



Devyani International Limited



Corporate Office: Plot No.18, Sector-35, Gurugram - 122004, Haryana (India) • Tel.: +91-124-4566300, 4786000
E-mail: devyani@dil-rjcorp.com • Website: www.dil-rjcorp.com
CIN: L15135DL1991PLC046758

January 13, 2026

To,

National Stock Exchange of India Ltd.
Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
Email: cmlist@nse.co.in
Symbol: DEVYANI

BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
Email: corp.relations@bseindia.com
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 January 6, 2026, w.r.t. announcement of merger through a Scheme of Arrangement involving Sapphire Foods India Limited ('Transferor Company'), Devyani International Limited ('Transferee Company') and their respective shareholders 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
Chief Sustainability Officer & Company Secretary

Encl.: As above



SANOOK KITCHEN
thai asian cuisine



tealive

NYF
newyorkfries



GOILA
BUTTER CHICKEN

BBK BIRYANI
BY KILO

the food street



Devyani International Limited and Sapphire Foods India Limited

Joint Merger Announcement Conference Call

January 06, 2026

Moderator: Ladies and gentlemen, good day, and welcome to the Devyani International Limited and Sapphire Foods Joint Merger Announcement Conference Call. As a reminder, all participant lines will remain 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 will now hand the conference over to Mr. Anoop Poojari from CDR India for opening remarks. Thank you, and over to you, Anoop.

Anoop Poojari: 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 1st January 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. Sumeet Narang, 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 will 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 their 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.

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

The proposed merger is about far more than combining 2 businesses - it is about creating one of the largest F&B platforms in India, that is positioned to seize the vast, long-term opportunity in India's F&B economy. The merged entity will have more than 3,000 stores globally and a turnover of approximately INR 8,000 crore on an annualised basis, a portfolio of marquee brands, including KFC, Pizza Hut, Costa Coffee, Vaango, Biryani By Kilo, etc. and a pan-India distribution reach covering multiple formats.

India's food and beverage market is large, getting formalised 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 this time, the merger gets consummated, the merged entity is likely to cross \$1 billion USD 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 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 amongst the fastest-growing segments within the broader F&B ecosystem. A single, well-capitalized franchisee with national rights is much better positioned to capture this growth potential.

In short, this merger creates a platform that is better placed competitively; 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.

Manish Dawar: Thank you, we can now open the lines for Q&A.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the line of Devanshu Bansal from Emkay Global.

Devanshu Bansal: Congratulations to all the parties involved on this announced merger. Sir, 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 execute product innovations as well. So how are you as an organization planning to ramp up capabilities in these verticals? So that was my first question.

Manish Dawar: So, Devanshu, you are right. Traditionally, we have been operators, and executors. As part of the deal, we are going to be taking over some functions for the brands, and therefore, let me explain that to you better. For Pizza Hut, we will be taking over marketing and innovation, and we will be taking over technology and supply chain function as well. Whereas for KFC, as of now, it is going to be only technology and SCM. Marketing and innovation will continue to be run by Yum! the way it was being run in the past. We do recognize that we have to build these capabilities because in the past, we never used to handle these functions. And hence, while let us say the merger discussions were on, we have started to build those capabilities. Internally, we have already had discussions in terms of how the organization structure should look like for these functions, how the leadership for these functions should look like. So all that planning is already in place. You will also be pleased to know that we have already gone and hired some positions, and some of them are in pipeline. So rather than waiting for the merger approval, we have already started working on these areas, recognizing what we have and what we do not have. And therefore, this is well on its way. You will also be happy to know that we have also already shortlisted a technology partner who will help us and create the new technology assets in terms of web and app. There are some internal approvals that we need to obtain, but we have already shortlisted a large global technology vendor to partner us in this transformation journey, as well as help us give a different customer experience already. So we will announce this in due course. So considering all of our preparedness, as far as these functions are concerned, we will be ready by June, with our capabilities and capacities well before the merger gets approved. So therefore, we have already taken steps in that direction.

Devanshu Bansal: Manish, you did indicate some similar leadership hiring. So are you sort of trying to indicate that from a CEO perspective also, you will be looking for fresh candidates here who can sort of manage the overall new set of capabilities that will be coming into

picture for the merged entity?

