

Date: 27th October 2026

To,

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 – Q2 FY27

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 Thursday, 22nd October 2026, in relation to the financial results of the Company for the quarter and half year ended 30th September 2026.

The said Earnings Call Transcript is also available at the website of the Company (<https://www.sapphirefoods.in/investors-relation/financials>) under FY 2026-27 Quarter 2 section.

Request you to kindly take the same on record.

Thanking you,

For Sapphire Foods India Limited

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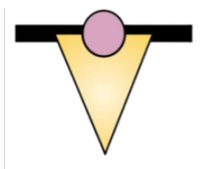
Sachin Dudam

Company Secretary and Compliance Officer

Encl: a/a



“Sapphire Foods India Limited
Q2 FY27 Earnings Conference Call.”
October 22, 2026



MANAGEMENT: MR. SANJAY PUROHIT – WHOLE TIME DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER – SAPPHIRE FOODS INDIA LIMITED
MR. VIJAY JAIN – EXECUTIVE DIRECTOR AND 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 Sapphire Foods India Limited Q2 FY '27 Earnings Conference Call. As a reminder, all participant line 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sanjay Purohit from Sapphire Foods India Limited. Thank you, and over to you, sir.

Sanjay Purohit: Good afternoon, everyone. Welcome to the Q2 FY '27 business performance highlights of Sapphire Foods. You all must have a copy of the presentation that we uploaded this afternoon. We delivered the best quarter of revenue growth, 20% and adjusted EBITDA growth 39% since the COVID period, that is since the last 16 quarters. Our Q2 FY '27 revenue was INR885 crores, as I said, up 20%. We added 15 KFC restaurants, 1 Pizza Hut in Sri Lanka. Our total restaurant count was 1,086 as of 30th September.

Consolidated restaurant EBITDA was up 21% Y-o-Y. Margin was 11.5%, up 20 basis points. Consolidated adjusted EBITDA was INR62.4 crores, up 39% Y-o-Y and consolidated adjusted EBITDA margin was 7.1%, up 100 basis points. Consolidated EBITDA was INR128.6 crores, Margin 14.5%, and this grew again 21% Y-o-Y. Consolidated adjusted PBT was INR12 crores or 1.4% and consolidated PBT, which is post Ind AS was minus INR60 lakhs or minus 0.1%.

I just wanted to give some context to what we are thinking as an organization at the moment. We are facing a difficult inflationary environment. That inflation is right across all our cost lines, starting with food inflation, minimum wage inflation. In many states, minimum wages have increased quite substantially, led by Karnataka, where minimum wages have gone up by 26%.

Our utilities costs have also increased significantly, gas as well as electricity. This inflationary environment is faced by every consumer company. For us, it translates into pressure on costs. For the consumer, it also translates into pressure on discretionary income. And in such environment, typically, you find consumers going a little easy on spending on discretionary income categories. Therefore, driving growth is of primary concern in an environment like this.

Our mindful emphasis has been on driving transaction growth and through transaction growth, same-store sales growth. And we have done that through compelling value offerings and also spending additional marketing money behind these value offerings. That is the reason why we've delivered our best quarter of growth. And if this growth sustains over a period of time, while perhaps in the coming quarters, there might be pressure on margins, we believe that we can recover costs. Recovering growth is more difficult, and therefore, the foot is on the accelerator pedal to drive growth first and foremost.

Let me now look at KFC. I'm on Slide number 19. KFC SSSG was 14%, but after we factor in the Navratri change of dates, so this year, Navratri is in Q3 FY '27, whereas last year was in Q2, we get an upside because of that. If I factor that into account, we are close to double-digit SSSG.



Now this, again, has been the best SSSG that we have seen over the last several quarters. What is heartening about this is that our dine-in takeaway or internally, we call it DITA (dine-in plus takeaway) is higher than delivery. So our own consumers coming to our own assets, that growth is higher than delivery. And this is, again, backed by a very mindful consumer recruitment strategy, as we have outlined.

