles	61.17
Inventory	2.32
Goodwill	387.54
Non-Current Liabilities	<u>(1.08)</u>
Total	<u>449.95</u>

The goodwill consisted primarily of future economic benefits and synergies with existing operations.



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the Consolidated Financial Statements for the year ended March 31, 2020

35 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 regularly reviewed by the Chief Operating Decision Maker for assessment of Group's performance and resource allocation.

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, 2020			As at March 31, 2019		
	India	Outside India	Consolidated	India	Outside India	Consolidated
1. Revenue						
External	1,13,147.04	22,026.55	1,35,173.59	98,637.35	21,719.77	1,20,357.12
Total Revenue	1,13,147.04	22,026.55	1,35,173.59	98,637.35	21,719.77	1,20,357.12
2. Non- Current Assets	1,12,043.06	14,353.71	1,26,396.77	74,004.26	9,229.13	83,233.39



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the Consolidated Financial Statements for the year ended March 31, 2020

36 Related Party Disclosures

Names of related parties and related party relationship

Entities under common control:	KFCH Restaurants Private Limited
Company having significant influence:	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)
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Enterprises under significant influence of persons described above:	Bectors Food Specialities Limited (upto July 10, 2018) Iron Mountain India Private Limited SMS Integrated Facility Services Private Limited Gamma Life Line Samara India Advisors Private Limited
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	(Rs. in lakh)			
	Entities under Common Control	Key Managerial personnel and their relatives	Company having Significant Influence	Enterprises under Significant Influence
Other Receivables				
KFCH Restaurants Private Limited	*(27.95)			
Trade Payables				
Iron Mountain India Private Limited				12.65 (0.05)
SMS Integrated Facility Services Private Limited				4.34 (-)
Other Payables				
KFCH Restaurants Private Limited	84.25 (-)			
Amar Raj Singh		(5.07)		
Gamma Life Line				231.19 (181.14)
Compulsory Convertible Debentures				
Sagista Realty Advisors Private Limited, Trustee of QSR Management Trust			*(1,694.86)	
Issuance of Equity Shares (including securities premium)				
Sapphire Foods Mauritius Limited			*(143.23)	
WWD Ruby Limited			4,251.36 (0.18)	
Edelweiss Crossover Opportunities Fund			13,892.89 (0.54)	
Edelweiss Crossover Opportunities Fund – Series II			4,630.96 (0.18)	
Sagista Realty Advisors Private Limited, Trustee of QSR Management Trust			1,715.86 (-)	
Issuance of Preference Shares				
WWD Ruby Limited			*(4,199.82)	
Edelweiss Crossover Opportunities Fund			*(13,724.46)	
Edelweiss Crossover Opportunities Fund – Series II			*(4,574.82)	



SAPPHIRE FOODS INDIA PRIVATE LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

				(Rs. In lakh)
	Entities under Common Control	Key Managerial personnel and their relatives	Company having Significant Influence	Enterprises under Significant Influence
Purchases of material				
Bectors Food Specialities Limited				(41.20)
Sale of material				
KFCH Restaurants Private Limited	228.42 (197.20)			
Houskeeping/ Storage Service				
Iron Mountain India Private Limited				9.80 (0.05)
SMS Integrated Facility Services Private Limited				25.20 (26.00)
Call Centre Charges (inclusive of taxes)				
KFCH Restaurants Private Limited	41.20 (58.57)			
Reimbursement of expenses				
Amar Raj Singh		4.37 (6.27)		
KFCH Restaurants Private Limited	0.59 (50.60)			
Reimbursement of expenses incurred on behalf				
Samara India Advisors Private Limited				0.50 (-)
Contribution to employee fund				
Gamma Life Line				66.64 (70.31)
Purchase of Equity Shares of				
Gamma Pizzakraft (Overseas) Private Limited				
Mr. Amar Raj Singh		1,726.74 (-)		
Settlement of liabilities on behalf of the entity				
KFCH Restaurants Private Limited	13.40 (66.24)			
Remuneration to Key Managerial Personnel *				
Short Term Employee Benefits		688.36 (596.14)		
Share based payments		445.59 (361.39)		

* Excludes provision for compensated absence and gratuity for Key Managerial Personnel as separate actuarial valuation is not available.
(Previous year's figures have been shown within the brackets).

