



Date: 12th February 2026

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

Subject: Earnings Call Transcript – Q3 FY26

Pursuant to the Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed herewith the transcript of earnings call held on Friday, 6th February 2026, in relation to the financial results of the Company for the quarter and nine months ended 31st December 2025.

The said Earnings Call Transcript is also available at the website of the Company (<https://www.sapphirefoods.in/investors-relation/financials>) under FY 2025-26 Quarter 3 section.

Request you to kindly take the same on record.

Thanking you,
For Sapphire Foods India Limited



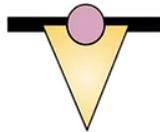
Sachin Dudam
Company Secretary and Compliance Officer

Encl: a/a



“Sapphire Foods India Limited Q3FY26 Earnings
Conference Call”

February 06, 2026



**MANAGEMENT: MR. SANJAY PUROHIT – WHOLE-TIME DIRECTOR &
GROUP CHIEF EXECUTIVE OFFICER, SAPPHIRE FOODS
INDIA LIMITED
MR. VIJAY JAIN – EXECUTIVE DIRECTOR & CHIEF
FINANCIAL OFFICER, SAPPHIRE FOODS INDIA LIMITED
MR. KAUSHIK VANKADKAR – HEAD OF INVESTOR
RELATIONS, SAPPHIRE FOODS INDIA LIMITED**



Moderator:

Ladies and gentlemen, good day, and welcome to the Sapphire Foods Q3 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sanjay Purohit. Thank you, and over to you, sir.

Sanjay Purohit:

Good afternoon, everybody. My name is Sanjay Purohit, and I'm the Group CEO at Sapphire Foods, and I'm joined by Vijay Jain, who is our CFO. Welcome to our Q3 FY26 Investor Presentation where we'll talk about our business performance highlights. Our Q3 performance saw much improvement on profitability compared to our earlier quarters, and this was led by KFC's restaurant EBITDA coming in at 18.8%.

Revenue for KFC grew by 11%, Pizza Hut declined by 11% and Sri Lanka grew by 15%. Overall, we were able to grow revenue in the region of 7%, 7.5%. In Pizza Hut, our Tamil Nadu market continues to deliver double-digit delta performance, both on SSSG as well as on EBITDA versus the rest of the country. Our total revenue for the quarter was INR 811 crores with a 7% growth year-on-year.

We added a total of 31 stores in this quarter, 27 KFCs, 1 Pizza Hut in India, 3 Pizza Hut in Sri Lanka. In Pizza Hut, over the calendar year, we added a total of 0 stores. So whatever stores that we added, we also closed an equal number of stores. And our count as of 31st December stands at 1,028. Our consolidated restaurant EBITDA grew 5% year-on-year. Margin was at 15%, which is down 40% year-on-year.

And our adjusted EBITDA was INR 77 crores. It declined 5% over last year. Our consol adjusted EBITDA margin was 9.5%. Consol EBITDA, which is post Ind AS was INR 136 crores or 16.8% and declined 3% year-on-year. Our consol adjusted PBT before exception was INR 24 crores or 2.9%. Let me go over to KFC. On KFC, you have heard me say that I'm on Slide number 17 and then on Slide number 18.

On 18, you've got the brand priorities that we talk about on KFC. For a significant period of time, our principal intention on KFC is to grow the consumer base. At the beginning of the financial year, we had launched the Epic Saver campaign at INR 299. And we thought that this would be able to bring in transactions.

While it formed a double-digit menu mix contribution, it yet was not able to pull in substantial transactions. We have slowed down on that Epic Saver campaign. And in about 1/3 of our estate have piloted a Chicken Krisper Meal for INR 99 in dine-in and takeaway channels in about 25% of the stores. And we are seeing good traction on the dine-in and takeaway channel, which is



driving overall SSSG also. So for the quarter, we ended up at an SSSG of 1%. And in January, we are trending above that number for the moment.