This recruitment strategy, which is either focusing on everyday value at INR99 or at INR149 in Tamil Nadu or disruptive abundant value on select days is driving transaction growth. And we've also invested further marketing money over and above what is typically committed to promote this consumer recruitment. This is enabling KFC to drive 14% SSSG, 26% overall SG and after factoring Navratri, close to double-digit SSSG.

You can see some of the pictures of the offers of the everyday promotions as well as of the innovations. Digital kiosks, we continue to drive implementation in store. And today, 80% of our restaurants have digital kiosks.

Now I'll hand it over to Vijay to take us through the financial numbers on KFC.

Vijay Jain:

I'm on Slide number 25, which gives channel-wise sales mix. Dine-in and takeaway mix improved to 57% for KFC. This is on back of aggressive entry value promotions and offers in dine-in and takeaway exclusively. In terms of SSSG, 14%, but adjusted for Navratri impact, as Sanjay mentioned, high double digit. Overall revenue growth of 26% for KFC. Gross margin improved to 67.7%, up by 50 basis points over last year and restaurant EBITDA came in at 14.5%, up by 70 basis points over last year.

And this is, as Sanjay mentioned, despite a high inflationary scenario on energy, especially and to some extent on raw material as well. Slide number 28 gives you 4-year and 5-quarter trend. This is now the fourth consecutive quarter of positive SSSG for KFC. And the heartening part is that this is on back of strong transaction growth and that too driven especially in dine-in and takeaway, and this augurs well for the brand as we move forward.

Sanjay Purohit:

Let's come to Pizza Hut, and I'm on Slide number 30. The Pizza Hut SSSG of 5% is the highest that we have seen in the last 7 quarters. SSTG (same-store transaction growth) is double digit and includes positive transaction growth even in dine-in and takeaway, again, backed by value offerings, late night, additional marketing spends. You can see some of the innovation that we have launched, the 3-in-1 Triple Spice pizza, some of the value promotions and Vijay will take us through the financials.

Vijay Jain:

I'm on Slide number 34, channel-wise sales mix for Pizza Hut. Here, the delivery mix has improved from 50% to 52% in the quarter and dine-in and takeaway came at 48%. SSSG grew by 5% for the brand. This is highest in the last 7 quarters and overall revenue growth improved to 7%. Gross margin was up by 190 basis points at 76.3% and in restaurant EBITDA, we made a loss of 2.8%. This was largely impacted by high inflation on energy costs, especially in case of Pizza Hut, more than even KFC. This brand was impacted.

Slide number 37 gives you 4-year and 5-quarter trend. Now this is second consecutive quarter of positive SSSG for the brand, and that too with double-digit SSTG, and that's the most



encouraging part, including positive SSTG for dine-in as well. And this gives us confidence as we move forward.

Sanjay Purohit:

The Sri Lanka business continues to deliver same-store sales growth. This quarter, we came in at 5% SSSG. Inflation, however, is a challenge in the short term, given the fallout of the Middle East war. However, we remain confident as in previous instances of when the economy has faced a challenge, the strength of the brand in the country and our focus on driving growth has resulted in stronger performance as the economic condition improves. There are several innovations that you can see on Page 39, where we launched the Pasta Pizza and then some of the branding and promotions. We opened 1 store in Dehiwala. Vijay would just take us through the numbers.

Vijay Jain:

Slide number 42. Sri Lanka business channel-wise sales mix was largely stable, dine-in and takeaway at 61% and delivery at 39%. SSSG of 5% and overall revenue growth of 9% in LKR terms. Gross margin largely remains stable and restaurant EBITDA came in at 12.5%, impacted significantly by high energy and wage inflation that country has seen over last few quarters. Slide number 46 gives 4-year and 5-quarter trend. And while SSSG continues to be healthy, inflation has certainly created short-term margin challenges.

Sanjay Purohit:

In conclusion, when we look at our Q2 FY '27 results, we've delivered again the best quarter of revenue growth 20% and adjusted EBITDA growth of 39%. KFC, 14% SSSG, close to double digits, factoring the timing shift of Navratri. Pizza Hut India, 5% SSSG, 7% overall revenue growth; Sri Lanka, 5% SSSG, 9% revenue growth. When we look in the future, cost inflation, we believe, will peak in Q3 FY '27. However, we will be cautious from a pricing perspective because driving growth is paramount.

