**PROSPECTUS**
Dated August 9, 2021
*Please read Section 32 of the Companies Act, 2013*
**100% Book Built Offer**

# DEVYANI INTERNATIONAL LIMITED

Our Company was originally incorporated as 'Universal Ice Creams Private Limited' at New Delhi as a private limited company under the Companies Act, 1956, pursuant to the certificate of incorporation dated December 13, 1991 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi ("**RoC**"). Subsequently, the name of our Company was changed to 'Devyani International Private Limited' and a fresh certificate of incorporation dated June 7, 2000, was issued by the RoC. Thereafter, our Company was converted into a public limited company and consequently the name of our Company was changed to 'Devyani International Limited' and a fresh certificate of incorporation dated May 9, 2005 was issued by the RoC. For details in relation to the changes in the registered office of our Company, see "*History and Certain Corporate Matters*" beginning on page 166.

**Registered Office**: F-2/7, Okhla Industrial Area, Phase-I, New Delhi 110 020, India; **Tel**: 011 4170 6720; **Website**: www.dil-rjcorp.com;
**Corporate Office**: Plot No. 18, Sector-35, Gurugram 122 004, Haryana, India;
**Contact Person**: Anil Dwivedi, Company Secretary and Compliance Officer; **E-mail**: companysecretary@dil-rjcorp.com;
**Corporate Identity Number**: U15135DL1991PLC046758

**OUR PROMOTERS: RAVI KANT JAIPURIA, VARUN JAIPURIA AND RJ CORP LIMITED**

**INITIAL PUBLIC OFFER OF 204,222,218* EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH ("EQUITY SHARES") OF DEVYANI INTERNATIONAL LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ 90 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 89 PER EQUITY SHARE) AGGREGATING UP TO ₹ 18,380 MILLION COMPRISING A FRESH ISSUE OF 48,888,888* EQUITY SHARES AGGREGATING UP TO ₹ 4,400 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 155,333,330* EQUITY SHARES AGGREGATING UP TO ₹ 13,980 MILLION, COMPRISING 65,333,330* EQUITY SHARES AGGREGATING UP TO ₹ 5,880 MILLION BY DUNEARN INVESTMENTS (MAURITIUS) PTE. LTD. ("DUNEARN" OR "INVESTOR SELLLING SHAREHOLDER") (SUCH EQUITY SHARES OFFERED BY DUNEARN, "DUNEARN OFFERED SHARES") AND 90,000,000* EQUITY SHARES AGGREGATING UP TO ₹ 8,100 MILLION BY RJ CORP LIMITED ("RJ CORP" OR "PROMOTER SELLING SHAREHOLDER", TOGETHER WITH THE INVESTOR SELLING SHAREHOLDER, THE "SELLING SHAREHOLDERS") (SUCH EQUITY SHARES OFFERED BY RJ CORP, THE "RJ CORP OFFERED SHARES", TOGETHER WITH DUNEARN OFFERED SHARES, "OFFERED SHARES") (SUCH OFFER BY THE SELLING SHAREHOLDERS, THE "OFFER FOR SALE" AND TOGETHER WITH THE FRESH ISSUE, "THE OFFER").**

**THE OFFER INCLUDES A RESERVATION OF 550,000* EQUITY SHARES, AGGREGATING UP TO ₹ 49.50 MILLION CONSTITUTING 0.04% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL), FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS "NET OFFER". THE OFFER AND NET OFFER SHALL CONSTITUTE 16.98% AND 16.94%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.**

**THE FACE VALUE OF EQUITY SHARES IS ₹ 1 EACH. THE OFFER PRICE IS 90 TIMES THE FACE VALUE OF THE EQUITY SHARES.**

**** SUBJECT TO FINALISATION OF THE BASIS OF ALLOTMENT***

The Offer was made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75 % of the Net Offer was available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**", the "**QIB Portion**"), provided that our Company and the Selling Shareholders have, in consultation with the Lead Managers, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("**Anchor Investor Portion**"), of which one-third was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. Further, 5% of the QIB Portion (excluding Anchor Investor Portion) ("**Net QIB Portion**") was available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion was available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids having been received at or above the Offer Price. However, if the aggregate demand from Mutual Funds was less than 5% of the Net QIB Portion, the balance Equity Shares was available for allocation in the Mutual Fund Portion which was to be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not more than 15% of the Net Offer was available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Net Offer was available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received at or above the Offer Price. Further, Equity Shares were allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids having been received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) were required to mandatorily utilise the Application Supported by Blocked Amount ("**ASBA**") process providing details of their respective ASBA accounts, and UPI ID in case of RIBs using the UPI Mechanism, if applicable, in which the corresponding Bid Amounts were blocked by the SCSBs or by the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. Anchor Investors were not permitted to participate in the Offer through the ASBA process. For details, see "*Offer Procedure*" beginning on page 396.