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, collections amount to Rs.511.40 lakh (net) (previous year Rs.2,841.09 lakh) were received by KFCH on behalf of the Company and Rs 719.64 lakh were received by SFIPL on behalf of KFCH from its customers and the same has been remitted back to the Company during the year. 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.



37 Disclosure as per IND-AS 19, "Employee Benefits"

I. Defined contribution plan:

The Group operates a gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each year of service. The same is payable on termination of service or retirement whichever is earlier. The Gratuity paid is governed by The Payment of Gratuity Act, 1972 for the Holding Company and its Indian Subsidiaries. The Group contributes to the fund based on actuarial report details of which is available in the table of investment pattern of plan asset, based on which the group is not exposed to market risk. The following table summarises the component of net defined benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for respective period.

II. Defined benefit plan: Gratuity

The Group operates a gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each year of service. The same is payable on termination of service or retirement whichever is earlier. The Gratuity paid is governed by The Payment of Gratuity Act, 1972 for the Holding Company and its Indian Subsidiaries. The Group contributes to the fund based on actuarial report details of which is available in the table of investment pattern of plan asset, based on which the group is not exposed to market risk. The following table summarises the component of net defined benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for respective period.

A. Balance Sheet

Particulars	(Rs. in lakh)					
	India			Outside India		
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Present value of plan liabilities	583.67	510.38	482.85	355.18	-	-
Fair value of plan assets	7.14	6.64	-	-	-	-
Net plan liability / (asset)	576.53	503.74	482.85	355.18	-	-

B. Movements in plan assets and plan liabilities

Particulars	(Rs. in lakh)					
	India			Outside India		
	Plan Asset	Plan Liability	Net Asset / (Liability)	Plan Asset	Plan Liability	Net Asset / (Liability)
As at the beginning of the year	6.64	510.38	(503.74)	355.18	42.86	(355.18)
Current service cost	-	96.46	(96.46)	-	-	-
Past service cost	-	-	-	-	-	-
Interest cost	-	33.82	(33.82)	-	-	-
Acquisition (refer Note 34)	-	-	-	-	-	-
Return on plan assets less expected interest on plan assets	0.47	-	0.47	-	-	-
Actuarial (gain)/loss arising from changes in demographic assumptions	0.03	(42.86)	(42.83)	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	-	56.16	(56.16)	31.96	-	(31.96)
Actuarial (gain)/loss arising from experience adjustments	-	16.82	(16.82)	34.76	-	(34.76)
Translation benefit	-	-	-	2.81	-	(2.81)
Benefit payments	-	(67.11)	67.11	(22.14)	-	22.14
As at the end of the year	7.14	583.67	(576.53)	482.85	510.38	(355.18)



C. Statement of Profit and Loss

Particulars	India		Outside India	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Employee benefit expenses:				
Current service cost	96.46	82.40	42.85	31.42
Past service cost	-	1.76	-	32.26
Finance cost/(income)	33.35	27.77	37.42	-
Net impact on the loss before tax (Refer note 24)	129.81	111.93	80.28	63.68
Re-measurement of the net defined benefit liability:				
Actuarial (gain)/loss arising from changes in demographic assumptions	(42.89)	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	56.16	9.84	31.96	(9.89)
Actuarial (gain)/loss arising from experience adjustments	16.82	22.94	34.76	6.91
Net impact on the Other Comprehensive (Income)/Loss before tax	30.09	32.78	66.72	(2.98)

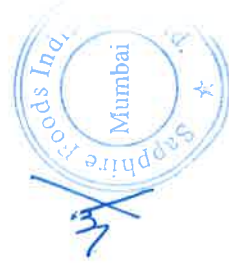
D. Assets

Particulars	India		Outside India	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Unquoted Insurer Manager Fund	7.14	6.64	-	-
Total	7.14	6.64	-	-

E. Assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind-AS 19 are set by reference to market conditions at the valuation date. The significant actuarial assumptions were as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Financial Assumptions		
Discount rate	5.6% - 12%	7% - 12%
Salary Escalation Rate	For Corporate : 8% - 10%	For Corporate : 9% - 10%
	For Stores : 5% - 10%	For Stores : 5% - 10%
Expected Rate of Return on Assets (per annum)	NA	NA
Particulars	As at March 31, 2020	As at March 31, 2019
Demographic Assumptions		
Mortality Rate	ALM (2012-14) Ultimate	ALM (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 thereafter, 50% If service > 5 yrs, 3% 55 - 60 years 12.5%	For Corporate: If service < 5 yrs, 23% If service > 5 yrs, 16% For Store: If service < 5 yrs, 50% 50% thereafter, 3% 55 - 60 years 13.2%
Retirement Age Average expected future working life (years)		



F. Sensitivity

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are

Particulars	As at March 31, 2020		As at March 31, 2019	
	Change in assumption	Increase in Rate / (Decrease) / Increase in DBO	Increase in Rate / (Decrease) / Increase in DBO	Decrease in Rate / (Increase) / Decrease in DBO
Discount rate	+/-1%	(56.40)	(56.04)	(56.04)
Salary Escalation Rate	+/-1%	83.14	85.21	85.21
			(22.00)	26.79
			24.64	(24.22)
			(38.14)	61.59
			60.64	(33.90)
				(14.52)
				17.99
				16.28
				(16.36)

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

G. The defined benefit obligations shall mature after year end as follows:

Year ending March 31	As at March 31, 2020		As at March 31, 2019	
	India	Outside India	India	Outside India
1st following year	43.61	141.74	56.15	123.61
2nd following year	36.88	92.65	51.14	63.37
3rd following year	37.84	20.88	53.95	12.95
4th following year	37.76	20.58	53.70	12.95
5th following year	36.81	20.58	53.01	12.95
6th to 10th year	182.55	185.80	172.41	139.78

H. Risk exposure:

Through its defined benefits plan, the Group is exposed to a number of risks, the most significant of which are detailed below

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields at the end of the reporting period on government bond yields, if the return on plan asset is below this rate, it will create a plan deficit.

Interest rate risk

A decrease in the bond increase rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Demographic risk

This is the risk of variability of results due to unsystematic nature of decrements that includes mortality, withdrawal, disability and retirement. The effects of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, medical cost inflation, discount rate and vesting criteria.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the Consolidated Financial Statements for the year ended March 31, 2020

38 Information for Consolidated Financial Statement pursuant to Schedule III of the Companies Act, 2013

(Rs. in lakh)

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		
Parent										
Sapphire Foods India Private Limited	106%	55,448.34	87%	(13,891.27)	6%	(27.45)	85%	(13,918.72)	India	100%
Subsidiaries (held directly)										
Indian										
Gamma Pizzakraft (Overseas) Private Limited	7%	3,480.62	8%	(1,332.52)	0%	-	8%	(1,332.52)	India	100%
Subsidiaries (held indirectly)										
Indian										
Gamma Pizzakraft Private Limited	0%	223.08	1%	(115.60)	1%	(2.64)	1%	(118.24)	India	100%
Foreign										
Gamma Pizzakraft Lanka Private Limited	8%	4,143.68	-2%	288.45	118%	(580.61)	2%	(292.17)	Sri Lanka	100%
French Restaurants Private Limited	0%	8.06	0%	(1.87)	0%	0.06	0%	(1.80)	Sri Lanka	100%
Gamma Island Food Private Limited	0%	38.12	1%	(177.54)	-5%	27.03	1%	(150.52)	Maldives	51%
Non Controlling Interest										
	0%	24.96	1%	(170.58)	-5%	25.97	1%	(144.61)	Maldives	49%
Adjustments on account of Consolidation										
	-21%	(10,894.54)	3%	(523.66)	-13%	66.13	3%	(457.52)		
Balance as at March 31, 2020	100%	52,472.32	100%	(15,924.59)	100%	(491.51)	100%	(16,416.10)		