Again, I want to repeat what I said right in the beginning, in such inflationary environments, while there might be pressure on margin, there's also greater pressure on growth. Our focus is on driving growth through value offers. Most companies will be cautious and reduce marketing spends. We are going against the tide and actually increasing marketing spend because we believe we've got strong everyday value that entices the consumers to come to our stores. That is helping us in Q2 FY '27, and we believe this momentum will continue in Q3 FY '27.

That's all from Vijay and me. We'll now take questions.

Moderator:

Thank you very much sir. The first question is from the line of Devanshu Bansal from Emkay Global. Please go ahead.

Devanshu Bansal:

Congratulations on a great performance and thanks for the opportunity. Sir, you have indicated almost 4% to 5% kind of benefit of festive shift. So does that imply mid-single-digit kind of a trend that we can expect for December quarter? Is this the right read-through?

Sanjay Purohit:

Devanshu, repeat that. We have indicated 4% to 5% of what?

Devanshu Bansal:

Of positive impact of festive shift.

Sanjay Purohit:

So when I look at Q2 FY '27 plus Q3 FY '27, both quarters put together, we should come in high single digit.



- Devanshu Bansal:** Understood. Got it. And I wanted to check on Pizza Hut perspective. So it's a great turnaround from SSSG perspective. Is there a benefit that we get in Pizza Hut from festive shift?
- Sanjay Purohit:** No, we don't get it. No, there's no impact at all.
- Devanshu Bansal:** Okay. And sir, a couple of questions on gross margin front. So there is this divergent performance across both formats, right? So we were fairly aggressive in terms of promotions in Pizza Hut as well. So what is the reason which is driving this divergence from a gross margin perspective?
- Sanjay Purohit:** From a gross margin?
- Devanshu Bansal:** Yes, in one format, we are seeing an increase and in another, we are seeing a decrease sequentially.
- Vijay Jain:** See, sequentially because Pizza Hut, there was a price increase which we took towards the end of the Q1 FY '27, hence, the benefit flow of that price increase in Q2 FY '27. So there was around 2% to 3% price increase, which we took somewhere in June. Hence, Q1 FY '27 was not fully loaded in terms of the benefit. That's the only reason.
- Additionally, we have seen a poultry inflation, which has impacted KFC. Cheese, from an inflation point of view, we were covered till Q2 FY '27 at least. And hence, you haven't seen that much impact on Pizza Hut. Having said that, as we move forward in Q3 FY '27, we do see a slightly higher amount of inflationary pressure on both brands from the current levels.
- Devanshu Bansal:** Okay. And if you could just ballpark, give us some idea as in what is the kind of inflation that you are foreseeing from an input basket perspective?
- Sanjay Purohit:** It has been quite evolving to be fair. So very difficult to put a number to it. But yes, from present levels, you do see an increase, which is likely to happen.
- Devanshu Bansal:** Okay. And lastly, sir, have we taken any price hikes in KFC as well?
- Sanjay Purohit:** Yes. We did at the beginning of this financial year, somewhere in April or May, that was also in the range of 2% to 3%.
- Devanshu Bansal:** Okay. And the commentary suggests that now you don't plan to sort of take any price increase, right, because of inflation over the coming quarters?
- Vijay Jain:** In case of price increase...
- Sanjay Purohit:** We must be very careful, Devanshu.
- Vijay Jain:** Yes, very careful.
- Moderator:** The next question is from the line of Harish Advani from Axis Capital.



Harish Advani:

Congrats on a great set of numbers. My first question was on the KFC SSSG. So how much of this improvement was transaction-led versus ticket-led. So I'm just trying to understand if there was some element of ticket improvement, which has also happened. And a subpart to this question is that the customers who we are recruiting from the INR99 meal and the BOGO promotions, are they coming back and repeating, some of the non-value-led offerings? That was my first question.

