August 4, 2026

To,

National Stock Exchange of India Ltd.	BSE Limited
Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
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Symbol: DEVYANI	**Security Code: 543330**

Sub: Transcript of Investors & Analysts Conference Call

Dear Sir/ Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, transcript of the Investors & Analysts Conference Call held on July 29, 2026, post declaration of Unaudited Financial Results of the Company for the Quarter ended June 30, 2026, is enclosed.

The same is also being uploaded on website of the Company at www.dil-rjcorp.com.

You are requested to take the above on record.

Yours faithfully,
For Devyani International Limited

Pankaj Virmani

Digitally signed by Pankaj Virmani
DN: c=IN, o=Personal, title=2659, pseudonym=41ee088140664bf4937c17ce41b714d5, 2.5.4.20=370761598635a32ec12880bd20f9d6bf1e0cea828f618cb9ab4297719f2e4aad, postalCode=121001, st=Haryana, serialNumber=662a532e90644d78d21acc7a66f8fa746a569f819b8498cde6d1a476746030b2, cn=Pankaj Virmani
Date: 2026.08.04 16:48:25 +05'30'

Pankaj Virmani
Chief Sustainability Officer & Company Secretary

***Encl.**: As above*

Devyani International Limited

Q1 FY27 Earnings Conference Call

July 29, 2026

Moderator: Ladies and gentlemen, good day, and welcome to the Devyani International's 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. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anoop Poojari from CDR India. Thank you, and over to you, sir.

Anoop Poojari: Good afternoon everyone and thank you for joining us on Devyani International's Q1 FY27 Earnings Conference Call. We have with us Mr. Ravi Jaipuria, Non-Executive Chairman of the Company; Mr. Raj Gandhi, Non-Executive Director; Mr. Manish Dawar, President & Group CEO; and Mr. Anupam Kumar, CFO of the Company.

We will initiate the call with opening remarks from the Chairman followed by key business and financial highlights from the Group CEO. Thereafter, we will have the forum open for a question-and-answer session.

Before we begin, I would like to point out that some statements made in today's call may be forward-looking in nature, and a disclaimer to this effect has been included in the results presentation shared with you earlier.

I would now request Mr. Ravi Jaipuria to make his opening remarks.

Ravi Jaipuria: Good afternoon, everyone, and thank you for joining us today. It gives me great pleasure to welcome you to Devyani International's post results earnings conference call to discuss our performance for the first quarter of FY26-27.

We begin the new financial year on a strong note. The momentum we built through the second half of FY26, anchored by KFC's strong same-store sales performance has continued into Q1 FY27. I am pleased that most of our brand portfolio delivered positive

SSSG during the quarter. KFC continues to post double-digit sales growth and delivered another positive SSSG of 3.3% during the quarter. Our brands in the portfolio like Biryani By Kilo, Costa and Vaango maintained a 7% plus SSSG growth trajectory. Pizza Hut also delivered sequentially better SSSG numbers.

The business has improved profitability and posted its highest ever EBITDA of INR 255 crore at 16.1% of the revenues. This is testament to our capability and commitment to deliver sustainable profitable growth despite the cost inflation on LPG and wage hike.

Let me briefly touch upon the broader economic backdrop. The quarter presented a mixed macro picture. The external environment became more challenging, the conflict in the Middle East pushed crude oil to elevated levels through April and May, feeding into LPG and fuel costs, while the rupee remained under pressure. The RBI, in its June policy held the repo rate steady but moderated its FY27 growth outlook to 6.6% and raised its inflation projection to 5.1%, reflecting these very pressures. As a result of the macro, the operating environment has remained volatile, along with the usual seasonal complexities. While the demand has remained stable so far, the forecast of a below-normal season, combined with El Niño risk, is a reminder that consumption recovery in India rarely moves in a straight line.

The merger process with Sapphire continues to progress along expected timelines. We received approvals from both the NSE and the BSE in June, bringing us closer to the next phase of regulatory filings. The timelines are broadly on track with our stated target of completion by the end of FY 2027. I want to once again thank Yum! Brands for their continued confidence in DIL and RJ Corp as their long-term partners.

As an industry, Indian QSR continues to mature and the interplay between aggregator platforms and the dine-in-led brands like ours is an evolving dynamic that we are navigating thoughtfully, brand-by-brand. Our own priority remains unchanged: disciplined profitable growth, a sharper consumer proposition both in-store and online and continued preparation for a stronger, combined DIL-Sapphire platform. I remain confident that the steps we have taken over the past several quarters position us well for the year ahead.