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Year ended March 31, 2019

Year ended March 31, 2019										(Rs. in lakhs)
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		
Parent										
Sapphire Foods India Private Limited	106%	50,338.45	94%	(4,205.08)	-102%	(29.69)	95%	(4,234.77)	India	100%
Subsidiaries (held directly)										
Indian										
Gamma Pizzakraft (Overseas) Private Limited	10%	4,713.22	10%	(445.24)	0%	-	10%	(445.24)	India	73%
Subsidiaries (held indirectly)										
Indian										
Gamma Pizzakraft Private Limited	1%	543.99	1%	(49.83)	-11%	(3.09)	1%	(52.92)	India	100%
Foreign										
Gamma Pizzakraft Lanka Private Limited	11%	5,173.84	-10%	467.86	10%	2.98	-11%	470.84	Sri Lanka	100%
French Restaurants Private Limited	0%	9.87	0%	1.94	0%	-	0%	1.94	Sri Lanka	100%
Gamma Island Food Private Limited	1%	492.32	2%	(74.43)	0%	-	2%	(74.43)	Maldives	51%
Non Controlling Interest	1%	247.51	2%	(71.51)	0%	-	2%	(71.51)	Maldives	49%
Adjustments on account of Consolidation	-30%	(14,070.05)	2%	(89.42)	202%	59.03	1%	(30.39)		
Balance as at March 31, 2019	100%	47,449.15	100%	(4,465.70)	100%	29.23	100%	(4,436.47)		



SAPPHIRE FOODS INDIA PRIVATE LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

39 Fair Values and Fair Value hierarchy

The fair value of all current financial assets and liabilities including cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other financial assets, trade payables, other financial liabilities and borrowings approximate their carrying amounts largely due to the short term maturities of these instruments. The liability with 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, 2020. Fair Put Option valuation, refer Note (a) given under Note 16. 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 Company 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 hierarchy					
(Rs. in lakh)					
Particulars	As at March 31, 2020				
	Carrying amount/ Amortised cost	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total Fair Value
Financial Assets					
At Amortised Cost					
Deposits (Note 5)	6,333.88	-	-	-	6,333.88
Trade receivables (Note 8)	460.49	-	-	-	460.49
Cash and cash equivalents (Note 9)	2,209.99	-	-	-	2,209.99
Bank balances other than cash and cash equivalents (Note 10)	1,705.80	-	-	-	1,705.80
Other financial assets (Note 5)	424.27	-	-	-	424.27
At Fair value through profit or loss					
Investments (Note 5)	-	-	1,552.07	-	1,552.07
Financial Liabilities					
At Amortised Cost					
Borrowings (current and non-current) (Note 14)	5,914.94	-	-	-	5,914.94
Lease liabilities (Note 16)	57,436.90	-	-	-	57,436.90
Trade payables (Note 7)	13,067.08	-	-	-	13,067.08
Other current financial liabilities (Note 18)	4,689.66	-	-	-	4,689.66
At Fair value through profit or loss					
Other current financial liabilities (Note 18)	-	-	-	215.34	215.34

The Company considers that the carrying amounts of these financial instruments recognised at amortised cost in the financial statements approximate its fair value.

(Rs. in lakh)					
Particulars	As at March 31, 2019				
	Carrying amount/ Amortised cost	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total Fair Value
Financial Assets					
At Amortised Cost					
Deposits (Note 5)	5,611.57	-	-	-	5,611.57
Trade receivables (Note 8)	2,244.57	-	-	-	2,244.57
Cash and cash equivalents (Note 9)	2,221.39	-	-	-	2,221.39
Bank balances other than cash and cash equivalents (Note 10)	16,423.99	-	-	-	16,423.99
Other financial assets (Note 5)	541.22	-	-	-	541.22
Financial Liabilities					
At Amortised Cost					
Borrowings (current and non-current) (Note 14)	8,530.55	-	-	-	8,530.55
Trade payables (Note 7)	11,415.17	-	-	-	11,415.17
Other current financial liabilities (Note 18)	4,043.29	-	-	-	4,043.29
At Fair value through profit or loss					
Other current financial liabilities (Note 18)	-	-	-	33,323.96	33,323.96

The Company considers that the carrying amounts of these financial instruments recognised at amortised cost in the financial statements approximate its fair value.

