



Transcript of the Annual General Meeting held  
on July 05, 2024

---

**Mr. Manish Dawar:**

Good Morning everyone,

We welcome you all to the 33<sup>rd</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, Ms. Rashmi Dhariwal, Mr. Pradeep Sardana, Dr. Girish Ahuja & Mr. Prashant Purker, Whole-time Director, Mr. Virag Joshi and our Company Secretary & Compliance Officer Mr. Pankaj Virmani.

Apart from Directors, we are also joined by the representatives of Walker Chandio & Co LLP and O P Bagla & Co LLP, Joint Statutory Auditors and 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 at a common venue.

All Members who have joined this AGM are automatically placed on mute mode 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. (IST) on Tuesday, July 2, 2024 and ended at 05:00 P.M. (IST) on Thursday, July 4, 2024. The Company is also providing e-voting facility during the proceedings of AGM to enable Members to cast their vote, if they 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. Any Member facing a technical issue, may kindly contact the helpline numbers of NSDL as provided in the Notice of AGM.

Now, may 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 33<sup>rd</sup> AGM of your Company.

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

I am pleased to inform you that the Company has demonstrated good resilience in a challenging year. We have witnessed slow consumption as a result of hyper-inflation scenario and local competition coming back in the last few years. The consumer wallets are stretched because of all-round inflation across various consumption categories. With inflation stabilizing, we are hoping that the consumers demand should start to pick-up over the next few quarters.

We continue to expand our store footprint in India as per the laid-out strategy, which is helping us in creating and expanding the QSR category in India and establishing ourselves as leader in the industry. The year also marked our expansion into Thailand market as a result of acquisition of controlling stake in Restaurant Development Co., Ltd., one of the franchise partners of KFC in Thailand operating 288 stores as of March 31, 2024. These developments have planted the seeds for future growth and are in sync with our aim to build a sustainable business that delivers long-term value for all our stakeholders.

We have added 251 net new units across markets (excluding Thailand), taking the total store count to 1,782 (including Thailand) as of March 31, 2024. In India, our core brands are now present in more than 250 cities.

Despite the consumption challenges, your Company achieved a growth of ~ 18.6% on consolidated basis with revenue growing to ₹ 35.6 billion. In our largest business, DIL India, we experienced ~ 12.3% increase in revenue, reaching ₹ 31.2 billion. This growth was driven by the network expansion of our core brands along with innovative product strategy. Our EBITDA for the year was ₹ 6.5 billion resulting in an EBITDA margin of ~ 18.3%.

Across our operations, we implemented several initiatives to protect our margins and improve our performance. These measures have been crucial in navigating the fast-evolving QSR sector. Additionally, we rolled out new menu items and innovative campaigns, strategically aimed at re-engaging customers with premium offerings.

We remain upbeat about the growth prospects of the QSR industry and the long-term potential of our brands.

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

I, now request Mr. Manish Dawar to take up Agenda items.

**Mr. Manish Dawar:**

Thank you sir.

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

**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 ('the Company'), which comprise the Balance Sheet as at 31 March 2024, 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, and notes to the standalone financial statements, including material accounting policy information and other explanatory information.

Para 2, 3 and 4 may be taken as read.

Para 5- 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 6, 7, 8 and 9 may be taken as read.

Para 10- The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Para 11, 12, 13, 14, 15, 16 and 17 may be taken as read.

Para 18- 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 19- The accounting software used for maintenance of payroll records of the Company is operated by a third-party software service provider. The 'Independent Service Auditor's Report on a Description of the Service Organization's System and the Suitability of the Design and Operating Effectiveness of Controls' (based on the criteria for a description of a service organization's system as set forth in DC Section 200, 2018 Description

Criteria for a Description of a Service Organization's System in a SOC 2 Report, in AICPA Description criteria), does not provide information on retention of audit trail (edit logs) for any direct changes made at the database level. Accordingly, we are unable to comment on whether audit trail feature with respect to the database of the said software was operated throughout the 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.

I request Mr. Manish Dawar to take up Agenda items:

**Mr. Manish Dawar:**

The Notice along with the Explanatory Statement dated May 14, 2024 convening the 33<sup>rd</sup> Annual General Meeting and Annual Report of the Company was sent through e-mail on June 12, 2024 to Members whose e-mail address were registered and with your permission, I take it as read.

Now, I will take up 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, 2024 together with the reports 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, 2024.

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.

Considering the fact, that the Chairman is interested in next Agenda Item, I would request Mr. Raj Gandhi to take the Chair for next Agenda Item.

Item no. 2 - To appoint Mr. Varun Jaipuria (DIN: 02465412), 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.

As Mr. Ravi Jaipuria is not a interested party in subsequent Agenda Items, therefore I would request him to resume the Chair.

Item no. 3 - To appoint Mr. Raj Gandhi (DIN: 00003649), 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'll come to the Special Business now:

Item no. 4 - To approve re-appointment of Dr. Girish Kumar Ahuja (DIN: 00446339) as an Independent Director of the Company for a second term of up to 5 consecutive years w.e.f. April 21, 2024.

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 re-appointment of Mr. Pradeep Khushalchand Sardana (DIN: 00682961) as an Independent Director of the Company for a second term of up to 5 consecutive years w.e.f. April 21, 2024.

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.