Vijay Jain:

So more than 50% of the SSSG would be transaction driven and the balance would be the APC driven and in terms of the repeat, yes we are seeing repeat almost 60% to 70%, there are repeat transactions from the customers who have come in for the first time, experienced this INR99 offer or a INR149 offer, and that's the heartening part. And what we're also observing is that as they come back to our stores, the ticket size is definitely on the rise for these customers.

Sanjay Purohit:

So Harish, you have seen us talk about this in the past several quarters that we believe that the greatest opportunity on KFC is being able to recruit the next set of consumers. Typically, the brand addresses about 40 million to 45 million consumers a year. If we are able to take it to 100 million, that's the next phase of growth. All of our value offerings are really trying to get a set of people, especially in some markets like Maharashtra, UP, Punjab to first come into our stores and use us in the dine-in takeaway format. And once people come in and sample the brand, then we find that they stick and they upgrade also.

Harish Advani:

Perfectly clear sir. I was just getting a sense of if the recruitment initiatives are beginning to pan out over the medium term. The second question, again, I had on the KFC business. So given the success of the INR99 and INR149 meals, how are we deciding to balance between the traffic as well as protecting the gross margin? And is there a point at which we will look to maybe moderate that promotional intensity? That's my second question.

Vijay Jain:

So the objective of the promotion and the entry value offers was to drive recruitment and drive transactions and we are seeing a great success, something which we have not seen in the last several years. And as we are able to drive this traffic, the positive SSSG and especially upwards of 5 helps us negate the margin impact, the gross margin impact and eventually helps us deliver the flow-through and the restaurant EBITDA margin.

So we will be less concerned about where the gross margin is. I think the focus is on making sure that we can deliver SSSG growth, and that too through transaction. And then eventually, it will lead to restaurant EBITDA margins, which we are already seeing. So, from a gross margin perspective, we would not be too concerned. If this can lead to higher growth, we don't mind losing a few basis points in gross margin from here on, if it can give us even better SSSG.

Moderator:

The next question is from the line of Saksham Tyagi from Desvelado Advisory.

Saksham Tyagi:

So first of all, congratulations for a good set of numbers. So I just wanted an update on the KFC store expansion, like since you have added 15 new KFC restaurants. So is there any change in the earlier guidance of 60 to 80 stores this year?

Vijay Jain:

No, that remains 60 to 80 stores.



- Saksham Tyagi:** Okay. So there's no change in that.
- Vijay Jain:** No.
- Saksham Tyagi:** Okay. And my next question is related to the expansion of Pizza Hut. Since during the last quarter, the management was facing issues in expanding the Pizza Hut stores. So now has the management come up with any strategy to fix the overall brand challenge or something like that?
- Vijay Jain:** On the Pizza Hut expansion, we called out that the last calendar year, we did not open any store, even this calendar year, largely, it will be neutral in terms of store opening. As you rightly pointed out, the focus is first on getting the brand going in terms of the revenue and in terms of the SSSG.
- And what we are waiting for is, once the CCI approval comes in, I think there could be a larger coordination between the 2 entities, Devyani and Sapphire, and that will help us arrive at a common strategy. So yes, we are waiting for the CCI approval to come in before we can align on the brand strategy and move faster in terms of resolving the brand issues and driving the growth.
- Saksham Tyagi:** So there won't be any expansion related to the Pizza Hut segment this year, right?
- Vijay Jain:** No. This calendar year, no. When I say this calendar year, I'm talking about 2026.
- Saksham Tyagi:** I understand. Sir, and my last question is that the consolidated finance cost has increased from INR31.9 crores in Q1 FY '27 to INR33.1 crores in Q2 FY '27. And while the borrowing stood at approximately INR35.9 crores at September end. So could you clarify the purpose of this additional borrowing and how much further increase in finance cost can we expect this year?
- Vijay Jain:** See, the finance cost, which you are looking at in the financials is post Ind AS 116, where the lease rentals get discounted and are accounted for as depreciation and finance cost. So that increase is because of the increase in the stores and the store additions. The borrowings of INR30 crores do not lead to a INR31 crores finance cost. The borrowings of INR30 crores is just a small number on the balance sheet. In terms of cash balance, we are quite positive and healthy, with close to INR250 crores of cash on the books. We don't see any additional borrowings in the near future.
- Saksham Tyagi:** Okay. So this borrowing was for the purpose of expansion, right?
- Vijay Jain:** Yes, it's for the purpose of expansion, but it's a multipurpose long-term loan.
- Moderator:** The next question is from the line of Saurabh Kundan from Goldman Sachs.
- Saurabh Kundan:** Congratulations on a great quarter, sir. I joined a little late, so I hope this is not a repeat question, but you've done really well in KFC improvement and in Pizza Hut as well. Would you say that most of it has come from your own efforts and your change in strategy to go towards value? Or would you say there is some improvement in the general consumption environment? If you could just comment on that, perhaps in both the formats?