**RISKS IN RELATION TO THE FIRST OFFER**

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 1. The Offer Price (determined by our Company and the Selling Shareholders in consultation with the Lead Managers and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process), as stated under "*Basis for Offer Price*" beginning on page 102 should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISK**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to "*Risk Factors*" beginning on page 27.

**ISSUER`S AND THE SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY**

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, Investor Selling Shareholder, accepts responsibility only for and confirms (only to the extent of the information in the statements specifically confirmed or undertaken by it as a selling shareholder and the Dunearn Offered Shares in this Prospectus) that such statements are true and correct in all material respects and not misleading in any material respect. The Promoter Selling Shareholder accepts responsibility only for and confirms (only to the extent of the information in the statements specifically confirmed or undertaken by it as a selling shareholder and the RJ Corp Offered Shares in this Prospectus) that such statements are true and correct in all material respects and not misleading in any material respect. The Investor Selling Shareholder does not assume any responsibility for any other statements including *inter alia*, any statement made by or relating to our Company or the Promoter Selling Shareholder or in relation to our Company's business in this Prospectus. Further, the Promoter Selling Shareholder does not assume any responsibility for any other statements including, *inter alia*, any statement made by or relating to our Company or the Investor Selling Shareholder or in relation to our Company's business in this Prospectus.

**LISTING**

The Equity Shares offered through the Red Herring Prospectus and this Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated May 28, 2021 and June 18, 2021, respectively. For the purposes of the Offer, the Designated Stock Exchange is NSE. A signed copy of the Red Herring Prospectus has been and a signed copy of this Prospectus shall be delivered to the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/Offer Closing Date, see "*Material Contracts and Documents for Inspection*" beginning on page 425.

| GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS | | | BOOK RUNNING LEAD MANAGER | REGISTRAR TO THE OFFER |
|---|---|---|---|---|
| **Kotak Mahindra Capital Company Limited**<br>1st Floor, 27 BKC<br>Plot No. C-27, 'G' Block<br>Bandra Kurla Complex, Bandra (East)<br>Mumbai 400 051<br>Maharashtra, India<br>Tel: +91 22 4336 0000<br>E-mail: dil.ipo@kotak.com<br>Investor Grievance E-mail: kmccredressal@kotak.com<br>Website: www.investmentbank.kotak.com<br>Contact Person: Ganesh Rane<br>SEBI Registration Number: INM000008704 | **CLSA India Private Limited**<br>8/F Dalamal House<br>Nariman Point<br>Mumbai 400 021<br>Maharashtra, India<br>Tel: +91 22 6650 5050<br>E-mail: devyani.ipo@clsa.com<br>Investor Grievance E-mail: investor.helpdesk@clsa.com<br>Website: www.india.clsa.com<br>Contact Person: Rahul Choudhary<br>SEBI Registration No.: INM000010619 | **Edelweiss Financial Services Limited**<br>6th Floor, Edelweiss House<br>Off C.S.T. Road, Kalina<br>Mumbai 400 098<br>Maharashtra, India<br>Tel: +91 22 4009 4400<br>E-mail: dil.ipo@edelweissfin.com<br>Investor Grievance E-mail: customerservice.mb@edelweissfin.com<br>Website: www.edelweissfin.com<br>Contact Person: Malay Shah/ Nikhil Joshi<br>SEBI Registration No.: INM0000010650 | **Motilal Oswal Investment Advisors Limited**<br>Motilal Oswal Tower, Rahimtullah, Sayani Road, Opposite Parel ST Depot<br>Prabhadevi, Mumbai 400 025<br>Maharashtra, India<br>Tel: +91 22 7193 4380<br>E-mail: devyani.ipo@motilaloswal.com<br>Website: www.motilaloswalgroup.com<br>Investor Grievance E-mail: moiaplredressal@motilaloswal.com<br>Contact Person: Subodh Mallya<br>SEBI Registration No.: INM000011005 | **Link Intime India Private Limited**<br>C 101, 247 Park<br>L.B.S. Marg<br>Vikhroli (West)<br>Mumbai 400 083<br>Maharashtra, India<br>Tel: +91 22 4918 6200<br>E-mail: devyani.ipo@linkintime.co.in<br>Website: www.linkintime.co.in<br>Investor grievance E-mail: devyani.ipo@linkintime.co.in<br>Contact Person: Shanti Gopalkrishnan<br>SEBI Registration No.: INR000004058 |

| BID/OFFER PROGRAMME | |
|---|---|
| **BID/OFFER OPENED ON*** | **Wednesday, August 4, 2021** |
| **BID/OFFER CLOSED ON** | **Friday, August 6, 2021** |