Manish Dawar: So let me just clarify, Devanshu, what I said, and then Mr. Jaipuria will pitch on in terms of the leadership. What I said was that as far as these functions are concerned, which is in terms of marketing the technology. So those are the functional leaders that we need to kind of fill the gap, and that is the process we have already started. A few of them, we have already closed the negotiations and the offers, few are in the pipeline. So that is the point that I made.

Ravi Jaipuria: So I think as far as the leaders are concerned, I think we are still about a year away from the merger. And there is a lot of work to be done on both sides. So I think we need to sit together and see who are the best, in both the teams and then pick and choose between the two teams and find the best people to take it forward.

Devanshu Bansal: Very clear, sir. And obviously, the company has indicated a certain level of synergies of about INR2.1 billion to INR2.25 billion. So wanted to clarify all these synergies are over and above the new investments that you will be making in the business, right? Or maybe to ask it in a different manner. So currently, the merged entity will be operating at 7% to 8% pre-IND-AS margins in, say, FY26. And the leader currently operates at about 13-odd percent. So I wanted to check how much of a bridge we can, sort of, narrow versus the leader and based on the net synergies that will be there in the business.

Manish Dawar: So Devanshu, the synergies that we have indicated are net of costs and will come and sit on top of where we are currently. So we are not going to be commenting on where the leader is and what our plan is. Obviously, we will come back to you in due course. Let's kind of progress, and then we'll come back.

Moderator: We take the next question from the line of Jignanshu Gor from Bernstein.

Jignanshu Gor: Congratulations to both the teams for successfully crossing this threshold. I had a couple of points I wanted to check. One is the overall transaction mentions a combination of share swap for most of the shareholders. And a specific sort of paid-up capital, which will be bought by a group company. Is there any more color that can be shared on the terms? Are they similar for share swap versus the onetime purchase of the group company? How will that transaction sort of work together? Is there some more color that can be shared here?

Manish Dawar: So Jignanshu, as far Devyani is concerned, it will all be share swapped because, obviously, there is no cash out as far as Devyani as a legal entity is concerned. And therefore, that share swap we have already indicated in terms of 177 shares of Devyani in lieu of 100 shares of Sapphire and that is predominantly because of the face value

difference. On the promoter-to-promoter deal, I would request Sumeet from Samara Capital, if he can throw some light.

Sumeet Narang:

Thank you, Manish. As it was disclosed in the DRHP, as per Yum! requirement, Sapphire Foods India Limited has a promoter entity in Mauritius, Sapphire Foods Mauritius Limited, which is supposed to maintain at least 25% stake. And without Yum!'s prior approval, that stake cannot be sold to anyone. So it is a restricted stock in that sense. Now as the merger that will be conceptualized in discussions with Yum!, the surviving combined entity needs to have one promoter which is RJ Corp as a promoter and controlling shareholder of the merged business and that promoter entity of Sapphire Foods, which has 25% stake has, bilaterally promoter to promoter at Mauritius level, decided that part of that 25% stake will be transacted bilaterally, so that RJ Corp can maintain a significant shareholding in the combined entity in line with discussion with Yum!, and that number will be 18.5% out of the remaining 25% and the remaining portion will be share swapped in the combined entity. This 18.5% also will be closed bilaterally somewhere between 3 and 15 months between the two parties on a mutually agreeable basis, which allows RJ Corp to maintain a significant shareholding, which also satisfies lot of Yum! criteria in terms of the threshold of shareholding of a promoter they want to maintain. And the combined entity will then have a complete public shareholding other than the RJ Corp as a promoter.

Jignanshu Gor:

Understood. So if I were to rephrase for my understanding, it will be disclosed in due course when it is finalized. Is that the right approach? Is that the right conclusion?

Sumeet Narang:

Yes. So there will be filings and what is being disclosed today, is that 18.5% will be sold bilaterally, somewhere to be closed between 3 and 15 months on a bilateral basis and the remaining will be share swapped into the combined entity, which is DIL, with RJ Corp as a promoter and Sapphire Foods Mauritius will cease to be a promoter, which has all been approved by Yum! And the reason I think RJ Corp, the affiliated entity had to purchase, so that the promoter shareholding in the combined entity of RJ Corp Group is strong enough from Yum!'s satisfaction perspective.

Jignanshu Gor:

Makes sense. Okay. Just a second quick question then and this is specific to Pizza Hut, right? There have been a lot of discussions over the last few quarterly calls on the approach for reviving Pizza Hut as a brand. And I have the pleasure of having both the management on the call from Devyani and Sapphire. So is there a common understanding or view which we can share today? Or is it something that we are still working towards, and we will release later? So just interested to understand the future for Pizza Hut.