Like I said, the read, we launched the INR 99 Krisper Meal in the second week of December. And at the end of the third week of January, we have also augmented it with a specific advertising campaign that internally, we say behavior changing advertising targeting the non-users of KFC, inviting them to come to our store. And once the campaign has broken, again, the impact that we have seen has been better.

So, January has been better SSSG than the quarter that we have just concluded. Our innovation pipeline for the coming year is quite strong, and we are quite excited about this innovation pipeline. We've just launched a global Saucy concept called Dunked, which is doing quite well.

We continue to try and make the customer journey in our stores and on digital as frictionless as possible. Our digital kiosk penetration now covers 70% of our estate. And from an expansion perspective, we opened 60 stores in the calendar year, and we had called out that going forward also 60 to 80 is the range that we believe, these number of new stores we should be opening.

I think we have tried to send across the dine-in, what we call the Pehla Nasha commercial across to as many people as possible. Please have a look at it. You will understand what we mean by saying inviting new consumers to the brand. This is currently being aired in Maharashtra state alone.

I'll now hand over to Vijay to talk about the KFC financials.

Vijay Jain:

I'm on Slide number 23, channel-wise sales mix. Dine-in and takeaway came at 56% for the quarter and delivery at 44% versus last year delivery mix at 41%. SSSG for the KFC brand was positive 1% and overall revenue grew by 11%. Calendar year '25 saw us adding 60 restaurants for the year.

Gross margin was up by 40 basis points over last year, and this improvement was on account of discount reduction and value offer construct rationalization. This, along with the cost efficiencies meant that we actually improved our restaurant EBITDA over last year by 60 basis points. It came at 18.8%.

Slide number 26 gives 4-year and 5-quarter. Q3 FY26, it can be clearly seen that this has been the best quarter for us in quite some time with profitability coming at 18.8%. And as Sanjay mentioned, the initial 7 weeks read on the Chicken Krisper Meal offer as well as January SSSG been positive. It augurs well for the brand as we move forward.

Sanjay Purohit:

On Pizza Hut, I'm on Slide 28 now. The Slide number 26, you can see the image of the Ultimate Cheese Pizza that we launched. So again, the innovation pipeline has been quite strong. But in the absence of enough of marketing clout behind these innovations, we have still not got great traction on the brand.

We have combined that with strong value offers also. We launched the INR 99 - 4 course Meal. Again, for lack of marketing support, awareness of both the innovations as well as value offers



has been limited. However, we were able to back both the innovations as well as the value offers in Tamil Nadu, where we continue to invest behind marketing.

And as I said earlier, this market shows double-digit delta performance on both SSSG as well as on the brand EBITDA. We opened 0 NNUs for the year are really focused as you have heard us say earlier, is on building the brand first and then on expansion. Vijay, could you just tell us the financials, please?

Vijay Jain:

Slide number 31, channel-wise sales mix. Dine-in and Takeaway came at 53% and delivery at 47%. Again, this shows the performance in the Dine-in is better than the delivery for the Pizza Hut Sapphire Estate. SSSG was minus 12% with overall revenue drop at 11% and the store addition for the calendar year '25 was 0.

Gross margin dropped by 70 basis points over last year. But if you look at sequentially, we improved on gross margin by 50 basis points sequentially. And while restaurant EBITDA came in at minus 3.1% majorly on account of the negative leverage or negative operating leverage on account of negative SSSG.

Slide number 34 gives you 4-year and 5-quarter trend. It can be seen not much improvement in terms of the ADS or the profitability. However, as mentioned by Sanjay, Tamil Nadu continues to deliver double-digit delta performance. And once the CCI approval comes in, I think we should be able to work closer with the franchisee partner and decide on a common strategy as we move forward.

Sanjay Purohit:

On Sri Lanka, the business continues to do really well. Our SSSG was 11% and our SG was 15%. Just as we did in India, we launched the Ultimate Cheese Pizza in Sri Lanka also. It's done well. We also opened 7 stores in CY '25, and this is the pace that we think we should be able to continue in CY '26 also.