**Mr. Manish Dawar:**

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

Chairman Sir, may I now request you to take up certain questions that we have received through email or chat box from the Members of the Company. Please note that to avoid repetition, identical questions are grouped:

The first question is – During FY' 24, the QSR Industry in India witnessed weak consumer sentiment and depressed spending. What is your outlook as we go forward?

**Mr. Ravi Jaipuria:**

India presents a compelling growth narrative, as far as the QSR category is concerned. As the economy accelerates, rising disposable incomes will drive the consumption sector, including the QSR industry. We are following our strategy, expanding our reach across the country, meticulously building our footprint and preparing ourselves to capture the India opportunity.

While India holds a promising future, recent quarters have seen subdued consumer sentiments and inflationary pressures. Despite these challenges, we have displayed remarkable resilience in our results through disciplined operations, cross function synergies, product innovation and cost rationalization. All of this has been done, while we continue to pursue our laid-down strategy.

Our global brands, KFC, Pizza Hut & Costa Coffee, stand out for their innovative, high-quality offerings, celebrated for exceptional taste and great customer experience.

With inflation stabilizing and general elections getting over, we do believe that disposable income and spending power will improve, and the consumer sentiments shall start to recover. We do hope that with the coming festive season, we shall witness an improvement in the customers' confidence and increase in mass discretionary spending.

As mentioned earlier, India growth story is here to stay and with that the consumption is bound to increase. Hence, we believe that the current consumer sentiment is temporary and short-lived in nature and we should continue to push our expansion strategy.

**Mr. Manish Dawar:**

The next question is - During FY' 24, the Company has acquired 283 KFC stores in Thailand. How will this support the long-term growth objectives?

**Mr. Ravi Jaipuria:**

One of the biggest milestones of the year for DIL was acquiring a controlling interest in Restaurants Development Co., Ltd. (RD), a key KFC franchise partner in Thailand. This development has expanded our international footprint, aligning with our long-term growth objectives. As of March 31, 2024, RD operates 288 KFC stores in Thailand.

This strategic move positions DIL as a key player in Thailand's attractive QSR/LSR (Limited Service Restaurant) market. Thailand, with its high middle-income status, nearly 70 million population, and significant consumption levels, offers a good growth opportunity. As income levels rise, consumers are likely to upgrade to premium brands like KFC, which is already a strong brand and a market leader in the region.

Needless to add that we see India as the biggest growth opportunity for us and our investment plans for India do not change as a result of RD acquisition.

**Mr. Manish Dawar:**

The next question is - The Company has entered into a strategic partnership with PVR INOX for expansion of the food court business. How is this relevant from the overall growth strategy for DIL?

**Mr. Ravi Jaipuria:**

We are implementing a strategy to enhance our domestic footprint in the food courts business, capitalizing on India's growth as a major destination for travel, tourism, and shopping. The domestic travel market is thriving, with religious

tourism emerging as a key area. Additionally, India is gaining international recognition for medical tourism and as a value-for-money shopping destination. A common theme across these trends is the demand for on-the-go food. To cater to this rising trend, we believe that food courts could be one of the crucial growth pillars across various travel and shopping channels.

Hence this partnership will empower DIL and PVR INOX to reach a wider audience and expand their market presence. This partnership further consolidates DIL's position in the food courts business in India.

**Mr. Manish Dawar:**

The next question is - What is the update on your business in Nigeria and how has currency issues in Nigeria impacted the overall results?

**Mr. Ravi Jaipuria:**

During the year, the Nigerian Naira experienced a significant depreciation. As Nigeria is a highly import-dependent economy, the currency impact has led to reduced spending power and consumption. Consequently, our Nigerian revenue and margins have got impacted. Given the current local situation, we anticipate the need to provide financial support to our Nigerian operations until the currency get stabilized.

During FY' 24, Nigerian Naira has significantly depreciated against USD by ~ 190%. Due to the said devaluation of Naira, Devyani International (Nigeria) Limited has recorded ~ ₹ 2.4 billion of forex loss in the financial statements in FY' 24.

**Mr. Manish Dawar:**

The next question is - While the Company is expanding its business in India and globally, what are the steps it is taking to reduce its carbon footprint?

**Mr. Ravi Jaipuria:**

We are working on multiple initiatives to reduce our environmental impact. We have started to implement energy efficient air conditioning and kitchen equipments along with LED lighting across our stores. We are committed to environmental responsibility, offering recyclable or compostable packaging. Additionally, we have installed solar plants at some of our locations and are committed to significantly reduce single-use plastics.

We are also actively reducing our carbon footprint by transitioning from LPG fryers to more environmental friendly electric and PNG-based fryers. Furthermore, we recycle used cooking oil by providing it to a third party to process into biodiesel, supporting waste reduction and alternative energy production.

DIL is dedicated to reducing its carbon footprint and promoting green initiatives through sustainable practices and environmentally conscious efforts.

**Mr. Manish Dawar:**

The next question is - The Company has opened more than 250 new stores this year. Whether we will be able to maintain growth at the same pace in the coming years?

**Mr. Ravi Jaipuria:**

Yes, we will be maintaining store growth for next year as well. We expect to open ~ 275 to 300 new stores in FY' 25, with a broad focus on core brands and food courts. This number also includes our expansion plans for the international markets.

**Mr. Manish Dawar:**

There being no other question, 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 during next 30 minutes.

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

There being no other agenda item, 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.

---

*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.*