Under Manish's leadership, we have continued to strengthen our management team. The new team is fully in place now and settling in well in their respective roles. I am encouraged by the early cultural and operational shifts that I see across the organization as we build what the team has called “DIL 2.0”.

With this, I will hand over to Manish for the detailed business and financial highlights. Thank you very much.

Manish Dawar: Thank you, Mr. Jaipuria. Good evening everyone and thank you for your time today for our earnings call of Q1 FY27.

I am pleased to state that the new leadership team at DIL is fully in place and is settling in well. We are trying to build DIL with the ambition to build great brands and win markets with distinct customer experience and market-first regional operating structure without diluting any focus on the brands that we operate and own.

The turnaround strategy at DIL has started to show results and we are confident that as the new team settles down, we will gain momentum in our journey. The key priorities for the remainder part of the year for the new team are – 1) Opening new stores as per the guidance given earlier. 2) Maintain positive SSSG for our brand portfolio. 3) Improve efficiency and margin structure by way of technology adoption and cost control. 4) Build the next level of team and organization structure with right processes and 5) Get ready for the merged entity.

Coming to Q1 results. Our business remains firmly on a turnaround and growth track. On a consolidated basis, we delivered a 16.5% year-on-year growth in revenues, reaching INR 1,581 crore. Gross Margin at 69.1% saw an improvement of 0.9% year-on-year. Brand Contribution expanded 1.1% to reach 14.2%, with consolidated Brand Contribution of INR 224 crore, being nearly 26% higher year-on-year. The improvement in Brand Contribution and effective management of G&A costs helped us post our highest ever Operating EBITDA at INR 151 crore. Our consolidated Operating EBITDA grew nearly 38% year-on-year and represents an EBITDA margin of 9.6%. I would like to thank my team for all their efforts in achieving this milestone.

We have seen some food commodity inflation along with the hike in minimum wages and annual increments. LPG prices have significantly gone up in the last few months. Our teams have effectively managed the availability of LPG during this period. We have taken slight price increases in KFC and Pizza Hut to mitigate the cost impact, and we are monitoring the raw material and packaging prices as we go forward. Seasonal factors led to higher utility costs during the quarter and higher wage costs.

On the marketing side, our brands were active and visible throughout the quarter. At KFC, our media investments focused on positioning the brand at the center of consumption and celebration moments, both in-store and on delivery. Importantly, our marketing spends at KFC have been deliberately rebalanced towards driving dine-in visits rather than deep online discounting. At Pizza Hut, marketing activity remained measured and purposeful as the brand works on its "back-to-basics" reset. The focus this quarter was on communicating improved product quality and everyday value, building the foundation for a stronger brand. Costa Coffee leaned into the peak summer season with its cold beverage and frappe range, which drove footfall and trials through the April to June heat, while the brand continued to expand its presence in high visibility travel and transit locations. At Biryani By Kilo, our marketing efforts were centered on occasion-led demand. The brand saw strong traction around the festive and celebration occasions during the quarter. Across all of our brands, the common thread is discipline: spending where the consumer occasion is genuine, getting the return on spends and building the brand equity.

As mentioned earlier by the Chairman, at KFC, building on previous quarter's momentum, our strategy of rebalancing investment towards dine-in channel shows some good results. SSSG came in at positive 3.3%, with offline saliency improving to 57%, more than 3 percentage points higher than the corresponding quarter last year. Revenue grew nearly 12% year-on-year to INR 684 crore. Judicious use of discounting helped restore Gross Margin to 69.4%, broadly flat sequentially, and 2.3% higher than Q1 of last year. The Brand Contribution margin expanded by 1.4% and delivered Brand Contribution of INR 115 crore, nearly 22% higher year-on-year.

At Pizza Hut, our efforts on building a sustainable growth foundation for the brand continue. SSSG came in at minus 2.2%, improving sequentially, with an uptick in ADS to ~INR 32,400 per store per day. Revenues came in at INR 184 crore. Gross Margin improved to 76.3% during the quarter, but higher costs and operating deleverage led to Brand Contribution margin eroding slightly. Accordingly, Pizza Hut posted a Brand Contribution loss of INR 4 crore. We ended the quarter with 626 stores as we continue to right-size the brand.