Vijay Jain:

Slide number 39, channel-wise sales mix, Dine-in and Takeaway at 61%, while Delivery at 39%. This against last year, which came at 37%. SSSG was up by 11%, backed by a healthy transaction growth as well. And overall revenue in terms of LKR grew by 15% in terms of INR grew by 16%.

Gross margin was up by 160 basis points. And this combined with -- this along with the SSSG meant that the restaurant EBITDA came in at 16.7%. The growth which we see in terms of absolute EBITDA, restaurant EBITDA is 7% in LKR terms and 8% in INR terms. However, there was a drop in terms of margin percentage, 110 basis points drop.

This was mainly on account of significant increase in minimum wages, which that country has seen. And also Q3, in particular, had cyclone-related cost impact as well. Slide number 43 gives 4-year and 5-quarter trend. As can be seen, Sri Lanka continues to deliver a healthy performance over the last few quarters, and we continue to reinforce our number 1 QSR status in the country.

Sanjay Purohit:

And finally, apart from the positive news on improved profitability in Q3 plus improved SSSG in the month of January on KFC. We also are extremely pleased to announce our DJSI ESG ratings for 2025. We've got a global ESG rating score of 73 on 100.



And our key highlights are that we are indisputably the number 1 QSR brand in the country and top 3 in the world. And we are really the only Indian QSR brand to publish an ESG report under both GRI, SASB and BRSR standard for the fourth consecutive year. So our standards -- so we really set the standard on ESG reporting for the entire industry. So that's it from both Vijay and me. We will open it up for questions.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. The first question comes from the line of Gaurav Jogani from JM Financial. Please go ahead.

Gaurav Jogani: Thank you for taking my question and congrats on the strong operational performance, I would say, in the challenging environment. Sir, my first question is with regards to the improvement that you are seeing. I think your other franchise partner has also indicated the same of improvement in January and even one of the burger brands have also indicated this. So are you seeing a pickup in the overall macro environment or is it because of the specific initiatives that you have been taking is driving this positive SSSG or momentum improvement in January as well?

Sanjay Purohit: Yes. Possibly, it is both. I don't think where we sit, we can comment on the overall macro. Certainly, we had seen this improvement start in December after the INR 99 initiative. The Dine-in, Takeaway business undoubtedly has seen a swing post that initiative happening. Like I think it is January, while we must not try and extrapolate this to infinity. But certainly, January starting off on a good note is a positive part. But let's wait and see as to how the whole quarter goes.

Gaurav Jogani: Sure. No, sir, the reason why I asked -- when I meant the macro, it is specifically for the food services industry is what I meant, the improvement?

Sanjay Purohit: I don't think I can answer that. If you're saying that other people have also shown this good, that means the industry is turning around.

Gaurav Jogani: Sure. And sir, this INR 99 initiative that you have started, would this be a margin dilutive initiative or at scale, maybe you could still sustain the same level of profitability that you are doing right now?

Vijay Jain: So again, if I take you back to the Epic Saver campaign, at that time, we were investing almost 100-odd basis points, and we dropped our gross margin below last year by almost 100 basis points. If you look at current quarter, we are up by 50-odd basis points over last year. But however, this particular promotion started only in third week.

Yes, this particular promotion would be dilutive on gross margins, but I don't see an impact beyond 50 basis points to 60 basis points from current level in terms of gross margin. Having said that, if it can help us drive SSSG, that will be more than compensated in terms of the overall profitability.

Gaurav Jogani: Vijay, when you say from the base, I mean, that would be Q3, right?

Vijay Jain: Present level, yes.



Gaurav Jogani:

Okay. And my second question is with regards to the Pizza Hut. Pizza Hut, the brand has been struggling and you have also not done new store additions. But where would you position yourself in terms of the recovery journey? I mean, the initiatives that you have taken so far, do you think with these initiatives, at least you can target a positive SSG in the coming financial year?