Reconciliation of fair value measurement of liability categorised at level 3:

At Fair value through profit or loss		
Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	33,323.96	-
Additions during the year	-	33,104.10
Conversion during the year	(30,101.98)	-
Total (Gain)/Loss	(3,006.63)	219.86
Closing Balance	215.34	33,323.96

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. 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 and operating cash flows generated. The Group is not subject to any externally imposed capital requirements. The capital structure is governed by policies approved by the Board of Directors and is monitored by various matrices. Funding requirements are reviewed periodically.



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
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 is 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 March 31, 2020. The analysis excludes the impact of movements in market variables on the carrying values of gratuity, pension obligation and other post-retirement obligations, provisions and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2020.

i Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in foreign currency and the Group's net investment in foreign subsidiaries). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from the respective countries. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

The Group has not entered into any derivative transaction during the year. Unhedged Foreign currency exposure at the end of year is Nil.

ii Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the outstanding financial liability.

The Group has 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	(Rs. in lakh)	
	As at March 31, 2020	As at March 31, 2019
Borrowings bearing variable rate of interest	6,504.70	8,822.15

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 loss before tax:

Change	(Rs. in lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
50 bps increase would increase the loss before tax by	(33.02)	(44.11)
50 bps decrease would decrease the loss before tax by	33.02	44.11

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 from its financing activities, including deposits with banks and other financial instruments.

i Trade Receivable

The trade receivable of the Group generally spread over limited numbers of parties. The Group evaluates the credit worthiness of the parties on an ongoing basis. Further, outstanding customer receivables are regularly monitored and followed up. Therefore, the Group does not expect any material risk on account of non-performance from these parties.

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 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 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.

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 Company's 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	(Rs. in lakh)		
		< 1 Year	1 - 3 Years	Total
Financial Liabilities				
Trade Payable				
March 31, 2020		-	-	-
March 31, 2019		-	-	-
Borrowings (including current maturities of long-term debt)				
March 31, 2020		1,719.26	5,400.19	7,119.45
March 31, 2019		3,077.98	6,512.56	9,590.54
Other Financial Liabilities				
Payable on Capital goods purchased				
March 31, 2020		1,515.64	-	1,515.64
March 31, 2019		1,336.71	-	1,336.71
Payable to employees				
March 31, 2020		1,498.26	-	1,498.26
March 31, 2019		1,291.04	-	1,291.04
Other payables				
March 31, 2020		471.25	-	471.25
March 31, 2019		355.75	-	355.75
Put Option Liability allocated to Non Controlling Interests				
March 31, 2020		215.34	-	215.34
March 31, 2019		9,120.00	-	9,120.00

Note: Refer Note 44 for maturity profile of lease liabilities.



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SAPPHIRE FOODS INDIA PRIVATE LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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.

42 Share-based payments

The Company had received approval of the Board and Shareholders for issuance of 20,31,249 Equity Shares of Rs 10 each for offering to eligible employees of the Company under Sapphire Foods Employee Stock Option Plan 2017 (the plan). There are 2 schemes of the plan implemented by the Company- Sapphire Foods Employee Stock Option Loyalty Scheme 2017- "Scheme I" (loyalty scheme) and Sapphire Foods Employee Stock Option Performance Scheme 2017- "Scheme II" (performance scheme).

The purpose of these schemes is to reward loyalty for past services with the Company, retention of critical employees, achieving company performance and aligning the shareholders' interest.