Our own brands portfolio, comprising Vaango and Biryani By Kilo, continue to deliver healthy performance, with Biryani By Kilo delivering plus 7.2% and Vaango delivering plus 7.1% SSSG respectively, during the quarter. BBK continues to progress well on both top line as well as bottom line and we are on track to realize the acquisition case turnaround of BBK. Led by BBK, our own brand's portfolio posted revenues of INR 98 crore. Gross Margins improved slightly on a sequential basis to 65.9%. Brand Contribution came in at approximately INR 10 crore, representing a margin of 10.2%. Our own brands stores network reached 218 stores, with 23 BBK Express stores. Post-acquisition, we have been evaluating expanding BBK in newer formats. The BBK Express format is a small box, lower capex format and we have seen initial good response by opening these formats in our food courts.

Within our franchise brands portfolio, which includes Costa Coffee, revenue growth remained steady at nearly 6% year-on-year. However, higher input costs led to lower Gross Margin at 74.6%. Brand Contribution margin came in at 15.1%, higher than last year on better cost management.

Our international business maintains its impressive run of delivering strong and consistent growth, by posting another quarter of 20% plus year-on-year and delivered INR 523 crore in quarterly revenues. Gross Margins remained stable on a sequential basis. Effective cost management and operating leverage helped improve the Brand Contribution margin by 1.5% compared to last year and posted Brand Contribution of 18.2% for the quarter.

As part of DIL 2.0, we have decided to consolidate the entire BD activity of DIL under one leader. This is unlike in the past where the individual brands used to focus on their own BD activity. This led to some rethinking on the store opening strategy and the way we approach the landlords. We opened 11 net new KFC stores in India and added 3 net new Biryani By Kilo stores in India. We have also begun testing BBK's performance in a dine-in format. We are confident that BBK's expansion into the offline channel will provide DIL with a durable, long-term growth vector. We ended the period with 1,855 stores in India and 2,255 stores globally, as of June 30, 2026. Our plan for opening new units remains in line with the guidance given earlier.

As Mr. Jaipuria mentioned, our proposed merger with Sapphire Foods remains on track, and we continue to expect completion of the merger by end of the current financial year.

With this, I would like to request the moderator to open the forum for any questions or suggestions that you may have. Thank you so much.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Percy Panthaki from IIFL Securities.

Percy Panthaki: Just wanted to understand the margin drivers for KFC for the coming couple of years. So you have already increased margins on a year-on-year basis by, let us say, 130-140 basis points, now stands at about 17%, which was the same in Q4. So, there is one step-up which has happened. Wanted to understand what would be the drivers for increase from this current 17% level in the future? Two sub-questions to this. One is in terms of drivers, what is it apart from SSSG? Assuming that SSSG remains at a 3%-4% level, I am assuming that you might not get much of a leverage from that. So, are there any drivers apart from SSSG in case that does not kick in over and above what we are seeing right now? And second is, what sort of basis points can you shave off through these other initiatives over the next couple of years?

Manish Dawar: Percy, as I have mentioned in the past, the key driver for improving the Brand Contribution margin remains the ADS number, I have also indicated in the past that, let us say, once we cross a threshold of 105,000 ADS to 110,000 ADS, we will be able to cross 20% Brand Contribution margins in KFC as we have demonstrated that in the past. So the key lever for ADS, as you know, is a combination of SSSG in the existing stores, as well as the quality of new stores that we are opening, so that we are able to start the new stores at a higher ADS number. This is a combination that can give you the higher ADS and therefore the better margins. At the same time, we are also focusing on our dine-in channel. They need to be promoted better versus the delivery channel, and therefore, we are taking the requisite steps. We have experimented in this quarter and we have seen some positive results on the dine-in channel. So, that will be another lever that can push the margins up. These are a few of the levers. And then obviously, as the ADS goes up, you get the operating leverage benefit, and therefore, that automatically helps with the margins as well.

Percy Panthaki: Understood. So this 105k to 110k ADS, that might also be a moving target, right? Right now, if you reach that number, you will make 20% margin. But supposing if you take a few more quarters to reach that, in the meanwhile, your cost structure will also inflate at the same time. So maybe if this is delayed beyond a few quarters, then even at that ADS, which you are talking about, the 20% margins may not come through. So, how are you looking at that time frame in that sense, that is what I am asking?