Manish Dawar:

So Jignanshu, let me just explain you first what the regulatory landscape is. So both of us, as you know, are publicly listed companies. And we cannot engage with each other

in terms of what the future strategies and what the future objectives are and how will that be fructified and so on and so forth, given the antitrust and the Competition Commission rules. Once we have CCI approval, we will engage in deep conversations in terms of what the future and unified strategy for Pizza Hut will be. And therefore, at the right time, we will come back, and we can talk about the Pizza Hut strategy going forward on the basis of merged entity.

But Yum! also recognizes India to be one of the priority markets within the Yum! global portfolio. And the way we have negotiated the deal in terms of certain incentives and waivers, and whatever is our thought process because obviously, we have not engaged with Sapphire on this one, I can tell you that in the first year, we will be able to kind of get to a positive brand contribution margin on Pizza Hut. Our endeavor will be to be at a low double digit given what we have as part of the deal and negotiation with Yum! and as part of our revival strategy. So all of that is already kind of baked in into when I say that we will be able to achieve low double digits. Let me give you some color broadly from whatever we have kind of negotiated with Yum! which will kind of give you confidence in terms of why we are saying so. So one, if you look at both the companies over the last 3 years, we expanded Pizza Hut Franchise quite rapidly, and that led to negative SSSG, which led to lower margin structures. We have already negotiated with Yum! that our priority is to turn around the business, our priority is to put Pizza Hut back to its old glorious day where it used to be market leader. And hence, we will not be under stress to open net new units from where we are today. What we have negotiated is a small number that can be easily achieved. We will have the full flexibility to shut the stores and turn around the stores and put new stores in place, very clearly, what we agreed with Yum! that the net new units, which is the net count as we close the merger will not be negative. But within that, we will have the flexibility to turn around the brand to turn around the stores, in a much faster way so that we are able to achieve the results faster. At the same time, since we are a unified team and therefore, the decision-making and qualitative engagement will be far superior to what it used to be earlier. And hence, we feel confident that along with these elements and the fact that we are going to be taking over marketing and innovation and the fact that we have already started or taking steps on the technology side, that gives us the confidence that over a period of time, Pizza Hut brand contribution margin should come closer to KFC. But to begin with, we will be able to kind of demonstrate that we are able to get to the low double-digit brand contribution.

Moderator: We take the next question from the line of Manoj Menon from ICICI Securities.

Manoj Menon: I had a couple of questions actually. The first one, in fact, was on the previous participant because I was actually looking to get some clarity on, let us say, your portfolio reshape opportunity, particularly on the Pizza Hut. Manish, just to reconfirm -

we are saying that Pizza Hut, let us say, needs to be restructured, bringing the profitability to a certain level. And then there could be a phase for faster growth in that brand, right? Is that the right, let us say, conclusion?

Manish Dawar: See, very clearly, we need to restructure the brand, and we also need to drive the top line from a SSSG perspective because, obviously, with the SSSG turning negative for the last few quarters, the deleverage has set in, which has kind of eroded the profitability. And hence, both will have to be kind of sorted out together. On the restructuring side, obviously, we do not have the complete visibility on how the Sapphire individual store level portfolio looks like. We will engage into that once we have a set of regulatory approvals, we also need to engage together in terms of how we should drive the top line and the growth, and that is where the expertise from both sides will come out in terms of marketing initiatives, in terms of innovation that is required to be done. And hence, that is the reason I said initially that we will be able to come back to you guys in due course of time. So it is basically restructuring and SSSG drive. Those are the 2 important pieces to the turnaround.

Manoj Menon: Just one quick follow-up and I all fall back in the queue. So thanks for the disclosure on the cost synergies, which is very impressive. But I have a question on any potential revenue synergies which you see. So that is point number one. The second let us say, how do we think about the cost synergies? Is that more fuel for, let us say investing behind a lot of the new brands, including the recent acquisition of BBK etc. How do we think about the, let us say, the utilization of the cost synergy? Second one or the first one is on your thoughts on revenue synergies on the brands.