During the year ended 31st March 2019, the Company had granted the following options:

	Loyalty	Performance
No. of options	5,49,190	3,07,571
Method of accounting	Fair value	Fair value
Vesting plan	5 years from 1 September 2015 or actual date of employment with the Company, whichever is later	3rd anniversary from performance target date
Grant Date	03-Sep-18	04-Jun-18
Exercise Date	5 years from the date of vesting or happening of a major liquidity event, whichever is later	5 years from the date of vesting or happening of a major liquidity event, whichever is later
Exercise Price (Rs.)	10	175.6
Method of settlement	Equity-settled	Equity-settled
Fair value per option (Rs.)	341.86	262.38

	Loyalty		Performance	
No. of Options	2019-20	2018-19	2019-20	2018-19
Outstanding at the beginning of the year	5,04,052	-	2,77,479	-
Granted during the year	-	5,49,190	-	3,07,571
Forfeited/cancelled during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed/ Expired during the year	(1,05,324)	(45,136)	(58,986)	(30,092)
Outstanding at the end of the year	3,98,728	5,04,052	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	3 September 2018	4 June 2018
Risk free interest rate	8.10%	7.90%
Expected life (in years)	7.4	5.4
Expected volatility	45%	40%
Dividend yield	0%	0%
	351	351

Price of the underlying shares in the market at the time of option grant (Rs.)

The expected price volatility is based on the historic volatility (based on remaining life of the options)

There are no new stock options granted during the year 2019-20.

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:

	2019-20	(Rs. in lakhs) 2018-19
Type of goods or service		
Restaurant sales	1,32,841.40	1,18,038.01
Other operating income	1,199.00	1,544.23
Total revenue from contract with customers	1,34,041.20	1,19,582.24
India	1,17,040.87	97,758.47
Outside India	22,000.33	21,823.77
Total revenue from contract with customers	1,34,041.20	1,19,582.24
Timing of revenue recognition		
Goods transferred at a point in time	1,34,037.18	1,19,288.20
Services transferred over time (included in other operating income)	4.02	294.04
Total revenue from contract with customers	1,34,041.20	1,19,582.24

2. Contract balances:

	31st March, 2020	(Rs. in lakhs) 31st March, 2019
Trade receivables	460.49	2,344.57
Contract liabilities	31.85	157.85



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
44 Adoption of new accounting standard on Leases – Ind AS 116
Leases where the Group is a Lessee

The Group has adopted Ind AS 116 effective 1st April, 2019 using the modified retrospective method as per para C8(d)(ii) of Ind AS 116. The Group has applied the standard to its leases with the cumulative impact recognised to retained earnings on the date of initial application (1st April, 2019). Accordingly, the Group has not restated the comparative information. This has resulted in recognising a right-of-use asset of Rs.46,783.26 lakh, corresponding lease liability of Rs.53,787.69 lakh and deferred tax asset of Rs.206.64 lakh. The difference of Rs.6,797.79 lakh (net of deferred tax) has been adjusted to retained earnings as at 1st April 2019.

a) In the statement of profit and loss for the current year, 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.

Impact of Ind AS 116 on the financial statement for the year ended 31st March 2020 is as follows:

Particulars	Year ended 31 March, 2020 (comparable)	Year ended 31 March, 2020 (Ind AS 116)	Change due to Ind AS 116 Increase/(Decrease)
Rent expense	10,588.30	4,413.05	(12,275.25)
Other miscellaneous expenses	4,611.95	3,917.54	(24.41)
Finance cost	1,166.79	7,319.25	6,052.46
Depreciation and amortisation expense	10,185.74	15,131.03	5,545.29
Other income - gain on termination of lease contract	1,133.62	1,132.39	(1.23)
Loss before tax	13,471.34	18,098.20	2,626.86

Reconciliation for the above effect on statement of cash flows for the year ended March 31, 2020 is as follows:

Particulars	Year ended 31 March, 2020 (comparable)	Year ended 31 March, 2020 (Ind AS 116)	Change due to Ind AS 116 Increase/(Decrease)
Net cash generated from operating activities (A)	5,212.85	21,394.42	12,081.57
Net cash used in investing activities (B)	(204.72)	(204.73)	(0.01)
Net cash used in financing activities (C)	(8,721.51)	(20,813.47)	(12,091.96)
Net decrease in cash and cash equivalents (A+B+C)	286.22	286.22	-
Cash and cash equivalents at 1st April 2019	1,453.30	1,453.26	-
Cash and cash equivalents at 31st March 2020	1,739.42	1,739.42	-

(b) The Company incurred Rs.351.72 lakh for the year ended 31st March, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is Rs.12,443.29 lakh for the year ended 31st March, 2020, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is Rs.6,052.46 lakh for the year.