Manish Dawar: So Percy, you are right because all of our discussions is basis the current environment. What happens tomorrow by way of inflation, who knows. But you are right. And your observation is right that this is in the current context. And again, it is not that we have not seen inflation in the past. It is not that we have not seen the, whatever the wage increases or the reset in the past, but we have managed to bring in the efficiency in the business. And that is a continuous process. And therefore, we have to be at it. The ideas are always there, and we continue to improve business and manage the business much more efficiently. The other leverage point that we have just started is this whole technology adoption, which is where we have been weak. And that will take a few quarters by the time we start to realize the benefits. And when I say a few quarters, I am saying a few quarters after the merger because right now, we are building the technology platforms.

Percy Panthaki: Understood. And sorry to belabour this point, but just because this is the biggest part of your business, just wanted to understand this better. This 105k to 110k kind of ADS, how many quarters down the line or how soon do you think you can achieve that given the macroeconomic construct? Not assuming that, let us say, crude goes haywire and consumer demand falls or anything, just in the current context, how long do you think you can achieve that?

Manish Dawar: Percy, as I said, we are looking at a SSSG of about 5% to 6% for KFC. And therefore, if I were to take that, obviously, it will be almost like 1.5-2 years kind of scenario. But again, as you are saying, the macros also play a very important role. And we have also seen in this business that there could be some cycles where, let us say, on an average, you get better SSSGs and then there are some quarters where it is kind of depressed, but in general, we look at about 5% to 6%.

Percy Panthaki: Understood. And on Pizza Hut, before the merger happens, is there anything else that can be done to sort of accelerate the ADS on Pizza Hut further?

Manish Dawar: See, Pizza Hut, as I said earlier, and even in my commentary today, Pizza Hut is all about going back to basics. And therefore, we are working on the product. We are working on the ingredients. We are working on some innovative ideas and so on and so forth. So that will take some time. And obviously, that will help us to stand in good stead over the long-term.

Moderator: The next question is from the line of Vivek Maheshwari from Jefferies.

Vivek Maheshwari**:** Continuing with what Percy asked, first on the KFC bit, you did mention about dine-in salience going up. So, in the last few quarters, we have seen this number like creeping up a bit. We are at about 57%. Do you think, you can go back to like 60%-65%? Is that what your target is in coming quarters?

Manish Dawar: Vivek, see, it is difficult to fight the consumer point of view on convenience. And we have seen that, let us say, for example, by regions, North typically is a market where convenience plays a very important role and consumers prefer delivery. So, I do not think that we will be able to get to 65% in the near future, but our target remains to get to a number of 59%-60%.

Vivek Maheshwari: Interesting. And Manish, just maybe a very basic or a naive question. But see, a lot of your dishes are pre-prepared, and I know there is some activity at the store level. So even if, let us say, delivery margins are low and it is lower for 2 reasons. One is the coupons and the discounts and the other is the delivery cost. But as long as at an outlet level, it is adding incremental rupee or dollar to store, you should try to maximize on both. Is that understanding correct, or there are capacity constraints, which is why you have to choose one over the other?

Manish Dawar: So, Vivek, this hypothesis used to play when delivery was new, and I am talking about, let us say, post-COVID period, because that was giving us net addition in terms of top line, and on an incremental basis, it made sense. Whereas today, delivery as it stands today, it is actually eating into the dine-in sales. And that is the reason we are making concerted effort to make sure that the consumers come back to dine-in because that is where you can have the best customer experience. That is where your food tastes the best. That is where you can get the full flavours and everything. And therefore, our endeavour is that people should come back to dine-in stores and enjoy food better there.

Moderator: The next question is from the line of Avi Mehta from Macquarie Capital.

Avi Mehta: I just wanted to check with you on the stable demand trends and better understand that. Does that mean the basis will also be factored in when we look at the same-store sales growth or you are implying that the same-store sales growth should remain at current levels for the formats? So just if you could explain that first. And the second bit, just on the delivery versus dine-in. We have now focused on dine-in, and it is emerging as a key driver of growth. I just wanted to get your thoughts or your opinion. Say, a couple of years down the line, should we expect to see this shift in salience across delivery and dine-in across formats, or is this more of a KFC-specific phenomenon, given that pizza is inherently a lot more dine-in oriented? So, any format related nuances that one should be aware of? These are my 2 questions.

