



Devyani International Limited  
Transcript of the Annual General Meeting held  
on July 03, 2023

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**Mr. Manish Dawar:**

Good Morning everyone,

We welcome you all on the 32<sup>nd</sup> Annual General Meeting ("AGM") of Devyani International Limited. Along with us, we have our Non-Executive Chairman Mr. Ravi Jaipuria, Non-executive Directors, Mr. Varun Jaipuria & Mr. Raj Gandhi, our Independent Directors, Dr. Ravi Gupta (Chairperson of Audit, Risk Management and Ethics Committee and Stakeholders' Relationship Committee), Mrs. Rashmi Dhariwal (Chairperson of Nomination and Remuneration Committee), Mr. Pradeep Sardana, Dr. Naresh Trehan, Dr. Girish Ahuja & Mr. Prashant Purker and other Whole-time Directors, Mr. Virag Joshi & Mr. Rahul Suresh Shinde and our Company Secretary & Compliance Officer Mr. Pankaj Virmani.

Apart from Directors, we are also joined by the representatives of Walker Chandiook & Co LLP and O P Bagla & Co LLP, Joint Statutory Auditors and the representative of M/s Sanjay Grover & Associates, our Secretarial Auditors.

All of us have joined the meeting through Webex facility provided by NSDL.

To comply with the provisions of the Companies Act, 2013, our Company is conducting this AGM through Webex facility provided by NSDL, without the physical presence of the Members.

All Members who have joined this AGM are automatically placed on mute by the host to avoid any disturbance arising from

background noise and ensuring smooth and seamless conduct of the AGM.

The remote e-voting facility has been provided to the Members to cast their votes electronically on all the resolutions set out in the Notice. The remote e-voting commenced at 09:00 A.M. on Thursday, June 29, 2023 and ended at 05:00 P.M. on Sunday, July 2, 2023. The Company is also providing e-voting facility during the proceedings of AGM to enable Members to cast their vote who have not done so through remote e-voting.

During the proceedings of AGM, Members may raise their queries through the Chat Box facility provided by NSDL. If any Member faces a technical issue, they may kindly contact the helpline numbers of NSDL as provided in the Notice of AGM.

Now, I request our Chairman to kindly Chair the proceedings of the Meeting and deliver his opening address.

**Mr. Ravi Jaipuria:**

Good morning ladies and gentlemen. A very warm welcome to everyone, present today at the Annual General Meeting of your Company. I hope that you are all safe and healthy.

Requisite quorum being present, the meeting is therefore called to order.

It gives me immense pleasure to reconnect with you and reflect on yet another successful year of the Company. Your company skilfully navigated the operating micro challenges by sticking to commitment of putting "Customers First", maintaining strong growth momentum and the achievement of significant milestones. The unwavering customer focus across our brand portfolio underscores our dedication to sustainable, long-term value creation.

Emerging from the pandemic during 23, the economy witnessed a sustained inflationary trend, particularly notable in the first half of the year. This inflationary pressure was further compounded by the ongoing Russia-Ukraine war, which created geopolitical

uncertainties and disrupted global supply chains. This impacted the household budget leading to muted overall demand scenario in the second half.

In spite of challenging external environment, we continued our store expansion to enhance our footprint closer to customers and provide enhanced experiences. In line with the long-term potential for our Brands, we added 305 new net units during the year, setting a new record for our Company compared to the previous year's 246 new units. As a result, we operate a total of 1,243 stores across multiple countries and brands as of March 31, 2023, effectively more than doubling our store count over the last three years. Overall, we remain on track to achieve our ambitious target of 2,000 stores by 2027, which is aimed at strengthening our market position and catering to the evolving needs of our customers.

Our store expansion success supported our financial performance, which was marked by record revenues, highest-ever margins and record profits. Our total income grew 44% year-on-year, amounting to Rs. 30,303 million, showcasing the robustness of our brand portfolio. Through our strong emphasis on financial discipline and effective management of input costs, we achieved the highest-ever consolidated reported EBITDA of Rs. 6,551 million, reflecting a 38% year-on-year growth. Furthermore, our net profit reached Rs. 2,625 million, 69% increase from the previous year's Rs. 1,551 million.

The year also marked significant achievements for our core brands. Both KFC and Pizza Hut surpassed the noteworthy milestone of 500 stores each, across the DIL portfolio. This remarkable growth performance was acknowledged and honoured at the International Franchise Conference in Singapore, where DIL was awarded the prestigious 'Explosive Restaurant Growth Award' by Yum! Global. We also proudly celebrated the opening of our 100<sup>th</sup> Costa Coffee store, which is a testimony to our firm commitment to the growth of our core brands.

With a presence in over 240 cities through our core brands, we have established a strong, national footprint. Store expansion

continues to be a pivotal aspect of our business strategy, enabling us to cater to a larger customer base.