- Sanjay Purohit:** Yes. So it is a repeat question, Saurabh, and we took it both in my commentary as well as in questions. So the short answer is yes, this is in an inflationary environment, we believe that discretionary spending is likely to be constrained. And therefore, we are pushing growth through value as well as additional marketing. So that's the mantra on both the brands. And you can see in the presentation, specific actions on value offerings.
- Moderator:** The next question is from the line of Anuj D. from Antique Stock Broking.
- Anuj D.:** Great set of results. I think just one question on specifically to the Pizza Hut gross margin. I think we have seen a near complete flow-through of the 2% to 3% price hike that were taken in Q1 FY '27. In this regard, there was also a lot of mention of the value proposition. So is it right to understand that the value proposition gross margin profile is similar to our existing portfolio? And secondly, on the delivery channel, how is the gross margin portfolio in terms of the delivery channel? On a broader sense, I want to understand how sustainable are our current gross margins going ahead for Pizza Hut separately?
- Vijay Jain:** Yes. So you're right. First of all, the price increase because it happened towards the end of Q1 FY '27, the benefit flowed into Q2 FY '27. There was also a small amount of discount reduction, especially in online discounting, which helped us in Q2 FY '27. The other part was how the value offer fits into all this and what kind of impact it has.
- So when you compare quarter-on-quarter, there has not been a material change in terms of the value offers and promotion mix. This INR99 four course meal, BOGO have been there for last few quarters. The mix profile has not significantly changed. Hence, we don't see any additional impact, especially in Q2 FY '27, if that was the question which you meant.
- In terms of the sustainability of this particular level of gross margin, again, as I mentioned in response to previous question, which was more to do with KFC, I think we will be less concerned about the gross margin percentage on an immediate basis. I think our focus is, as Sanjay pointed out, in an inflationary scenario, can we offer real good, aggressive entry value? And if that can help us drive transactions and thereby SSSG, we'll be more than happy to lose a few basis points on gross margin, because that overall throughput increase will help us deliver the requisite bottom line. So that's how the focus is as we move forward.
- Moderator:** The next question is from the line of Naman from Shanghvi Family Office.
- Naman:** Great. Congratulations on a good set of numbers. Just wanted to understand in Pizza Hut, what would be the veg and non-veg mix? Do we track that?
- Sanjay Purohit:** It is typically about 75-25 or 70-30, I'm saying basically in time.
- Naman:** 70 is veg and 30 is non-veg, is it?
- Sanjay Purohit:** Yes.
- Naman:** Okay. So even adjusting for that, the SSSG would have been squarely above 3.5%, 4%, right?