Manish Dawar: Avi, let me address your second question first. See, the point is, convenience is very important for a consumer and hence, that is where delivery comes in. Now at the same time, as brand owners, as operators, we need to give good reasons to consumers for them to come to the store. And if, for example, as I have mentioned in the past, if, let's say, the consumer is getting the same offering sitting at home at times at a cheaper price, why would they want to come to the stores, right. And whereas you have invested and you are operating a complete infrastructure. And hence, we need to kind of make sure that our offerings are available for dine-in customers in a different manner versus our delivery customers. Our pricing proposition remains in sync that a dine-in customer gets the best deal. And obviously, along with the best deal, they get a better experience. So that is how we have kind of focused on, and that is how we are repositioning the entire piece. And we have seen that as long as you give a good reason to the consumer to come into the stores, they do come into the stores. Obviously, every region, every state, every city, we have seen that consumers behave differently. But in general, we have seen consumers responding to it.

Avi Mehta: Then this is not format-specific. It is a broader principle that we encourage the consumer to come in and get a better deal.

Manish Dawar: Absolutely, yes. That is the fundamental hypothesis.

Avi Mehta: Got it. Clear. And the first bit, Manish, how should I look at that? Just a clarification, when you say stable demand trends, do you mean that the basis have to be factored in when we look at the environment? Basically, is this also reflected in the Q2 performance till date?

Manish Dawar: Yes, it does. So I will tell you what we mean by fundamental stable demand trends. One, obviously, you would have seen in the past, let's say, when we were undergoing the negative SSSG trends, there used to be big days which were becoming bigger. And then suddenly after those big days, the demand would suddenly drop very significantly. Whereas from that point of view, we have seen the drop is not happening so significantly or the big days are becoming bigger. So that is one thing. Obviously, the other indicator is SSSG. Third, as I said, we have taken initiatives, and we have seen customers respond to that. So that is another indicator. At the same time, we are also measuring in terms of how the new stores in the new geographies are performing. So that is the other vector which is available to measure how the trend is kind of moving. So these are some of the levers that we use to kind of figure out whether the demand is fine or not.

Avi Mehta: So, does it mean SSSG is similar-ish in Q2 till date to what we witnessed in Q1, or has it seen an improvement? That's what I'm just trying to better understand.

Manish Dawar: See, obviously, Q2, it is too early to say because we are still in the month of July. In Q2 there is a different drag effect from a Shravan perspective as well. Because last year, the Shravan was at a different timing. This time, it is kind of starting, tomorrow or day after. So obviously, that lag effect is also there. But otherwise, broadly, in terms of trends, we have seen a positive trend in the month of July, and we are on track.

Moderator: The next question is a follow-up from the line of Vivek Maheshwari from Jefferies.

Vivek Maheshwari: My question is on the KFC SSSG bit. If you leave aside this quarter and the previous quarter, your Same Store Sales have been negative for a long time. What is holding you back from giving a very positive outlook on SSSG, let's say even above mid-single digits? Is it the macro that you still worry about? Or is it the aggregator concern? Why, despite such a low base after almost 13 quarters of negative SSSG, is your commentary not more positive than it currently is?

Manish Dawar: So Vivek, fundamentally, as you know, macro seems to be tough. You know what is happening on the rupee dollar. You know what is happening on the oil pricing. And we have seen the result of all that in LPG prices. LPG availability was a big constraint, although we have kind of managed to mitigate. But we have seen huge availability issues as we kind of went through the cycle. And even now also, it is not that macros are behind us. There is some news or the other, which kind of keeps coming in. So it is very important for a very, very bullish kind of view that it should be a stable situation, which we are not seeing. And therefore, in the middle of all of this, whatever efforts we are making, we are seeing the results. And hence, I would say that it is the kind of approach that we have taken .

Vivek Maheshwari: Perfect. That helps. And lastly, on the Pizza Hut bit, what do you think is the issue, whatever, let's say, is it the action that Yum! has taken? Or is it the brand issue or the execution issue probably at your end or is it the market context? I mean when I look at your margins, for example, are at 76%, I know Pizza has far higher margins than, let's say, Burgers and KFC. But is there a case to offer more value to customers? While your entry price points are very attractive, as we move up the menu, the prices actually go up. And if you look at the aggregators, there are options available at lower or better price points. So what exactly is the issue, is it execution, the market context, higher margins, or competition? What do you think is holding Pizza Hut back? And is it really worth putting more energy behind this brand?