In addition to our strong confidence in the Indian market, we hold an unwavering belief in the potential of our whole time-tested brands. We will continue to focus on improving our processes, ensuring exceptional product quality and enhancing our execution capabilities, all the while maintaining financial discipline, to better serve our customers and realize our growth. Moreover, we are committed to nurturing and investing in our employees as they are the driving force behind our success.

I would like to extend my deepest appreciation to all stakeholders, including shareholders, investors, bankers, employees and creditors and our Board for their unwavering support and invaluable guidance. Thank you for joining us today.

**Mr. Manish Dawar:**

Thank you sir.

Though there are no negative qualification/ observations in the Auditors' Reports but to follow good corporate governance, I would request Mr. Pankaj Virmani, our Company Secretary & Compliance Officer to read the Standalone Auditors' Report please.

**Mr. Pankaj Virmani:**

Thank you Mr. Dawar. To the Members of Devyani International Limited. Report on the audit of the standalone financial statements. Para 1- We have audited the accompanying standalone financial statements of Devyani International Limited, which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

Para 2 and 3 may be taken as read. Para 4- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Para 5, 6, 7 and 8 can be taken as read. Para 9- Those Board of Directors are also responsible for overseeing the Company's financial reporting process. Para 10,11,12,13,14,15,16 may be taken as read. Para 17- As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. I will read the last paragraph of para 18- Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year. The report is signed by Joint Auditors Walker Chandiok & Co LLP and O P Bagla & Co LLP. All the applicable Statutory Registers, Annual Report and other statutory documents are made available for inspection by the Members.

Now, I request Mr. Dawar to take up Agenda items:

**Mr. Manish Dawar:**

The Notice along with the Explanatory Statement dated May 17, 2023 convening the 32<sup>nd</sup> Virtual Annual General Meeting and Annual Report of the Company was sent through e-mail on June 10, 2023 to Members whose e-mail address were registered and with your permission, I take it as read.

Now, I will take all the Agenda items for your approval:

Item no. 1 - To receive, consider and adopt (a) the Audited Financial Statements of the Company for the Financial Year ended March 31, 2023 together with the report of Board of Directors and Auditors thereon; and (b) the Audited Consolidated Financial Statements of the Company including Auditors' Report thereon for the Financial Year ended March 31, 2023.

The proposed resolution is placed before the Meeting to be passed as an Ordinary Resolution. Members who have not cast their vote so far are requested to kindly vote.

Considering the fact, that the Chairman is interested in next Agenda Item, Mr. Raj Gandhi is taking the Chair for next Agenda Item.

Item no. 2 - To appoint Mr. Ravi Jaipuria (DIN: 00003668), who retires by rotation and being eligible, offers himself for re-appointment, as a Director.

The proposed resolution is placed before the Meeting to be passed as an Ordinary Resolution. Members who have not cast their vote so far are requested to kindly vote now.

As Mr. Ravi Jaipuria is not interested in subsequent Agenda Items, therefore he is resuming the Chair.

Item no. 3 - To appoint Mr. Virag Joshi (DIN: 01821240), who retires by rotation and being eligible, offers himself for re-appointment, as a Director.

The proposed resolution is placed before the Meeting to be passed as an Ordinary Resolution. Members who have not cast their vote earlier are requested to kindly vote.

I will take up the special business now:

Item no. 4 - To approve the re-appointment of Mr. Manish Dawar (DIN: 00319476) as a Whole-time Director of the Company.

The proposed resolution is placed before the Meeting to be passed as a Special Resolution. Members who have not cast their vote earlier are requested to kindly vote.

Item no. 5 - To approve the re-appointment of Dr. Ravi Gupta (DIN: 00023487) as an Independent Director of the Company.

The proposed resolution is placed before the Meeting to be passed as a Special Resolution. Members who have not cast their vote earlier are requested to vote now.

Item no. 6 - To approve the re-appointment of Mrs. Rashmi Dhariwal (DIN: 00337814) as an Independent Director of the Company.

The proposed resolution is placed before the Meeting to be passed as a Special Resolution. Members who have not cast their vote earlier are requested to kindly vote.

Now I request our Members who have not cast their vote through remote e-voting or e-voting during the proceedings of AGM to kindly vote on the proposed resolutions through e-voting for another 30 minutes after vote of thanks by the Chairman.

Mr. Chairman, may I now request you to take certain questions that we have received from the Members of the Company. Please note that to avoid repetition, identical questions are grouped and are as under.

The first question is – The Company opened 305 new stores in FY23, how are you thinking about store additions in FY24 for the key brands?

**Mr. Ravi Jaipuria:**

We will be maintaining a similar growth for next year as well. We expect to open between 250-300 new stores in FY24, with a broad split of say 100+ for KFC, 70 to 80 for Pizza Hut and another 50 to 60 stores for Costa and the rest will be some of our smaller brands & International operations.