Vijay Jain:

I think for Pizza Hut, it would be important that both the franchisee partners come together and decide on a way forward. And hopefully, that can happen sooner once the CCI approval comes into the picture. Yet whatever coordination we can do within -- through the Yum! system, that will still go on.

But I think that would be a key factor as we move forward. Along with that, there would be some amount of -- like while we have opened 0 units in terms of net, we had a few closures. I think those few closures will still happen in terms of trying to make sure that you minimize the losses. But we don't see a major expansion even in the coming year.

And the overall focus will be to make sure the brand revives first. And I think for the brand revival, both the franchisee partners needs to come together to decide on the way forward. We are quite confident of how the work -- things are going in Tamil Nadu. And I think this is now third or fourth consecutive quarter whether Tamil Nadu has been able to deliver a differential performance vis-a-vis the rest of the other estate.

Sanjay Purohit:

Tamil Nadu and Sri Lanka, Gaurav.

Vijay Jain:

And Tamil Nadu is based on Sri Lanka.

Sanjay Purohit:

Sri Lanka, in that market, we continue to, in tough conditions, do well. So I think there's a clear model for the revival of this brand, which is quite differentiated, and I don't think anyone else can copy easily.

Gaurav Jogani:

Sure sir. Yes, there's a great work in Sri Lanka that you have done and the profitability and the revenue growth is clearly reflecting that.

Sanjay Purohit:

No. We will do also the same thing, Gaurav. If you go visit our stores in Tamil Nadu, you'll understand. They're just fantastic stores.

Gaurav Jogani:

Sure. And sir, just lastly, on the overall this merger thing, because this merger process is now on, what kind of -- will the business will continue as usual? Will there be any changes in the functioning post the CCI approval comes in? If you can give some guidelines until the ultimate merger happens?

Vijay Jain:

The overall entity continues to remain independent and function independently until the merger becomes effective. So -- and we had given out the timelines earlier. From now, it could be maybe around 12 months for the merger to become effective. It has started with the Board approval and it goes to the exchange for approval, then CCI approval, filing with NCLT.



So all this can take 12 months. Till then both the companies operate independently. Having said that, once the CCI approval comes in, which could be anywhere between now and let's say, maybe around 3 to 6 months, one can expect a bit more closer coordination on some of the strategy points, while each of the companies still continue to function independently.

Sanjay Purohit: Yes. And on the brand strategy, overall brand strategy, in any case, we are guided by Yum. So I don't think anything changes there. All 3 of us used to come and sit on the table together. I think specific operational issues can only be handled after CCI approval.

Vijay Jain: Especially in case of Pizza Hut because there's a territory overlap over there. And hence, that becomes. Otherwise, we used to coordinate between us, Yum and Devyani used to coordinate anyways on the key brand product and marketing strategy.

Moderator: The next question comes from the line of Rehan Saiyyed from Trinetra Asset Managers.

Rehan Saiyyed: Good evening to the team and thanks for taking my question. So my first question is around, I want to understand regarding your Tamil Nadu performance delta. So you have consistently highlighted that the Tamil Nadu because it was positive double-digit delta in terms of sales growth and profitability over the rest of India.

So what specific consumer behavior or competitive dynamics in that market are driving this counter performance? And to what extent can we -- will be reflected in other struggling regions to arrest the 12% SSSG decline? This is my first question?

Sanjay Purohit: So in terms of Tamil Nadu, the first thing which is there, Tamil Nadu is an exclusive market for Sapphire. So there is no overlap between us and Devyani. So there are no 2 different formats at play. In the other markets, Sapphire largely operates dining forward omnichannel restaurants, Devyani would operate in our territories, Pizza Hut delivery format.

So that would be one big difference between the other territories and Tamil Nadu in terms of the format complications and the overlap. Now that because we are able to operate Sapphire is the exclusive territory, we are able to communicate this to the customer in terms of the brand experience, the restaurant experience by putting in money in that particular estate.