Manish Dawar: Sure. So as you know, Manoj, that this is a unit level retail business, right. I mean, I do not want to kind of get into individual companies, but we have seen at times, for example, let us say there is a brand store, which is there, and there is a next-door food court store where the same brand is present. We also need to think too in terms of the channels because today there is a very, very clear division available between a customer who consumes QSR at home versus a customer who consumes QSR by way of dine-in and they are looking for that experience. It could be a weekend experience, it could be evening experience, it could be in the malls, whatever channels we are talking about, and you guys are aware of that. So therefore, we need to have a distinct and very, very clearly articulated strategy for all of these channels, for all of these things and therefore, let us say, once we become unified, these things will help a lot. And hence, very clearly, when I say SSSG, that is a revenue opportunity, which kind of comes about whereby, let us say, the two companies are able to kind of jointly strategize, jointly communicate have a common strategy in terms of negotiations, in terms of execution and so on and so forth.

Moderator: We take the next question from the line of Saurabh Kundan from Goldman Sachs.

Saurabh Kundan: Most of the questions are already answered, thanks for that. Just one quick one on KFC. The release does not like specifically mentioned that there will be an acceleration in the combined entity. But is it fair to assume that we could expect an acceleration in KFC because you've spoken of signing new DAs as well. Would it be fair to assume that being the stronger format we could see an acceleration there on store basis?

Manish Dawar: See Saurabh our objective is to kind of accelerate the business, both on KFC as well as Pizza Hut as we come along as we get unified. And with that objective is where the merger is taking place. So because India presents a large opportunity, the kind of conditions which are there in the market, it needs a unified strategy, it needs a unified thinking. A unified approach is far better compared to a 3-way approach. On KFC, the objective will be to kind of accelerate, but it will be a calibrated expansion. So just to give you an idea in terms of where we stand, whatever our DAs are, which is what we have indicated will be kind of executed in due course. On KFC, whatever are the individual commitments between us as Devyani and Sapphire, the common DA will be very close to those numbers. So therefore it will not be a huge one. But again, we have already indicated, and we have kind of always demonstrated in the past, that it is a market demand that needs to get created, which drives this overexpansion. DA is just one element of it. So, for example, if the market kind of grows better than what we expect if you are able to kind of strategize better. And if you have to go beyond the DAs also, we will be quite happy to do that. So the market has to support. Capital is not an issue. What is important for us, as we have indicated in the past is the return on capital.

Saurabh Kundan: Okay. Fair enough. Thank you. My second and last question is that you will be investing in tech app for Pizza Hut, for KFC as well, can we assume that there will be a focus now on our own fleet? Is that a fair assumption to make and in general would you want to change – you are changing the few things about Pizza Hut. Are you going to do that for KFC? Do you have the liberty to do that now?

Manish Dawar: So Saurabh, as I mentioned, on KFC also the technology and SCM will get transferred and get transitioned to the merged entity as we go along. However, what is important and which I think Devanshu had raised initially that we need to build the capability and demonstrate that we are able to handle that with Yum. So hence, our entire technology road map is going to be a common one for DIL, including KFC and including our own brand. Obviously, the top layer, which is the consumer UI UX, the consumer interface, the brand representation, the brand colors menu that will be individual for the brand, but the basic tech stack will be a common tech stack across DIL and across all of its brands. So hence, again here we will drive the benefits coming out of a unified tech strategy. And I did indicate that we have already shortlisted a large global technology partner with us. And we will be kind of looking at that internally, approving. We need to take Yum also on board so that they also get the confidence that we have taken the

right decision, but technology for the entire company will be common and for KFC also will get transitioned to us.

Saurabh Kundan: Understood. Just a follow-up, sir. In very simple terms, there are things like faster delivery in 20 minutes, etc. It is a lot of time compared to what the market leader does. Is the effort towards that?

Manish Dawar: Absolutely. So if you look at, Saurabh, I mean, in the QSR world today, it is all about speed and innovation. And therefore that is what gives the best results. And speed means the faster turnaround at the stores, the faster delivery to the consumers and, along with innovation and that will be the big focus area for the merged entity.

Moderator: We take the next question from the line of Avi Mehta from Macquarie.

Avi Mehta: Just had a few clarificatory questions. First, if you could just explain the process through which the pricing for this 18.5% promoter stake will be determined and whether there is an exit fee in case the approvals do not fall in place, that is an unlike event, but I still wanted to kind of clarify that. And last clarification, just whether the marketing and innovation functions for KFC is this more a temporary arrangement and will they also eventually move? Is that also part of this agreement? Just any clarification or were there any thoughts on that? That is it?

