

**Operator:** Thanks. We'll remain 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 the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded. I will now hand the conference forward to Mr. Anup Pujari from CDR India for opening remarks. Thank you and over to you, Anup.

**Management:** Thank you. Good afternoon everyone and thank you for joining us on today's call to discuss the merger between Devyani International and Sapphire Foods that was announced on January 1, 2026. We have with us today Mr. Ravi Jaipuria, Non-Executive Chairman of Devyani International; Mr. Raj Gandhi, Non-Executive Director; Mr. Virag Joshi, CEO and Whole Time Director; and Mr. Manish Dawar, CFO and Whole Time Director of Devyani International. From Samara Capital, we have Mr. Sumit Nagar, Managing Director and Co-CIO, and Mr. Vikram Agarwal, Managing Director and CFO. From Sapphire Foods, we have Mr. Sanjay Purohit, Whole Time Director and Group CEO, and Mr. Vijay Jain, Executive Director and CFO of the company.

We will begin the call with opening remarks from Mr. Ravi Jaipuria, Non-Executive Chairman of Devyani International, following which we have the forum open for a question and answer session. Before we begin, I would like to highlight that certain statements made in today's call may be forward-looking in nature, and a disclaimer in this regard has been included in the merger announcement presentation shared with you earlier. Kindly also note that both companies are currently in the silent period. So please refrain from asking questions regarding the quarterly business performance. We request that the questions be limited to the proposed transaction. I would now like to hand over the call to Mr. Ravi Jaipuria.

**Management:** Good afternoon everyone and I wish you all and your families a very happy 2026. I am delighted to announce that last week, on January 1, 2026, the Board of Directors of DIL and SFIL in their respective meetings approved the merger between Devyani International Limited and Sapphire Foods India Limited. It is a momentous occasion with significant long-term benefit for our company.

The proposed merger is far more than combining two businesses. It is about creating one of the largest F&B platforms in India that is positioned to seize the vast opportunity in India's F&B sector. The merged entity will have more than 3,000 stores globally and a turnover of approximately 8,000 crores on an annualized basis. Our portfolio includes marquee brands like KFC, Pizza Hut, Costa Coffee, Vaango, Biryani by Kilo, etc., with a pan-India distribution reach covering multiple formats.

India's food and beverage market is large, formalizing, and expanding rapidly, with independent estimates placing the broader food services market at more than \$100 billion and the QSR segment alone at more than \$25 billion and growing. By the time the merger gets consummated, the merged entity is likely to cross \$1 billion in annual revenues.

The merger marks a defining landmark in the evolution of the companies. The merged entity will sit at the intersection of scale, brand strength, and market access. We are creating a unified franchise partner for global brands that can deploy capital, talent, and technology across a national footprint with unparalleled speed and consistency. The structural characteristics of the Indian market—rising

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disposable incomes, increasing urbanization, changing food preferences, and accelerating retail and delivery infrastructure—mean that national rollouts and standardized execution translate directly into durable competitive advantage.

The QSR segment is among the fastest-growing segments within the broader F&B ecosystem. A single well-capitalized franchisee with national rights is much better poised to capture this growth potential. In short, this merger creates a platform that is better placed competitively, with deeper national penetration for marquee brands, stronger bargaining power with partners and landlords, and the ability to allocate capital where returns are the highest.

Our ambition is straightforward: to build the preferred long-term home for global QSR brands in India and to convert India's structural demand tailwinds into sustained disciplined growth for our shareholders, team members, and partners. I would like to thank Yum! Brands, Samara Capital, and the combined teams of DIL and SFIL whose work has brought us to this point. We now begin our next journey to realize the full promise of this combined enterprise, one that has the potential to redefine the competitive map of India's food and beverage sector. Thank you.

**Management:** We can open the lines for Q&A; now.

**Operator:** Thank you. Ladies and gentlemen, we will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchstone telephone. Participants are requested to use their handsets while asking a question. We take the first question from the line of Devanshu Bansal from MK Global. Please go ahead.

**Devanshu Bansal – MK Global:** Hi, congratulations to all parties involved on this announced merger. Devyani has always been a great executor in terms of operations. But now the company also has to manage other verticals like technology, supply chain, marketing, as well as introduce new product innovations. How are you as an organization planning to ramp up capabilities in these verticals?

**Management:** Hi Devanshu, thank you. You are right; traditionally we have been operators and executors. As part of the deal, we will be taking over some functions for certain brands. For Pizza Hut, we will be taking over marketing, innovation, technology, and supply chain functions. Whereas for KFC, as of now, it is only going to be technology and supply chain management. Marketing and innovation for KFC will continue to be run by Yum!, the way it was in the past.