If it comes to putting in money in any other estate or any other territories, you will require an alignment with the other franchisee partner for that additional investment. And unfortunately, that alignment right now does not exist. It did exist last year for the first 9 months. It gave us Sapphire the upside.

It did not give the other franchisee partner the required upside. And understandably so, they said we don't want to invest further in terms of additional marketing investment. So that's the deadlock which continues in other markets, which is because of territory overlap, and that does not exist in case of Tamil Nadu.

In terms of replicability, we are -- for Sapphire, the experience remains the same even in the other markets from a format perspective. But our communication strategy is not similar as Tamil Nadu, and that's the difference. And the day we are able to align, we will be able to communicate.



We don't see any other reason why we should not be able to replicate the performance in any other territories as well.

Rehan Saiyyed: Okay. Okay. So basically, you are saying that the main point here is the communication that you are not communicating apart from Tamil Nadu right?

Sanjay Purohit: Yes. And we were able to do that last year. If you remember, recall, April'24 to December'24, we were able to do a jointly aligned on a marketing communication strategy, and we did invest additional money between all 3 partners, us, Devyani and Yum. That is not happening anymore. Now it's only Sapphire, which invested in Q3 along with Yum! in Tamil Nadu.

Rehan Saiyyed: Okay. Fair enough. And just want a bit understanding regarding your digital transformation that you have mentioned that digital kiosks are now rolled out across 70% of the estate. So beyond operational frictionless experience, are you seeing a measurable increase in ticket size or scaling -- kiosks compared to traditional counter service?

Sanjay Purohit: Yes. So we are seeing increase in APC across the stores where we are seeing -- where the kiosks have been rolled out in case of KFC. But more than just the increase in APC, I think it just gives us the power as we move forward in terms of collecting the right customer data.

It also gives power to the customer in terms of controlling its own ordering journey. And we believe as we move forward using intelligence, this should help us upsell and drive ticket size further. So I think it's just a start of the journey. It's a long way to go.

Moderator: The next question comes from the line of Kaivalya Baing with IIFL Capital.

Percy Panthaki: This is Percy Panthaki here. So I just wanted to understand the KFC margin expansion despite SSSG being weak, we generally understand that we get operating leverage at, let's say, 3%, 4% because the general inflation per store is around that level?

But despite SSSG being lower than that, we are seeing 20 basis points leverage between gross margin and EBITDA in addition to the 40 basis points at the gross margin, so overall 60 basis points. So can you comment on both the 40 basis points as well as 20 basis points as to what are the drivers which are driving that?

Vijay Jain: So first, the biggest driver has been the gross margin and the gross margin has been the function of the reduced discounts, which we had and the rationalization of the value offer construct. You would recall that we had Epic Saver campaign at INR 299 in the H1. And while we continued with that particular campaign in Q3, we continued in a different form and shape, where our gross margins was not taking hit as much as it took a hit in H1.

So that this combination of discount reduction as well as this particular change on the value offer helped us get the gross margin back, and it shows an upside over last year, whereas previous quarter, we actually dropped on the gross margin compared to previous years. So that's on the gross margin side.



On the cost efficiencies, definitely, we had our efficiencies in terms of the Labour Cost as well as our store operating cost where whether it's electricity, R&M and other lines, we were able to squeeze enough amount to drive this particular efficiency.

There's also a small amount of benefit, which if I call out in terms of the base effect, the Navratri actually fell in quarter 2 this year versus it was actually in quarter 3. So that also helps its bit in terms of SSSG as well as the EBITDA when you start comparing with last year. So these are the 3 things.

Percy Panthaki:

Got it. Secondly, on the delivery versus dine-in mix, we have seen even for some other companies that dine-in is now doing better versus a few quarters ago where delivery was growing faster.

And the change or the flip in equation has come not largely from improvement in the absolute growth rate of dine-in. Of course, that has happened. But it seems that the delivery growth rate, which used to be sort of better earlier, that is now struggling. So can you comment on the dynamics behind the delivery versus dine-in mix?