(c) The Company's leases mainly comprise of stores and buildings. The Company takes on leases stores and buildings for the purpose of business operations.

(d) The Company also had non-cash additions to right of use assets and lease liabilities of Rs.9,699.70 lakh in 31st March, 2020 (Nil in 31st March, 2019).

Leases are shown as follows in the Group's balance sheet and profit & loss account

Right-of-Use Assets	(Rs. in lakh)
Particulars	As at 31st March, 2020
Cost	58,487.09
Accumulated depreciation and impairment	(8,945.29)
Termination	(4.64)
Translation difference	(7.97)
Net carrying amount	49,529.19

The above amount is bifurcated as under:

Particulars	(Rs. in lakh)
Particulars	Right-Of-Use Assets
As on 1 April 2019	46,783.26
Redclassification from prepayment pursuant to adoption of Ind AS 116	1,360.21
Additions	10,343.62
Depreciation	(8,945.29)
Termination	(4.64)
Translation difference	(7.97)
As at 31 March 2020	49,529.19

Set out below are the carrying amounts of lease liabilities (included under financial liabilities) and the movements during the year

Particulars	(Rs. in lakh)
Particulars	As at 31st March, 2020
As at 1 April 2019	53,787.69
Additions	9,699.70
Accretion of Interest	6,052.46
Termination	(5.87)
Payments	(12,091.57)
Translation difference	(5.51)
As at 31 March 2020	57,436.90
Lease liabilities	
Current	7,185.56
Non-current	50,251.32
Total lease liabilities	57,436.90

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	12,188.84	38,902.43	38,752.51	89,843.78
Total undiscounted lease liabilities	12,188.84	38,902.43	38,752.51	89,843.78



SAPPHIRE FOODS INDIA PRIVATE LIMITED
Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Some of the leases contain extension and termination options. Such options are taken into account in the determination of the lease term only if extension or non-termination can be assumed with reasonable certainty.

Amounts recognized in the Statement of Profit and Loss	(Rs. in lakh)
2019-2020	
Other income	
Gain on termination of lease contract	1.23
Other expenses	
Short-term lease rent expense	299.74
Low value asset lease rent expense	51.98
Variable lease rent expense	2,157.92
GST on rent	1,778.85
Other lease expense (additional cost if any)	124.56
Vehicle Running and Maintenance expense	115.96
Depreciation and Impairment losses	
Depreciation of right of use lease asset	8,945.29
Finance cost	
Interest expense on lease liability	6,052.46

The Company has lease contracts for stores that contains variable payments based on the revenue generated from a particular store. Management's objective is to align the lease expense with the revenue generated. The following provides information on the Company's variable lease payments, including the magnitude in relation to fixed payments for the similar contracts.

Particulars	(Rs. in lakh)		
	Fixed Payments	Variable Payments	Total
Fixed Rent	5,472.48		5,472.48
Variable rent with minimum payment	6,781.73	1,544.02	8,325.75
Variable rent only		913.90	613.90
	12,254.22	2,157.92	14,412.14

A 5% increase in revenue for the relevant stores would increase total lease payments by 2.29%.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

44.1 Leases

Operating Lease commitments - Group as a lessee

Following are the details of lease payments debited to the Statement of Profit and Loss for the year ended March 31, 2019 :

Particulars	(Rs. in lakh)
March 31, 2019	
* Minimum Lease Payment	12,792.78
* Contingent Rent *	2,386.53
	15,179.31

* In some of the stores, the Group is also liable to pay contingent rents, based on certain percentage of turnover.

The Group takes stores, warehouses and certain assets on operating leases. The lease term is for a period ranging from 3 to 25 years. There are escalation clauses in the lease agreement. There are no sub-leases.