Manish Dawar: Vivek, the way we look at Pizza Hut as a brand, and to be honest, I have maintained this for the last many years, there is nothing wrong with Pizza Hut as a brand. When I say nothing wrong, means that despite whatever has happened or not happened, Pizza Hut has continued to remain the number 2 pizza brand in the country on a national basis, right. Domino's is number 1 and Pizza Hut is number 2. We have seen multiple brands coming in, tried scaling up and then kind of dying down quietly. Pizza Hut, the biggest issue was the structure, which is what we have discussed in the past, the entire 3-way structure between us, Sapphire and Yum! in terms of decision-making, in terms of the initiatives, in terms of innovation and so on and so forth. So obviously, that will get corrected as the structure kind of eases out when we get the merger approval. But at the same time, because of that, there were issues on decision-making, there were issues on innovation. So we have started to correct the innovation piece. We have started to correct the basics by the time the merger takes place, at least we are in that readiness position to push Pizza Hut. But having said that, to your other challenge in terms of the margins are high and therefore, why not? Pizza Hut, the fundamental problem remains the ADS. The ADS is very low versus the competition. And the ADS cannot be improved unless we give a differentiated offering in terms of innovation and at every price point. So entry price point is just not the only means. You need to be available at all the price points. You need to have the right price laddering and so on and so forth. And that is something that we are already working on.

Vivek Maheshwari: So basically, FY28 is when you will put all your energy behind the Pizza Hut once the 2 entities come together?

Manish Dawar: That is right.

Moderator: The next question is from the line of Devanshu Bansal from Emkay Global.

Devanshu Bansal: Congratulations on strong performance. Sir, I had one question, I wanted to check, there is renewed global thrust for KFC brand. So there is a lot of new strategy around boneless snacking, sauces, beverages as well as store refurbishment, right? So I wanted to check if some of it is due to happen in India? Are we already working on some of these initiatives?

Manish Dawar: So all of that will happen in India as well, Devanshu. So broadly, they have taken 3 initiatives globally. One is on the beverages, there is a sub-brand called "Kwench", and we are already discussing in India to experiment with "Kwench". And if that experiment is successful, we will roll it out nationally. The second one is around sauces and the third one, as you said, is around the boneless piece. So one after the other, all of those initiatives will come to India. India is part of the pipeline.

Devanshu Bansal: Any maturity level for them, Manish, if you would like to highlight as where are we in terms of implementing this?

Manish Dawar: See, as I said, we are already in discussions with "Kwench" because we have to make sure that the product gets optimized for the Indian condition and the Indian taste and all. So "Kwench" has already done that. At the same time, we also have to look at the capex, which gets involved in the new rollouts because obviously, the Western markets look at capex very differently versus the way we look at it. So "Kwench", I would say, most of the homework is done from a capex perspective and from product optimization perspective. And out of the 3, this was the most difficult piece. So therefore, we are planning in terms of when the test launch will start. But the other pieces are relatively simple. Let's see once "Kwench" gets established, that is when we will start with the other 2.

Devanshu Bansal: Got it. Second question, I wanted to understand on Thailand business. How has the experience been so far? And currently, we are one of the 3 franchisee partners there. Are you open to further expanding your territory in these geographies?

Manish Dawar: So we have been very happy with the Thailand results, Devanshu. And you can see the way the numbers have evolved for the international piece, both from top line as well as bottom line perspective. And therefore, we are keen on the current offering, which is there in Thailand. Let's see how it progresses because right now there is no formal process which has been launched. No one has approached us, but we will be keen to look at it.

Devanshu Bansal: Understood. And sir, lastly, for our own brands, Vaango and Biryani By Kilo are seeing very healthy ramp-up. So I wanted to check if you could provide some outlook on expected growth and profitability for these 2 brands?

Manish Dawar: So Biryani By Kilo, Devanshu, as I said, we have managed to achieve the turnaround. The Brand Contribution has turned positive versus negative when we acquired the brand. We are also testing Biryani By Kilo in a dine-in format through our food courts. We have seen good response. We have also launched Biryani By Kilo at couple of our airport locations, again, to test it out. So there are these multiple tests which are going on. During this whole Shravan and Navratri season, we are also planning to test the vegetarian portfolio, a sattvic vegetarian portfolio for Biryani By Kilo. So there are multiple initiatives which are on. We are very bullish on Biryani By Kilo. And our objective is to make sure that this brand gets to INR 1,000 crore brand in the next few years. Coming to Vaango, again, as I have said in the past, we are very bullish on the South Indian space. It is the healthiest food, works across dayparts of the year. We need to stabilize the product a little bit. So that process is currently on, but otherwise, Vaango continues to do well.