We recognize that we have to build these capabilities because we did not handle these functions previously. While the merger discussions were on, we started building those capabilities. Internally, we have already discussed the organization structure and leadership for these functions. We have already hired for some positions and some are in the pipeline. Rather than waiting for merger approval, we have already started working on these areas. We have also already shortlisted a large global technology partner to help us create new technology assets and transform the customer experience. Considering our preparedness, we will be ready with our capabilities by June, well before the merger gets approved.

**Devanshu Bansal – MK Global:** You indicated senior leadership hiring. Are you indicating that from a CEO perspective also you will be looking for fresh candidates to manage the overall new capabilities?

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**Management:** Let me clarify. What I said was that for these functions—marketing and technology—those are the functional leaders we need to fill gaps. That process has already started. Some offers have been closed and some are in investigation.

**Management:** As far as leaders are concerned, we are about a year away from the merger and there is a lot of work to be done on both sides. We need to sit together, see who the best people are in both teams, and find the best leadership to take the entity forward.

**Devanshu Bansal – MK Global:** Very clear. You indicated synergies of about 210–225 crores. Are these synergies net of the new investments you will be making? The merged entity currently operates at 7–8% pre-IndAS margins, while the leader operates at about 13%. How much of a bridge can we narrow?

**Management:** The synergies we indicated are net of costs and will sit on top of where we are currently. We are not going to comment on where the leader is or our exact plans yet, but we will come back to you in due course.

**Operator:** Thank you. We take the next question from the line of Jignanshu Gore from Bernstein. Please go ahead.

**Jignanshu Gore – Bernstein:** In terms of the transaction, there is a combination of a share swap for most shareholders and a specific paid-up capital purchase by a group company. Can more color be shared on the terms?

**Management:** For Devyani, it will all be a share swap because there is no cash out for Devyani as a legal entity. We have indicated 177 shares of Devyani for every 100 shares of Sapphire, predominantly due to the face value difference. On the promoter-to-promoter deal, I would request Sumit from Samara to throw some light.

**Management:** Thank you. As disclosed, per Yum! requirements, Sapphire Foods India Limited has a promoter entity in Mauritius, Sapphire Foods Mauritius Limited, which must maintain at least a 25% stake. Under the merger, the surviving combined entity needs one promoter, RJ Corp, as the controlling shareholder.

It has been decided bilaterally at the Mauritius level that part of that 25% stake will be transacted so RJ Corp can maintain significant shareholding. Specifically, 18.5% out of that 25% will be transacted bilaterally between 3 to 15 months from now. The remaining portion will be share-swapped into the combined entity. This allows RJ Corp to satisfy Yum!'s criteria for promoter shareholding. The combined entity will then have complete public shareholding other than RJ Corp as a promoter.

**Jignanshu Gore – Bernstein:** So the final 18.5% price is yet to be finalized?

**Management:** There will be a floor price of 280, driven by fairness valuation and the 90-day average. The exact closing is bilateral between the two promoter entities.

**Jignanshu Gore – Bernstein:** Regarding Pizza Hut, there have been discussions on reviving the brand. Is there a common strategy now?

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**Management:** Jignanshu, let me explain the regulatory landscape. Both are publicly listed companies and we cannot engage closely on future strategies until we have CCI approval due to anti-trust rules. Once we have approval, we will engage in deep conversations.

However, Yum! recognizes India as a priority market. Based on our negotiations, in the first year post-merger, we expect to achieve a positive brand contribution margin for Pizza Hut, aiming for low double digits. We have negotiated with Yum! that our priority is to turn the business around rather than being under stress to open net new units. We will have flexibility to shut underperforming stores and open new ones more effectively. With a unified team and our takeover of marketing and technology, we feel confident that Pizza Hut's brand contribution margin will eventually get closer to KFC's.

**Operator:** Thank you. We take the next question from the line of Manoj from ICICI Securities. Please go ahead.

**Manoj – ICICI Securities:** Just to confirm, regarding Pizza Hut, you are saying it needs to be restructured to bring profitability to a certain level before focusing on growth?

**Management:** We need to restructure the brand and drive the top line through Same Store Sales Growth (SSSG). The negative SSSG over the last few quarters has led to deleverage that eroded profitability. We will engage in store-level portfolio reviews once we have regulatory approvals. It is basically a combination of restructuring and driving SSSG.