Vijay Jain:

So first of all, I wouldn't say dine-in right now, at least for the quarter which has gone by, has performed better versus delivery. I would say the gap has definitely reduced in case of KFC. Of course, in case of Pizza Hut, the decline in dine-in has been less than the decline in the delivery.

Coming back to your original point, whether it has plateaued out or slowed down, it has definitely slowed down the kind of delivery goods you used to see earlier. You don't see that anymore.

Having said that, there is also -- I think each of the companies, especially Sapphire, both the brands, the kind of offers, value promotions, deals we are focusing on at a dining and takeaway channel are something is also helping us bridge this particular gap between dining and delivery.

Percy Panthaki:

Epic Saver Campaign which was mainly a dine-in promotion, you have reduced that, right, so?

Vijay Jain:

No, the same thing now we have pivoted towards this Chicken Krisper Burger Meal, that's also a Dine-in and Takeaway offer, whether it is in case of Pizza Hut, which was buy 1 get 3 Dine-in, Takeaway offer, INR 99 Course Meal in case of Pizza Hut, again, a Dine-in, Takeaway offers.

So most of these offers and promotions are focused to driving Dine-in and Takeaway customers and drive those transactions up. So that's another reason why it has -- the gap has bridged. Also, previously, I used to always call out when the delivery mix was growing, I used to call out that apart from delivery performance, there are other factors which were at play.

We used to call out that the mall estate post-COVID from a real estate point of view, the supply of estate was lower, where mall typically has a higher Dine-in mix. Late night delivery as addition as an occasion was again a delivery occasion. So, I think those two, three factors which gave a delivery a flip has now probably got built in into the last year anyways. So now you're looking at a real genuine like-for-like performance on delivery.



Percy Panthaki:

But we are seeing actually decline, Vijay, so if, let's say, KFC SSSG is 1%. If I break up that 1% into dine-in versus delivery, dine-in is growing at low to mid-single digit and delivery is probably declining at, at least a low-single-digit or mid-single-digit also. So just wanted to understand why something and which was doing well, which even when the overall SSSG was negative, maybe the delivery part was still flat to positive.

Why that has gone into negative? Because if you see the overall delivery growth in India as a country, if you use Swiggy, Zomato as proxies, that is not doing badly. Both the companies are still growing at mid-to high teens. So just wondering why our delivery SSSG is now in negative territory, low-to mid-single-digit?

Vijay Jain:

See, I'm not sure how have you derived those numbers because we have never said that the dine-in for the quarter was above 1% or positive when delivery was negative. I'm still calling out.

Percy Panthaki:

Where the dine-in mix has increased on a Y-o-Y basis?

Vijay Jain:

No, it is not. Dine-in, takeaway mix for the KFC has not increased on the Y-o-Y basis. In fact, our delivery mix has increased by 300 basis points for KFC, 41% delivery mix for KFC last year has gone to 44%.

Percy Panthaki:

Sorry, I got the -- it was mixed up. I'm sorry. Okay. I'll take it offline, whatever.

Vijay Jain:

No worries. It's important that I clarify for all the listeners as well that the gap between dine-in and delivery is reducing. But still, as of now, the quarter 3 delivery has performed better than dine-in for KFC. For Pizza Hut, of course, the decline in dine-in has been lower than the decline in case of delivery. So let me just clarify that for everybody. Yes.

Moderator:

The next question comes from the line of Ashutosh with MIT.

Ashutosh:

Thanks for the opportunity, and congrats on a good quarter for a long time on the profitability as well as SSSG side. So a couple of questions. First, on the -- I wanted to check what has been our SSTG growth in the context that we have now rationalized discounts also. And we have been calling out better SSTG growth for the last couple of quarters. So has it accelerated meaningfully from there?

And has it sustained in January as well given discounts have been slightly rolled back? Second would be on the delivery revenue in the Pizza Hut segment. So we have seen aggregators reporting slightly improved growth over the past couple of quarters on the delivery front, but Pizza Hut this quarter was a substantial decline in terms of delivery revenues. So anything that you want to call out there?