** The Anchor Investor Bid/Offer Period was one Working Day prior to the Bid/Offer Opening Date i.e. August 3, 2021.*

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## SECTION I: GENERAL

## DEFINITIONS AND ABBREVIATIONS

*This Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented or re-enacted from time to time, and any reference to a statutory provision shall include any subordinate legislation framed from time to time under that provision.*

*The words and expressions used in this Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, 2013, the SCRA, the Depositories Act and the rules and regulations framed thereunder. Notwithstanding the foregoing, the terms used in "Basis for Offer Price", "Statement of Special Direct Tax Benefits", "Statement of Special Indirect Tax Benefits", "Industry Overview", "Key Regulations and Policies in India", "Restated Consolidated Financial Statements", "Outstanding Litigation and Material Developments", "Government and Other Approvals", "Offer Procedure" and "Main Provisions of Articles of Association" beginning on pages 102, 105, 109, 113, 161, 205, 359, 370, 396 and 412 respectively shall have the meaning ascribed to them in the relevant section.*

### General Terms

| Term | Description |
|---|---|
| "our Company", "the Company", "the Issuer", "DIL" | Devyani International Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at F-2/7, Okhla Industrial Area, Phase-I, New Delhi 110 020, India |
| "we", "us", "our" or "Group" | Unless the context otherwise indicates or implies, refers to our Company and our Subsidiaries |

### Company Related Terms

| Term | Description |
|---|---|
| Amendment Agreement to TLA and TMA | Amendment agreement dated May 14, 2021 entered into between our Company and Yum India in relation to various TLAs and TMAs and other business arrangements entered into with Yum India |
| Amended KFC DA | Amendment dated July 5, 2021 to the KFC DA entered into between our Company and Yum India |
| "Articles of Association" or "AoA" | Articles of association of our Company, as amended |
| Audit, Risk Management and Ethics Committee | Audit, risk management and ethics committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations and as described in "*Our Management*" beginning on page 176 |
| "Auditors" or "Joint Statutory Auditors" or "Statutory Auditors" | APAS & Co. LLP, Chartered Accountants and Walker Chandiok & Co LLP, Chartered Accountants, the joint statutory auditors of our Company |
| "Board" or "Board of Directors" | Board of directors of our Company or a duly constituted committee thereof |
| Chellarams | Chellarams Plc |
| "Chief Financial Officer" or "CFO" | Chief financial officer of our Company, Manish Dawar |
| Company Secretary and Compliance Officer | Company secretary and compliance officer of our Company, Anil Dwivedi |
| Corporate Office | Plot No. 18, Sector-35, Gurugram 122 004, Haryana, India |
| Corporate Promoter | RJ Corp Limited |
| Corporate Social Responsibility Committee | Corporate social responsibility committee of our Company constituted in accordance with the applicable provisions of the Companies Act, 2013 and as described in "*Our Management*" beginning on page 176 |
| Costa | Costa International Limited |
| Costa IDA | An international development agreement entered into between our Company and Costa International Limited dated September 28, 2004 amended subsequently by a deed of variation dated January 28, 2010 and certain letters including the supplemental letters dated June 24, 2013, and February 14, 2018 |
| Costa Term Sheet | A non-binding head of terms entered into between our Company and Costa |
| DASMPL | Devyani Airport Services (Mumbai) Private Limited |
| DFIL | Devyani Food Industries Limited |
| DFSPL | Devyani Food Street Private Limited |
| DINL | Devyani International (Nigeria) Limited |