Manish Dawar: So, Avi. let me answer the easier one first. So marketing and innovation for KFC will continue with Yum and there is nothing as part of the current agreement. On the other piece that you mentioned, I think I will request Sumeet to kind of come in for that.

Sumeet Narang: Yes. So I think on the 18.5% promoter to promoter stake sale, it will conclude between 3 to 15 months on a mutually agreeable basis. It could be pre-approval of NCLT post basis bilateral arrangements. And I think the pricing, there has been a floor price set between the two parties of INR 280 which is driven by both the fairness valuation, which was around that level and the 90-day average as well. And then I think exact closing is bilateral between the two promoter entities, which could be anytime between 3 to 15 months from now from the date of signing and approval of the transaction.

Avi Mehta: And what is the exit fee bit, Sumeet? Is there any? In case the approvals do not pan out for any reason?

Sumeet Narang: I think there is nothing attached, there is no exit fee in that sense.

Avi Mehta: Got it. Manish, just one last bit, if I may ask you on the costs synergies versus what is being paid to Yum, the contrast. Just wanted to understand how you look at it. So we are looking at a payout of INR320 crore odd to Yum for this merger. And the synergies, which will eventually occur to us is only about INR210 crore to INR220 crore. If you

could help us explain, how should we look at this? Is this correct to contrast and say that a lot of the synergy are going away or is the INR320 already part of that factoring in? So your thoughts on that would be helpful?

Manish Dawar: So Avi, INR320 crore, the fee that we are going to be paying to Yum, that is a onetime payment, whereas synergies will accrue year after year for the entire whatever lifespan of the business. So therefore, it is not a right comparison, and therefore, from your perspective, maybe you can say the entire merger cost is a consideration of the share swap plus whatever, INR320 crore of fee. And this will also get capitalized.

Moderator: We take the next question from the line of Percy Panthaki from IIFL Securities.

Percy Panthaki: My question is on KFC. Last several quarters, the SSSG for the brand has been quite weak and the numbers have been similar within a small band for Devyani and Sapphire SSSG for KFC, given that you are not taking over any new functions like marketing, innovation, tech, etc., for KFC. How will this merger help you accelerate the SSSG for the KFC brand?

Manish Dawar: Percy, see, as I mentioned for KFC also, we are going to be taking over technology and SCM in due course of time. And today, let us say, if you look at KFC for both the businesses, close to 45% of the business gets home consumed or home delivered. And there technology has a huge role to play. And hence, we are trying to sort that piece out by having a unified strategy on technology for all of our brands. So we feel it is going to definitely help us in terms of driving the top line. At the same time, we have been engaged in this deal for a while now, it does kind of defocus a little bit from the core proposition with having this done already, we will kind of get back on the SSSG numbers also on the fundamentals of the business. So therefore, we feel very, very confident that we will be able to kind of recover more and deliver more versus where we are today. And again, we think that the current headwinds are temporary in nature are cyclical with whatever is happening in the economy and therefore, we should be able to come out of that very shortly.

Percy Panthaki: Got it. Secondly, on the synergies of INR210 crore to INR225 crore, which you have mentioned, which you said is a net number because you are going to spend more also as you are taking over some functions from Yum! So this is the number after that additional expense which will come in. Would you be able to give some idea on the quantum of these additional expenses? So what I am trying to see is what is the gross versus the net synergies? And also some breakup of this, like how much is going to come from a royalty reduction, how much from corporate overhead, how much from logistics, etc.? Any kind of flavor, if not the exact number?

Manish Dawar: Fine. So we will not be able to give you the exact numbers but let me tell you how it

kind of works. If you look at the G&A between the two companies, obviously, that is an opportunity area, and we have made some assumptions. Obviously, when we are integrating the two companies, there will be some costs. At the same time, as you indicated that not only that we are supposed to take over some people from Yum! in terms of the functions that we are going to be taking over, we also need to build leadership capabilities in those functional areas. I have already indicated that we are close to finalizing a global technology vendor who will help us in this transformation journey. So that will also cost money. So all of these are costs, all of this is in the pipeline. We have just concluded our agreement stages, we have just announced. We will have to get into the details. We have not kind of crystallized every last penny because we have not engaged at that level. So in due course we will come back and give you all the answers. We feel confident that we will be able to deliver these synergies by way of G&A, by way of additional Yum! incentives, by way of additional negotiations on the procurement costs and so on and so forth. And again, I think we also heard some feedback from the market that people are not very clear in terms of when these synergies will be realized. So we are expecting in the first year post-merger approval, we will be able to realize a substantial part of the synergy. Our estimate is that number will be close to 60%. And in the second year, we will be able to realize the balance amount of synergies. So within 2 years post-merger, we will be able to realize 100% of the synergies that we have already indicated.