Vijay Jain:

In terms of SSTG, SSTG for KFC, it's largely in line with the way the SSSG is. So it's a similar number or it's in a similar range. So both SSTG and SSSG are right now going in hand in hand. And while you called out that we have rolled back Epic Saver campaign, but we have gone ahead with even more or pivoted towards even more aggressive campaign.



So while Epic Saver, we are toning it down considerably, the entire marketing works and the entire focus is on making sure that how this INR 99 offer on Chicken Krisper Burger Meal is used to drive new transactions, get new customers inside the stores. So we have not really dialed down.

And whatever results we are seeing in the first 7 weeks of this offer, definitely, the transactions are growing faster than the SSSG. So SSTG is faster -- and I'm talking about the stores where this has been rolled out. In the first few weeks of December, this was around 25% stores. Now in Jan, this has gone up to 33% of our stores. So yes, we are seeing higher transaction growth than the SSSG in Jan.

Vijay Jain:

On the Pizza Hut. Pizza Hut, again, we don't feel it's an issue of a delivery or a particular store or a particular -- I think at a brand level, we have called out that all brand codes which are required to be in place are in place.

So whether it is all about the -- our customer proposition on dining forward channel, whether it is about the format size, whether it is the delivery credentials on Swiggy and Zomato, which used to be around 3.5, now gone above 4, backed by our Dragontail tool, which is helping us drive deliver hot and fresh pizzas.

So whether it is about our product innovations, it's enough and more in the pipeline. So it's all about how do we communicate to the customers. That's where the focus should be, and that's where also the challenge rise right now.

With the limited marketing budget, unless we put in more money and we put in more money behind the revival of the brand consistently quarter-after-quarter, unless we do that, we will see a challenge, and that's what we hope to resolve with other franchisee partner pretty soon.

Ashutosh:

So how we should understand is that large part of the problems related to your -- maybe ratings and all that's all major part that is left is your marketing...

Vijay Jain:

So it's about 20 years of legacy in terms of what we carried as a premium brand now that we are as powerful in terms of our value as any other competitor and delivering great experience on top of that backed by our product innovation. If you don't say it to customer and if you don't shout enough, everything goes down the drain.

Ashutosh:

And post CCI approval, should we expect you to replicate the Tamil Nadu strategy across India or would that be something that we will take on later?

Vijay Jain:

See, we are not hanged on to a particular thing. The idea is finally the two partners have to come together and decide on a common way forward. So it's not about our solution or their solution. As long as we all agree to a common solution, the good part about the retail or the QSR business is any solution can be experimented in a small territory, smallest or one state, get the results and then replicate it across all the states. So it's not about Tamil Nadu solution. Finally, whatever both partners agree, we have to agree on one way forward and then roll it out Pan-India.



- Ashutosh:** And one more question, if I may. On the Sri Lanka business, we have seen continued good growth improvement across all metrics. So do we have an opportunity to accelerate the store growth there from 8% to 10% to maybe low double digits or something?
- Vijay Jain:** We believe it should be at least high-single-digit for the coming year, at least -- continue to be high-single-digit, possibly touching 10%, maybe, but I would say high-single-digit.
- Moderator:** As there are no further questions from the participants, I would now like to hand the conference over to Mr. Sanjay Purohit for closing comments.
- Sanjay Purohit:** Yes. Thank you very much, everybody, for attending our quarter 3 business performance presentation. Like I said, we saw improved profitability on the back of restaurant EBITDA of KFC coming at 18.8%. KFC grew at 11%. Pizza Hut declined at 11% and Sri Lanka grew at 15%.
- And from an ESG perspective, our ESG ratings for fourth year in a row, we've continued to improve. And we are now among the top 3 QSR companies in the world and by far the number one company in India. That's it for me. Thank you so much. We'll close the conference now. Bye-bye.
- Moderator:** Thank you, sir. On behalf of Sapphire Foods, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.