| Term | Description |
|---|---|
| DINPL | Devyani International Nepal Private Limited |
| DIUPL | Devyani International (UK) Private Limited*<br>** Our Company divested its stake in DIUPL with effect from February 17, 2021 and as on the date of this Prospectus, DIUPL is not our Subsidiary.* |
| Director(s) | Directors on our Board |
| DLPL | Diagno Labs Private Limited |
| Dunearn | Dunearn Investments (Mauritius) Pte. Ltd. |
| Dunearn SHA | Shareholders' Agreement dated September 30, 2014 entered into by and among our Company, Dunearn, RJ Corp, Ravi Kant Jaipuria, Varun Jaipuria, Devyani Enterprises Private Limited and Devyani Overseas Private Limited read with amendment agreement dated December 19, 2014 entered into by and among our Company, Dunearn, RJ Corp, Ravi Kant Jaipuria, Varun Jaipuria, Devyani Enterprises Private Limited and Devyani Overseas Private Limited |
| Dunearn Shareholders' Amendment-cum-Termination Agreement | Amendment-cum-termination agreement dated May 14, 2021, entered into by and among our Company, Dunearn, RJ Corp, Ravi Kant Jaipuria, Varun Jaipuria |
| Dunearn SSA | Share Subscription Agreement dated September 30, 2014 entered into by and among our Company, Dunearn, RJ Corp, Ravi Kant Jaipuria, Varun Jaipuria, Devyani Enterprises Private Limited and Devyani Overseas Private Limited |
| Dunearn SSA II | Share Subscription Agreement dated December 19, 2014 entered into by and among our Company, Dunearn, RJ Corp, Ravi Kant Jaipuria, Varun Jaipuria, Devyani Enterprises Private Limited and Devyani Overseas Private Limited |
| Equity Shares | Equity shares of face value of ₹ 1 each of our Company |
| ESOP 2011 | Devyani International Limited – Employee Stock Option Scheme, 2011 |
| ESOP 2018 | Devyani International Limited – Employee Stock Option Scheme, 2018 |
| ESOP 2021 | Devyani International Limited – Employee Stock Option Scheme, 2021 |
| ESOP Schemes | Collectively, ESOP 2011, ESOP 2018 and ESOP 2021 |
| Group Companies | Collectively, VBL, Chellarams, VBNPL, DFIL, DLPL, LHL, PCL, MMIPL, SVS India, MFGPL and AIPL |
| Independent Directors | Independent directors on our Board |
| Individual Promoters | Ravi Kant Jaipuria and Varun Jaipuria |
| Investor Selling Shareholder | Dunearn |
| IPO Committee | IPO committee of our Board |
| "Key Managerial Personnel" or "KMP" | Key managerial personnel of our Company shall have the meaning as set out under Regulation 2(1)(bb) of the SEBI ICDR Regulations as described in "*Our Management – Key Managerial Personnel*" on page 190 |
| KFC DA | Development agreement dated April 18, 2021 which is effective from January 1, 2019, and the letter agreement dated June 15, 2019 entered into with Yum India |
| KFC International | Kentucky Fried Chicken International Holdings LLC |
| KFC LSA | Licensee shareholders' agreement dated February 23, 2017 in connection with KFC outlets entered into by and among Ravi Kant Jaipuria and Sons (HUF), Devyani Enterprises Private Limited, Devyani Overseas Private Limited, RJ Corp and Yum India |
| KFC TLA(s) | Technology license agreement(s) entered into between our Company and Yum India to conduct and operate each KFC store |
| KFC TMA(s) | Trademark license agreement(s) entered into between our Company and KFC International for use of trademarks, copyrights, patents and other intellectual property under the KFC brand, that are required to operate our KFC stores |
| LHL | Lineage Healthcare Limited |
| LSA Amendment Agreement | Amendment agreement dated May 14, 2021 entered into by and among our Company, RJ Corp, Ravi Kant Jaipuria, Khandwala Finstock Private Limited, Capital India Corp LLP, Manju Dawar, Raghav Gupta, and Yum India in relation to the LSAs |
| LSAs | Collectively, KFC LSA and PH LSA |
| Material Subsidiary | RVEPL |
| "Memorandum of Association" or "MoA" | Memorandum of association of our Company, as amended |
| "MFGPL" or "Joint Venture" | The Minor Food Group (India) Private Limited* |