**Manoj – ICICI Securities:** Any thoughts on revenue synergies? And will cost synergies be used to invest in new brands like Biryani by Kilo?

**Management:** Since this is a unit-level retail business, we see a huge opportunity in having a unified strategy for channels like home delivery versus in-mall dining. Being unified will help us jointly strategize on marketing and execution. Regarding cost synergies, we expect to realize 60% or more in the first year post-merger and the balance in the second year.

**Operator:** Thank you. We take the next question from the line of Saurav Kundan from Goldman Sachs. Please go ahead.

**Saurav Kundan – Goldman Sachs:** Should we expect an acceleration in KFC store investments given the stronger format?

**Management:** Our objective is to accelerate both KFC and Pizza Hut. In KFC, the objective will be calibrated expansion. While we have Development Agreements (DA) in place, store expansion is driven by market demand. If the market supports it, we are happy to go beyond the DA numbers; capital is not an issue, but return on capital is.

**Saurav Kundan – Goldman Sachs:** You are investing in a tech app for Pizza Hut; will there be a focus on an own delivery fleet for KFC as well?

**Management:** For KFC, technology and supply chain management will also transition to the merged entity. Our technology roadmap will be common for all brands. While the UI/UX will be brand-specific, the basic tech stack will be unified. In the QSR world, speed and innovation are

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paramount—meaning faster turnaround in stores and faster delivery. That will be a big focus.

**Operator:** Thank you. We take the next question from the line of Avi Mehta from Aquarius. Please go ahead.

**Avi Mehta – Aquarius:** Regarding the marketing and innovation for KFC, will those eventually move to the merged entity or is the current arrangement permanent?

**Management:** Marketing and innovation for KFC will continue with Yum! and there is nothing in the current agreements to change that.

**Avi Mehta – Aquarius:** On the cost synergies of 210–225 crores versus the one-time fee of 320 crores to Yum!, how should we look at that?

**Management:** The 320 crores is a one-time payment to Yum!, whereas the synergies of 210–225 crores will accrue year after year for the entire lifespan of the business. It is not a direct comparison.

**Operator:** Thank you. We take the next question from the line of Percy Pantake from IIFL Securities. Please go ahead.

**Percy Pantake – IIFL Securities:** KFC SSSG has been weak for both Devyani and Sapphire. Since you aren't taking over marketing for KFC, how will the merger help accelerate SSSG for that brand?

**Management:** For KFC, we are taking over technology and supply chain. Currently, close to 45% of the business is delivery-based, where technology plays a huge role. A unified tech strategy will definitely help us drive the top line. We believe current headwinds are cyclical and we will recover fundamentals once the integration is settled.

**Percy Pantake – IIFL Securities:** Regarding the 210–225 crores synergy, what are the gross versus net numbers?

**Management:** We cannot give exact gross numbers, but synergies come from G&A, Yum! incentives, and procurement negotiations. This is net of the costs for building leadership and tech infrastructure. We expect to realize 100% of these synergies within two years post-merger. The two businesses are very similar in terms of systems and processes, making integration relatively efficient.

**Operator:** Thank you. We take the next question from the line of Gaurav Jogani from JM Financial. Please go ahead.

**Gaurav Jogani – JM Financial:** Are the Pizza Hut incentives for a limited period?

**Management:** We have incentives for a period of 10 years. These are long-term because Yum! is serious about turning around the Pizza Hut business in India.

**Operator:** Thank you. We take the last question from the line of Athar Syed from Smart Sync Services. Please go ahead.

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**Athar Syed – Smart Sync Services:** Where will the focus be—online or offline—given some companies see better growth online?

**Management:** We cannot disclose the specific post-merger strategy yet as we are not allowed to engage closely at this stage. Once we have fundamental approvals, we will define the organization structure and brand-specific strategies.

**Athar Syed – Smart Sync Services:** Devyani has higher debt compared to Sapphire. Any comments on the gearing?

**Management:** The share price and market cap already account for the debt on both balance sheets. When we come together, the balance sheet will become even stronger. Even for Devyani standalone, the debt is a very small number and not a concern.

**Operator:** Thank you. Ladies and gentlemen, that concludes the question and answer session. I now hand the conference over to the management for their closing comments.

**Management:** Thank you very much. Thank you everyone for participating in our investor call. I am sure the management was able to answer the finer points of the merger. If you have further questions, you are welcome to contact the Investor Relations department. Once again, thank you.

**Operator:** Ladies and gentlemen, that concludes today's conference call. Thank you for joining us and you may now disconnect your lines.

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