Percy Panthaki: And would the gross synergies in the ballpark be about 1.5x the net synergies? Or I mean, is that more or less in the ballpark?

Manish Dawar: It will be lower than that, but not 1.5x. Remember that the two businesses are very, very similar to each other. If you look at the asset footprint, if you look at our systems, processes, everything it is very, very complementary to each other. So I think from an integration point of view, this is probably, I would say, one of the best mergers in the history that it is such a complementary set of assets and complementary set of people as well as the processes as well as the IT systems and all that the gross cost is not going to be huge.

Percy Panthaki: No, I was just asking because some of the Yum! functions you will be bearing the cost now. So from that point of view, I was asking.

Manish Dawar: Yes, yes. So we have netted that off already.

Moderator: We take the next question from the line of Gaurav Jogani from JM Financial.

Gaurav Jogani: My question is with regards to the incentives, specifically with regards to the Pizza Hut. Are these incentives for a limited period of time and post which, once things are in order, proper in shape, will these incentives kind of go away?

Manish Dawar: So, Gaurav, we have incentives for a period of 10 years. And I think in your model beyond 10 years, the NPV, I guess, will be zero. So therefore, I mean, these are long-term. These are here because as I said, Yum! is equally serious as we are in terms of turning around the Pizza Hut business. And they have really kind of helped us and supported us in putting the entire thing together, so that we are able to kind of make sure that Pizza Hut comes back to its old glorious days, and it starts to do extremely well. Similarly, on KFC also the fact that we are going to be taking over supply chain and technology shows a very positive kind of momentum from Yum! side. So these are all here for the long-term.

Gaurav Jogani: Sure. And, just a follow-up on the Pizza Hut bit, Yum! has globally taken a strategic call to review the Pizza Hut as a business. So would that, in anyways, have any effect on the Pizza Hut business going forward?

Manish Dawar: Gaurav, in our understanding, because we are not privy to whatever their negotiations or contracts or stated positions are. But typically, let us say, in these situations, the current agreements and the current negotiations are protected. And therefore, hopefully, there should not be any impact on us, but we are not privy to what their negotiations are.

Moderator: We take the last question from the line of Athar Syed from Smartsync Services.

Athar Syed: Just wanted to know, going forward, what would be our strategy after 1 or 2 years later, let us assume, like, where do we focus mainly in online or offline? Like recently, I read some QSR companies and many other companies are getting good growth in online and facing some headwinds in offline stores. So can you please throw some light on this?

Manish Dawar: So, Athar, as I said before, we will not be able say anything because we are not allowed to engage very closely at this stage of the merger announcement. And hence, we will not be able to present to you right now in terms of what our strategy post-merger will be. Once we have some fundamental approvals in place, that is where we will engage. We will discuss the merged company synergies, and we can come back to you in terms of what the synergies are, what the future strategy is, what the plans are, how are we going to be handling every brand. So, that will happen in due course of time. As you know that the entire merger approval process is going to take about 12 months' time, so it could be anywhere from 9 months to 15 months. And I think that is the time that we will utilize for defining the structure, the organization, the strategies and all of those things.

Athar Syed: And, sir, can you please throw some light on the part that company has a higher level of debt compared to Sapphire Foods, and our debt-to-equity ratio is also higher. It

would be helpful to understand the reasons behind this difference?

Manish Dawar: So, as you know, let us say, whatever the market cap is, that takes into account the debt which sits on both the balance sheets. And if at all, let us say, when we merge, the balance sheet will become even stronger versus where we are today. And even from a Devyani standalone perspective, the debt is a small number. So it is not a high amount of gearing that there is any concern. So therefore, that to us is not a big concern area in any case.

Moderator: Thank you. Ladies and gentlemen, with that, we conclude the question-and-answer session. I now hand the conference over to the management for their closing comments.

Manish Dawar: Thank you very much.

Raj Gandhi: Thank you, everyone, for participating in our Investors' Call. I am sure the management was able to address the finer points of the merger and clarify any doubts you may have had. If you still have any questions, you are most welcome to contact the Investor Relations department of the company. Once again, 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.