| Term | Description |
|---|---|
| | **Our Company divested its stake in MFGPL with effect from March 26, 2021 and as on the date of this Prospectus, MFGPL is not our Joint Venture* |
| MMIPL | Modern Montessori International (India) Private Limited |
| New Pizza Hut DA | New development agreement dated July 5, 2021 entered into between our Company and Yum India for our Pizza Hut stores |
| Nomination and Remuneration Committee | Nomination and remuneration committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations and as described in "*Our Management*" beginning on page 176 |
| Non-Executive Director(s) | Non-executive directors on our Board |
| PCL | Parkview City Limited |
| Pro-forma Financial Information | Pro-forma consolidated balance sheet as at March 31, 2021, March 31, 2020 and March 31, 2019, the pro-forma consolidated statement of profit and loss for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and selected notes thereon.<br>The Pro-forma Financial Information has been compiled by our Company to illustrate the impact of acquisition of 73 KFC stores made during the years ended March 31, 2021, March 31, 2020 and March 31, 2019 from Yum India on the Group's financial position as at March 31, 2020 and March 31, 2019 and its financial performance for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 as if the acquisition had taken place at the beginning of the earliest reported year presented, i.e., April 1, 2018 |
| Pizza Hut DA | Development agreement dated May 11, 2017 entered into between our Company and Yum India, as amended by the first amendment dated April 27, 2018 and second amendment dated November 8, 2019 |
| PH LSA | Licensee shareholders' agreement dated April 19, 2017 in connection with Pizza Hut outlets entered into by and among Ravi Kant Jaipuria and Sons (HUF), Devyani Enterprises Private Limited, Devyani Overseas Private Limited, RJ Corp and Yum India |
| PH TLA(s) | Technology license agreements entered into between our Company and Yum India to operate each Pizza Hut store |
| PH TMA(s) | Trademark license agreements entered into between our Company and Pizza Hut International LLC for use of trademarks, copyrights, patents and other intellectual property under the Pizza Hut brand, that are required to operate our Pizza Hut stores |
| Promoters | Collectively, the Individual Promoters and the Corporate Promoter. For details, see "*Our Promoters and Promoter Group*" on page 192 |
| Promoter Group | Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as disclosed in "*Our Promoters and Promoter Group*" on page 192 |
| Promoter Selling Shareholder | RJ Corp Limited |
| Registered Office | F-2/7, Okhla Industrial Area, Phase-I, New Delhi 110 020, India |
| "Registrar of Companies" or "RoC" | Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi |
| Restated Consolidated Financial Statements | Restated consolidated financial statements of our Company as at and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 comprising the restated consolidated summary statement of assets and liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019, the restated consolidated summary statements of profit and loss and the restated consolidated summary statement of cash flows for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019, together with the summary statement of significant accounting policies, and other explanatory information thereon in accordance with Ind AS and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time |
| RJ Corp | RJ Corp Limited |
| RVEPL | RV Enterprizes Pte. Ltd. |
| Selling Shareholders | Collectively, the Promoter Selling Shareholder and the Investor Selling Shareholder |
| Shareholders | Shareholders of our Company from time to time |
| Stakeholders' Relationship Committee | Stakeholders' relationship committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "*Our Management*" beginning on page 176 |
| Subsidiaries | Collectively, DASMPL, DFSPL, DINL, DINPL, DIUPL* and RVEPL<br>* *Our Company divested its stake in DIUPL with effect from February 17, 2021 and as on the date of this Prospectus, DIUPL is not our Subsidiary* |
| SVS India | S V S India Private Limited |
| TLAs | Collectively, KFC TLAs and PH TLAs |
| TMAs | Collectively, KFC TMAs and PH TMAs |

| Term | Description |
|---|---|
| VBL | Varun Beverages Limited |
| VBNPL | Varun Beverages (Nepal) Private Limited |
| Whole-time Directors | Whole-time directors/ executive directors on our Board |
| Yum India/Yum | Yum Restaurants (India) Private Limited |
| Yum India SHA | Shareholders' Agreement dated December 11, 2019 entered into by and among our Company, Yum India, RJ Corp, Ravi Jaipuria and Sons (HUF), Varun Jaipuria, Dunearn |
| Yum India Shareholders' Amendment-cum-Termination Agreement | Amendment-cum-Termination Agreement dated May 14, 2021, entered into by and among our Company, Yum India, RJ Corp, Ravi Kant Jaipuria, Varun Jaipuria and Dunearn |
| Yum India SSA | Share Subscription Agreement dated December 11, 2019 entered into by and among our Company, Yum India, RJ Corp, Ravi Jaipuria and Sons (HUF), Varun Jaipuria |