Moderator: The next question is from the line of Praful Kumar from Dymon Asia Capital.

Praful Kumar: Many congratulations on delivering two consecutive strong quarters despite a tough macro environment. A couple of things. One, Manish, starting with a new slate. Can you talk about in terms of what is the mandate from the promoters? What are you trying to build for the next 3 to 5 years in India? And talk about the leadership team that you have built for the last 3 to 6 months. So what are the key roles that have been assigned to people and the gaps that you see, the skill set, the management, how you intend to fill those gaps over a medium term? That is the first question. Secondly, on the merger, what are the key timelines and what are the milestones you are looking at? And in the backdrop, what are the preparations you are doing to ensure that you deliver on the synergies and how the sustainability of the brand is built? Yes, secondly, on the timelines and merger strategy.

Manish Dawar: Sure. Okay. Let me give you the promoters' view first. They are very bullish on the business. And you know that Devyani comes from a very, very strong promoter background and therefore the investment has never been an issue. It is a matter of how well we are able to perform and therefore how well we are able to convert the opportunity on the ground. You have seen the success with Varun Beverages already, which is another listed entity from the same group and the promoters feel Devyani can be another Varun over a period of time. So that is how we approach it from a promoter's perspective. Coming to the team, as I said, we have hired a new COO, we have hired a new CTO, the new Chief Marketing Officer and so on and so forth. The entire leadership team is in place now. They are settling in well. Obviously, the joining has been anywhere from about, let's say, 2 to 3 weeks to about 2 months. It will take time for the new team to kind of come, settle, gel together and start to perform. But we are very happy with the initial results that we have seen. Obviously, it brings in a very different view. It brings in a new energy in the business, and that is helping us, and that is also getting translated into the numbers. Coming to the merger piece, we are on track. We had indicated that the merger will be through by FY27 end. As of now, I think we are on track and therefore it should happen. Merger synergies, again, we do not see an issue in terms of readiness. It was very important for us that the new team joins in, the new team settles in so that the integration becomes easier. And that we have demonstrated because the new team is already in place. The other big lever that we need to sort out before the merger is this entire technology piece, which again, we have talked about in the past, and we are making progress as per the plans. And we are hopeful that, that piece also should happen before we get the merger approvals and the integration starts post that. So far, so good. We are on track and we are making good progress.

Praful Kumar: Okay. Just one last thing, any key hires on the tech side? You had mentioned that this is an area of focus. Maybe you could also share some background on the key people who have joined as part of the technology buildout?

Manish Dawar: We have hired a new Chief Technology Officer. I do not know whether you have seen the announcement or not. So this person comes with a very strong background from the QSR industry, having worked in India as well as overseas. And he has demonstrated those capabilities and deliveries elsewhere. At the same time, rather than building our full-fledged new in-house tech team, we have decided to build a core team in-house and then outsource the buildout to Cognizant Technologies. So therefore, as a combination of these two, we are very confident that we will be able to achieve a faster rollout and we should be on track before the merger.

Moderator: The next question is from the line of Naman Mawandia from Sanghavi Family Office.

Naman Mawandia: So majority of the questions are answered. But just wanted to get some more sense on our own brands portfolio, like Vaango and Biryani By Kilo, the INR 1,000 crore aspiration that you just mentioned. What are the step-by-step outlook that we have? What are some near-term measurables around it? And how do we keep on seeing that the execution is on same line? Secondly, on the own and franchise brands, including Costa, there is a very sharp SSSG increase. So is it majorly because of the price increases that we are seeing taken on the menu? Or is it something else? So these are the 2 questions.