Future minimum rentals payable under non-cancellable operating leases as at March 31, 2019 are, as follows

Particulars	(Rs. in lakh)
March 31, 2019	
For a period not later than one year	4,853.63
For a period later than one year but not later than five years	1,909.83
For a period later than five years	38.00

45 Impact of COVID-19

The outbreak of Coronavirus (COVID-19) pandemic globally and in India and consequential nationwide lock down has caused significant disturbance and slowdown of economic activity.

Sales results began to markedly decline during the second half of March due to COVID-19 and the resulting operational impact brought on by several related factors, including limited operations and "stay-at-home" guidance which caused significant restaurant closures. The sales trends from the second half of March have continued into April. Sales sequentially improved over the last few weeks of April, as compared to the equivalent weeks of March. The government lifting up bans in some areas and a proper mix of delivery and take away resulted in the business getting back on the track with August month sales crossing the 50% of the pre-covid level of sales.

The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect underlying assumptions and estimates used to prepare the Group's financial statements, which may differ from that considered as at the date of approval of these financial statements.

The Group will closely monitor any material changes to future economic conditions.

46 Events after the reporting period

Subsequent to the year-end, the Group has raised funding of Rs.4,065.05 lakh (including securities premium) by way of rights issue of equity shares to the existing shareholders. Except as stated, the Group has evaluated subsequent events from the balance sheet date through September 25, 2020, the date at which the financial statements were available to be issued and determined that there are no material items to disclose.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Registration No. 324982E/E3C0003

per Vikram Mehta
Partner
Membership No. : 105938
Place: Mumbai
Date: September 25, 2020



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

Girish Bhat
Director
DIN: 01691260

Saahib Dhadam
Company Secretary
Membership No. : A31812
Place: Mumbai
Date: September 25, 2020

Sanjay Purohit
Whole time Director
DIN : 00112576

Vijay Jain
Chief Financial Officer



SAPPHIRE FOODS INDIA PRIVATE LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

ANNEXURE I- Form AOC 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)


Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures


Sl. No.	Particulars	Details	Details	Details	Details	Details
	Name of the Subsidiary	Gamma Pizzakraft (Overseas) Private Limited	Gamma Pizzakraft Private Limited	French Restaurants Private Limited	Gamma Pizzakraft (Lanka) Private Limited	Gamma Island Food Private Limited
1	Financial Year ending on	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020
2	Reporting Currency and Exchange rate as on the last date of the relevant Financial Year in the case of Foreign Subsidiaries	Indian Rupee	Indian Rupee	LKR 1 LKR = 0.3975 INR	LKR 1 LKR = 0.3975 INR	RF 1 RF = 4.8900 INR
3	Share capital	1,810.97	1,387.43	48.79	1,612.05	857.05
4	Reserves & surplus	1,669.65	(1,164.35)	(40.73)	2,531.63	(818.93)
5	Total assets	3,732.64	1,518.15	58.69	14,677.22	2,160.30
6	Total Liabilities	252.02	1,295.08	50.63	10,533.54	2,122.18
7	Investments	3,433.52	-	-	-	-
8	Turnover	-	1,684.29	-	20,378.69	1,621.63
9	Profit/(Loss) before taxation	(1,332.52)	(115.60)	(1.87)	398.48	(348.13)
10	Provision for taxation	-	-	-	110.03	-
11	Profit/(Loss) after taxation	(1,332.52)	(115.60)	(1.87)	288.45	(348.13)
12	Proposed Dividend	NIL	NIL	NIL	NIL	NIL
13	% of shareholding	99%	100%	100%	100%	51%

- Names of subsidiaries or associate companies or joint ventures which are yet to commence operations- None
- Names of subsidiaries or associate companies or joint ventures which have been liquidated or sold during the year- None

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


Girish Bhat
Director
DIN: 01691290


Sachin Dudam
Company Secretary
Membership No. : A31812
Place: Mumbai
Date: September 25, 2020


Sanjay Purohit
Whole time Director
DIN : 00117676


Vijay Jain
Chief Financial Officer

Place: Mumbai
Date: September 25, 2020