**Offer Related Terms**

| Term | Description |
|---|---|
| Acknowledgement Slip | The slip or document issued by the relevant Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form |
| Addendum | The addendum dated August 1, 2021 to the Red Herring Prospectus |
| "Allot" or "Allotment" or "Allotted" | Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the respective portion of the Offered Shares pursuant to the Offer for Sale to the successful Bidders |
| Allotment Advice | A note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange |
| Allottee | A successful Bidder to whom the Equity Shares are Allotted |
| Anchor Investor | A Qualified Institutional Buyer, who applied under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who has Bid for an amount of at least ₹100 million |
| Anchor Investor Allocation Price | ₹ 90 per Equity Share |
| Anchor Investor Application Form | The application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which was considered as an application for Allotment in terms of the Red Herring Prospectus and this Prospectus |
| Anchor Investor Bid/Offer Period | August 3, 2021, being one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors were submitted and allocation to the Anchor Investors was completed |
| Anchor Investor Offer Price | ₹ 90 per Equity Share<br>The Anchor Investor Offer Price was decided by our Company and the Selling Shareholders, in consultation with the Lead Managers |
| Anchor Investor Portion | 60% of the QIB Portion, or 91,652,499* Equity Shares which was allocated by our Company and the Selling Shareholders, in consultation with the Lead Managers, to the Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations.<br>One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations<br>* *Subject to finalisation of the Basis of Allotment* |
| "Application Supported by Blocked Amount" or "ASBA" | An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorising an SCSB to block the Bid Amount in the ASBA Account and included applications made by RIBs using the UPI Mechanism where the Bid Amount was blocked upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism |
| ASBA Account | A bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of an RIB which was blocked upon acceptance of a UPI Mandate Request made by the RIBs using the UPI Mechanism |
| ASBA Bid | A Bid made by an ASBA Bidder |
| ASBA Bidders | All Bidders except Anchor Investors |
| ASBA Form | An application form, whether physical or electronic, used by ASBA Bidders to submit Bids, which was considered as the application for Allotment in terms of the Red Herring Prospectus and this Prospectus |

| Term | Description |
|---|---|
| Banker(s) to the Offer | Collectively, Escrow Collection Bank(s), Public Offer Bank(s), Sponsor Bank(s) and Refund Bank(s), as the case may be |
| Basis of Allotment | Basis on which Equity Shares will be Allotted to successful Bidders under the Offer as described in "*Offer Procedure*" beginning on page 396 |
| Bid | An indication to make an offer during the Bid/ Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/ Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term "Bidding" shall be construed accordingly |
| Bid Amount | The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such RIBs and mentioned in the Bid cum Application Form and paid by the Bidder or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of the Bid.<br>However, Eligible Employees who applied in the Employee Reservation Portion could apply at the Cut-off Price and the Bid amount was Cap Price, multiplied by the number of Equity Shares Bid for by such Eligible Employee and mentioned in the Bid cum Application Form |
| Bid cum Application Form | Anchor Investor Application Form or the ASBA Form, as the context requires |
| Bid Lot | 165 Equity Shares and in multiples of 165 Equity Shares thereafter |
| Bid/Offer Closing Date | Except in relation to any Bids received from the Anchor Investors, August 6, 2021 |
| Bid/ Offer Opening Date | Except in relation to any Bids received from the Anchor Investors, August 4, 2021 |
| Bid/ Offer Period | Except in relation to Anchor Investors, the period between August 4, 2021 and August 6, 2021, inclusive of both days |
| Bidder | Any investor who made a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor |
| Bidding Centres | The centres at which the Designated Intermediaries accepted the Bid cum Application Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs |
| "Book Running Lead Manager" or "BRLM" | Motilal Oswal |
| Book Building Process | Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made |
| Broker Centres | The broker centres notified by the Stock Exchanges where ASBA Bidders could have submitted the ASBA Forms to a Registered Broker.<br>The details of such Broker Centres, along with the names and the contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) |
| "CAN" | Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on or after the Anchor Investor Bid/ Offer Period |
| Cap Price | ₹ 90 per Equity Share |
| Cash Escrow and Sponsor Bank Agreement | Agreement dated July 26, 2021 entered amongst our Company, the Selling Shareholders, the Lead Managers, Syndicate Members, the Bankers to the Offer and Registrar to the Offer, *inter alia*, for collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, remitting refunds of the amounts collected from Bidders, on the terms and conditions thereof |
| Client ID | The client identification number maintained with one of the Depositories in relation to demat account |
| CLSA | CLSA India Private Limited |
| "Collecting Depository Participant" or "CDP" | A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who was eligible to procure Bids from relevant Bidders at the Designated CDP Locations in terms of the SEBI circular number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of BSE and NSE, as updated from time to time |
| Cut-off Price | The Offer Price being ₹ 90 per Equity Share, finalised by our Company and the Selling Shareholders, in consultation with the Lead Managers.<br>Only Retail Individual Bidders Bidding in the Retail Portion, Eligible Employees Bidding under the Employee Reservation Portion were entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders were not entitled to Bid at the Cut-off Price |
| Demographic Details | Details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation, bank account details and UPI ID, wherever applicable |