- Vijay Jain:** We should not adjust for non-veg in case of Pizza Hut because, over the years, we have not seen any material impact from vegetarian festivals on Pizza Hut. Probably during that time, people would switch to vegetarian pizzas, or the mix would change slightly. But we don't really see a material impact, unlike in KFC. So, you should read Pizza Hut SSSG as 5%.
- Moderator:** The next question is from the line of Rudraksh Raheja from ithought Financial Consulting.
- Rudraksh Raheja:** Sir, on the Pizza Hut side, do we see any timeline on getting to store level profitability?
- Vijay Jain:** As I mentioned, I think the immediate priority would be to make sure that the both companies align on the Pizza Hut strategy as we move forward, which should start happening pretty soon once the CCI approval comes in. And I think once that comes in, probably you can expect a couple of quarters from there before the brand should start firing on all angles.
- Rudraksh Raheja:** Understood, sir. And sir, on the KFC store expansion side, we are going to expand by 60 to 80 stores this year. Could we get a split on the city mix for that? Like how much of that would be in Tier 1 and metros, Tier 2, Tier 3 cities?
- Vijay Jain:** Typically, over the years, we called out that almost 60% to two-thirds of the stores which we open are in metro towns with a population of more than 1 million. I don't see this mix changing materially as we move forward.
- Rudraksh Raheja:** Got it. And sir, on the Tier 2, Tier 3 towns, are we seeing more expansion in the new cities we are not present or more stores in the same cities we are present?
- Vijay Jain:** So again, here, almost 70% to 75% of our stores we end up opening in towns where we already have stores or cities already. So it's always that last 20% to 30% where we would go into a town, which is completely new and open our store there. But 70% to 80% in the same town, same city.
- Moderator:** The next question is from the line of Devanshu Bansal from Emkay Global.
- Devanshu Bansal:** Sir, you mentioned that SSSG has almost 7% contribution from APC increase, right? So if your adjusted SSSG, Q2 FY '27 and Q3 FY '27 combined is high single digit. So does that imply a normalized low single-digit SSSG in KFC? Is this the right way to look at it?
- Vijay Jain:** So again, I did not give out the exact number, but yes, we said more than 50% came from SSTG. So if the combined number is high single digit, yes, the SSTG would be slightly lower than that. Yes, you are right.
- Devanshu Bansal:** Okay. And the price hike is only 2% to 3%, right? We are launching lot of value offers. So what's exactly driving this 7% to 8% kind of increase in check size? Is it that people are consuming more units? If you could just help us understand this better?
- Sanjay Purohit:** Yes. So first of all, you are translating two parts. One is, if you're taking 14% SSSG and then applying what Vijay said; that transaction growth contributed well above half, then APC growth is significantly lower. We are looking at a base of, close to double digits, in which case APC growth would be in the low single digits, largely coming from mix.



- Devanshu Bansal:** So the other question that I wanted to understand, typically, during this Navratri period, so which has been the shift. So how is the gross margin during such period? So do you end up giving more offers because the consumption is relatively lower? Or how is it? So did we also benefit on the gross margin front because of the shift in festive period?
- Vijay Jain:** No, we did not. So there is no material change in the gross margin profile during festive period. And during a period like this, when there are a few people who have chosen not to consume non-veg, I don't think any amount of offers will lead to that consumption. So there are no special promotions trying to drive the consumption during such festival period.
- Devanshu Bansal:** And Vijay, across on-premise and off-premise channels, how is the gross margin profile different because there is a shift towards on-premise DITA channels.
- Vijay Jain:** The way to look at it is not the gross margin profile across the two different channels. While dine-in and takeaway have a slightly lower gross margin profile compared to delivery, the flow-through and final restaurant margin or final margin from the channel, for dine-in and takeaway are significantly higher than for the delivery channel because of the lack of, or absence of, delivery commission and the delivery cost.
- Devanshu Bansal:** Got it. And annually marketing spend-wise, what is the level that you foresee for FY '27? And then how much increase do you foresee in FY '27 versus FY '26?
- Vijay Jain:** It's in the range of 50 to 100 basis points in case of KFC and, in case of Pizza Hut, anywhere between 100 to 150 basis points. That's what we are doing.
- Moderator:** That was the last question for today. I now hand the conference over to Mr. Sanjay Purohit for closing comments.
- Sanjay Purohit:** Thank you, everyone, for attending the conference. Our best wishes for Diwali. Diwali is in 2 weeks' time, and I wish you, your family a wonderful festive season ahead. That's it from me. Thank you so much.
- Moderator:** Thank you, sir. On behalf of Sapphire Foods India Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.