**Mr. Manish Dawar:**

Sir, the next question is - The Company launched quite a few innovative products in the KFC & Pizza Hut brands, how are these strategies will contribute to further business growth?

**Mr. Ravi Jaipuria:**

Product innovation is another pillar of our growth strategy. In partnership with Yum!, we launched quite a few innovative products in our KFC & Pizza Hut brands. The premium range which included limited-time offerings of "Chizza" and the peri-peri flavored chicken products have been very well received. Pizza Hut has recently launched a revamped menu – 'Refresh' with 10 new pizzas, which are getting lot of love from our customers.

We have also been working on making our offerings available to more accessible price points. The launch of "Flavor Fun" range in Pizza Hut helps us reach out to a much larger audience. Similarly, we launched the lunch menu at KFC which allows us to tap into an important day part and build salience for brand KFC.

**Mr. Manish Dawar:**

Sir, the next question is - Has the business been affected by inflation, and what is your perspective on the potential impact of inflation on the QSR industry in the foreseeable future?

**Mr. Ravi Jaipuria:**

High inflation across industries and categories led to a short-term impact on consumer sentiment and demand in the second half of the last financial year. Despite this, our performance has been resilient, and we have continued to invest in the business to ensure long-term growth.

Looking ahead, the confidence in our brands and the Indian market remains strong. We are seeing initial signs of inflation stabilizing, this gives us hope that a rebound in consumer spending in second half of the coming fiscal. By maintaining



financial discipline and operational excellence, we are well-positioned to emerge stronger and capture growth opportunities in the future.

**Mr. Manish Dawar:**

Sir, the next question is - What is the current growth trajectory of your own brand, Vaango? Could you provide an update on its progress and outlook?

**Mr. Ravi Jaipuria:**

Vaango achieved a significant milestone by reaching 50 stores during the year. Vaango has demonstrated strong performance in locations with high footfall, and through our experience over the past few years, we have gained valuable insights into what drives success for the brand. We believe that Vaango has the potential to grow into a sizeable business over a period of time.

**Mr. Manish Dawar:**

Sir, the next question is - What is your outlook on future growth of Indian QSR industry?

**Mr. Ravi Jaipuria:**

The QSR market, which is where our Company operates, is expected to be the fastest-growing sub-segment in the entire food service market, expanding at an impressive CAGR of 23% between FY20 and FY25 as per the Food Service and Restaurant Business Report 2022-23, by Francorp and restaurantindia.in. the growth can be attributed to favorable changes in consumer behavior and demographics, increasing formalization of the market and large food service chains expanding their footprint in smaller Indian cities. Moreover, middle-class households in Tier II and III cities have increased their annual spending on fast food restaurants by 108% over the past two years.

**Mr. Manish Dawar:**

Sir, the next question is - What is the future strategy of the Company on enhancing the digital capabilities and technology integration?

**Mr. Ravi Jaipuria:**

DIL recognizes the importance of digitization, automation, artificial intelligence, and machine learning in connecting internet traffic with its offline resources. As such, DIL is committed to accelerating its investment in end-to-end digitization to improve operational efficiency and enhance the overall customer experience.

The food services market is evolving rapidly with newer technologies and platforms like ONDC. While we are still in the early days, we believe that these have the potential to benefit all the stakeholders in the industry. We have already on-boarded Pizza Hut on the ONDC platform and we are working on integrating all of our other brands on these new platforms to ensure that we are available wherever our customers desire.

**Mr. Manish Dawar:**

Sir, the last question is - Similar to your track record of in-organic acquisitions in your other group company, do you also plan to expand geographically in Devyani International or do you have any plans to expand the brand portfolio?

**Mr. Ravi Jaipuria:**

We are already present in two countries outside India – Nepal & Nigeria. As a group, in-organic expansion has always been part of our growth strategy. We continue to evaluate opportunities both from brand portfolio and geographies. If there is anything significant available which adds value to the shareholders, we shall inform at the appropriate time. Please also do remember that we have a non-compete with our existing franchise partners and hence we cannot enter into any competing categories or brands.

**Mr. Manish Dawar:**

There being no other question, could I request Chairman to please convey vote of thanks.

**Mr. Ravi Jaipuria:**

I request all the Members who have not cast their vote through remote e-voting or e-voting during the proceedings of AGM to kindly vote on the proposed resolutions through e-voting for next 30 minutes.

I hereby authorize Mr. Manish Dawar, Whole-time Director & CFO and/or Mr. Pankaj Virmani, Company Secretary & Compliance Officer, to declare the results of the voting.

I declare the meeting as officially concluded and would like to extend our special thanks to the Board Members, Management and the Members present for attending this AGM.

Stay Safe, Stay Healthy!

Thank you very much.

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*Disclaimer: This is a transcription and may contain transcription errors. The transcript has been edited for clarity. The Company takes no responsibility for such errors, although an effort has been made to ensure a high level of accuracy.*