| Term | Description |
|---|---|
| Designated Branches | Such branches of the SCSBs which collected the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time |
| Designated CDP Locations | Such locations of the CDPs where Bidders could have submitted the ASBA Forms.<br><br>The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time |
| Designated Date | The date on which funds from the Escrow Account(s) are transferred to the Public Offer Account(s) or the Refund Account(s), as appropriate, and the relevant amounts blocked in the ASBA Accounts are transferred to the Public Offer Account(s) and /or are unblocked, as applicable, in terms of the Red Herring Prospectus and this Prospectus, after finalization of the Basis of Allotment in consultation with the Designated Stock Exchange, following which the Equity Shares may be Allotted to successful Bidders in the Offer |
| Designated Intermediary(ies) | In relation to ASBA Forms submitted by RIBs (not using the UPI mechanism) by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs.<br><br>In relation to ASBA Forms submitted by RIBs where the Bid Amount was blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs.<br><br>In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs |
| Designated RTA Locations | Such locations of the RTAs where Bidders could have submitted the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms were available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time |
| Designated Stock Exchange | NSE |
| "Draft Red Herring Prospectus" or "DRHP" | The draft red herring prospectus dated May 14, 2021 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer |
| Dunearn Offered Shares | 65,333,330* Equity Shares aggregating up to ₹ 5,880 million offered by Dunearn in the Offer for Sale<br><br>** Subject to finalisation of the Basis of Allotment* |
| Edelweiss | Edelweiss Financial Services Limited |
| Eligible Employee(s) | All or any of the following: (a) a permanent employee of our Company (excluding such employees who are not eligible to invest in the Offer under applicable laws) as of the date of filing of the Red Herring Prospectus with the RoC and who continued to be a permanent employee of our Company, until the submission of the Bid cum Application Form; and (b) a Director of our Company, whether whole time or not, who was eligible to apply under the Employee Reservation Portion under applicable law as on the date of the Red Herring Prospectus with the RoC and who continued to be a Director of our Company, until the submission of the Bid cum Application Form, but not including Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding Equity Shares of our Company. |
| Eligible NRI(s) | NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares |
| Employee Reservation Portion | The portion of the Offer being 550,000* Equity Shares, aggregating up to ₹ 49.50 million available for allocation to Eligible Employees, on a proportionate basis. Such portion does exceed 5% of the post-Offer Equity Share capital of the Company<br><br>** Subject to finalisation of the Basis of Allotment* |
| Escrow Account(s) | The account(s) opened with the Escrow Collection Bank and in whose favour the Anchor Investors transferred money through NACH/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid |
| Escrow Collection Bank | Bank which is a clearing member and registered with SEBI as a banker to an issue under the SEBI BTI Regulations and with whom the Escrow Accounts have been opened, in this case being Axis Bank Limited |
| First Bidder or Sole Bidder | Bidder whose name was mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name appeared as the first holder of the beneficiary account held in joint names |
| Floor Price | ₹ 86 per Equity Share |
| Fresh Issue | Fresh issue of 48,888,888* Equity Shares aggregating up to ₹ 4,400 million by our Company<br><br>** Subject to finalisation of the Basis of Allotment* |