Manish Dawar: Sure. So let me first address the Biryani By Kilo question and our own brands. See, the way we look at the entire Indian food category or the Indian food space or the QSR or the food services industry, howsoever you may call it, if you look at the per capita consumption or the incidences of consuming food outside the home is very low in India. And today, the consumers are coming out to experience something that they are not able to kind of cook and experience at home. And therefore, the entire push towards the Western brands is because the consumers feedback is that for them, the healthiest food is at home, the Indian food is at home and so on and so forth. But as the country grows, the per capita income grows, there are more women coming into the working population, we will see that the Indian food categories will also start to explode. And if at all, we believe that in a mature market like India, I am talking about 15 to 20 years from now, the Indian food category outside home will be a far bigger category than the Western food category. And therefore, we have started to prepare ourselves from that point of view. Coming to biryani specifically, if you look at the overall biryani market today, and I am talking about the organized as well as unorganized market, this category is stated at anywhere between INR 30,000 crore to a INR 40,000 crore number. Just the biryani category. It is the largest ordered online item on all of the platforms that we have seen in India. Yet if you look at the big brands in the biryani space, the biggest brand would be about INR 300 crore, INR 350-odd crore. And amongst the bigger brands, it is Biryani By Kilo and there will be one or two more competitors. And therefore, it offers a huge space for consolidation, for standardized product offering, addressing the right consumer need there. And that is how we are so bullish on biryani. Similarly, South Indian space also, South Indian food category is a very large category, again, split between organized and unorganized. But from an organized play perspective, overall, it is small. And therefore, similarly, there are other opportunities available in terms of North Indian food and so on and so forth. And hence, we are working on a strategy to expand the Indian food portfolio as well.

Moderator: The next question is from the line of Chetan Thacker from M3 Investment Private Limited.

Chetan Thacker: Yes. So just wanted to understand since you are seeing some bit of shift towards dine-in, does that necessarily change the capex intensity of the business? Because we had earlier moved from larger-format stores to slightly smaller-format stores. And now that dine-in is again being repositioned, does that change the capex intensity of the business?

Manish Dawar: Not at all. Remember, when we talked about the shift that we spoke earlier, and let me give you some numbers so that you are able to understand the context. If you look at pre-COVID or around the COVID time, KFC delivery used to be less than 10%. And it has gone up to almost at about 45% - 46% level today. So therefore, the numbers that we are talking about are relatively very, very small in terms of the changes that we are saying. The fundamental correction in terms of reducing the store sizes were driven by the fact that we moved from virtually a no delivery brand to almost a 50% delivery, that is where the entire format changed. Today, we have excess capacity available in our stores, whereby we can easily make the shift without incurring additional capex. And at the same time, from a basic brand standard perspective, whatever minimums that are there from Yum! side or our side, they are enough to accommodate the near-term shift that we are talking about. At the same time, if you go back and dial back the numbers earlier, there were fewer stores. Today, the number of stores of KFC or Pizza Hut for that matter are multiple of what we used to be around the COVID time. So obviously, the overall throughputs are also smaller from that point of view.

Chetan Thacker: So even the incremental store opening will not necessarily mean incremental higher sizes of store. It will relatively be optimization of the store between dine-in and delivery. That is how we should look at it?

Manish Dawar: Absolutely. Not much change in capex, so whatever format we are opening currently, that is what is going to be happening for future also.

Chetan Thacker: And sir, from a Pizza Hut perspective, how are we strategically now looking at that business in terms of menu refreshes and getting people back to Pizza Hut or getting Pizza Hut on mindshare of people?

Manish Dawar: So, as I said, we are working on setting the product right, working on some new product propositions, innovations and so on and so forth. So obviously, this has some lead time. Sandeep, who is our Chief Marketing Officer, and he also looks after Pizza Hut brand, is working on these things. We are making good progress. So therefore, by the time, let us say, the merger happens, we will be ready with the entire recipe. And then once the fundamental structure is sorted, that is where we will really push for Pizza Hut as a brand.

Chetan Thacker: Understood. And sir, from an integration perspective between Sapphire and Devyani in terms of the back end, is it largely in sync and should not be that big an issue? Or are they on two separate systems and can take some more time?

Manish Dawar: It should not be a big challenge because the IT systems are largely similar. I do not know whether you are aware or not, technology used to be controlled by Yum! and both of us were on the same stack. The processes on both sides are very similar. So therefore, integration will not be a big challenge.

Moderator: Thank you very much. That would be the last question for today. I would now like to hand the conference over to the management team for closing comments.

Raj Gandhi: Thank you very much. We hope we have been able to answer all your questions satisfactorily. Should you need any further clarifications or would like to know more about the Company, please feel free to contact our Investor Relations team. Thank you once again for your interest and support and for taking the time out to join us on this call. Thank you very much once again.

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