| Term | Description |
|---|---|
| Fugitive Economic Offender | An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018 |
| "Global Coordinators and Book Running Lead Managers" or "GCBRLMs" | The global coordinators and book running lead managers to the Offer, namely, Kotak, CLSA and Edelweiss |
| "General Information Document" or "GID" | The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the Lead Managers |
| Kotak | Kotak Mahindra Capital Company Limited |
| Monitoring Agency | Axis Bank Limited |
| "Lead Managers" or "LMs" | Collectively, GCBRLMs and BRLM |
| Monitoring Agency Agreement | Agreement dated July 23, 2021 entered between our Company and the Monitoring Agency |
| Motilal Oswal | Motilal Oswal Investment Advisors Limited |
| Mutual Fund Portion | 5% of the Net QIB Portion, or 3,055,084* Equity Shares which was available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids having been received at or above the Offer Price<br>** Subject to finalisation of the Basis of Allotment* |
| Net Offer | The Offer less than Employee Reservation Portion |
| Net Proceeds | Proceeds of the Fresh Issue less our Company's share of the Offer expenses. For further details regarding the use of the Net Proceeds and the Offer expenses, see "*Objects of the Offer*" beginning on page 96 |
| Net QIB Portion | The portion of the QIB Portion less the number of Equity Shares Allocated to the Anchor Investors |
| "Non-Institutional Bidders" or "Non-Institutional Investors" | All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs) |
| Non-Institutional Portion | The portion of the Offer being not more than 15% of the Net Offer consisting of 30,550,832* Equity Shares which was available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids having been received at or above the Offer Price<br>** Subject to finalisation of the Basis of Allotment* |
| Non-Resident | Person resident outside India, as defined under FEMA and includes a non-resident Indian, FVCIs and FPIs |
| Offer | The initial public offer of Equity Shares comprising the Fresh Issue and the Offer for Sale. The Offer comprises of the Net Offer and Employee Reservation Portion |
| Offer Agreement | Agreement dated May 14, 2021 entered amongst our Company, the Selling Shareholders and the Lead Managers, pursuant to which certain arrangements have been agreed to in relation to the Offer |
| Offer for Sale | The offer for sale of 65,333,330* Equity Shares aggregating up to ₹ 5,880 million by Dunearn and 90,000,000* Equity Shares aggregating up to ₹ 8,100 million by RJ Corp<br>** Subject to finalisation of the Basis of Allotment* |
| Offer Price | ₹ 90 per Equity Share.<br>The Offer Price has been decided by our Company and the Selling Shareholders, in consultation with the Lead Managers, on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus. |
| Offer Proceeds | The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see "*Objects of the Offer*" beginning on page 96 |
| Offered Shares | Collectively, Dunearn Offered Shares and RJ Corp Offered Shares |
| Price Band | The price band of a minimum price of ₹ 86 per Equity Share (Floor Price) and the maximum price of ₹ 90 per Equity Share (Cap Price). |
| Pricing Date | The date on which our Company and the Selling Shareholders, in consultation with the Lead Managers, finalised the Offer Price, August 9, 2021 |
| Prospectus | This prospectus dated August 9, 2021 filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013 and the SEBI ICDR Regulations containing, *inter alia*, the Offer Price that was determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto |
| Public Offer Account | Bank account to be opened with the Public Offer Bank, under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account and ASBA Accounts on the Designated Date |
| Public Offer Bank | The bank with which the Public Offer Account(s) has been opened, in this case being Axis Bank Limited |
| QIB Portion | The portion of the Offer (including the Anchor Investor Portion) being not less than 75% of the Net Offer comprising 152,754,165* Equity Shares which were allocated to QIBs (including Anchor Investors), on a |

| Term | Description |
| --- | --- |
| | proportionate basis, (in which allocation to Anchor Investors was on a discretionary basis, as determined by our Company and the Selling Shareholders in consultation with the Lead Managers), subject to valid Bids having been received at or above the Offer Price<br>** Subject to finalisation of the Basis of Allotment* |
| Qualified Institutional Buyers or QIBs or QIB Bidders | Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations |
| Red Herring Prospectus or RHP | The red herring prospectus dated July 26, 2021 filed by our Company in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which did not have complete particulars of the Offer Price and the size of the Offer, read with the Addendum. |
| Refund Account | Account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made |
| Refund Bank | Bank which is a clearing member and registered with SEBI as a banker to an issue under the SEBI BTI Regulations and with whom the Refund Account has been opened, in this case being Axis Bank Limited |
| Registered Brokers | Stock brokers registered with SEBI and the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids in terms of the SEBI circular number CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI |
| Registrar Agreement | Agreement dated May 14, 2021 entered by and amongst our Company, the Selling Shareholders and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar pertaining to the Offer |
| “Registrar and Share Transfer Agents” or “RTAs” | Registrar and share transfer agents registered with SEBI and eligible to procure Bids from relevant Bidders at the Designated RTA Locations as per the list available on the websites of BSE and NSE, and the UPI Circulars |
| “Registrar to the Offer” or “Registrar” | Link Intime India Private Limited |
| RJ Corp Offered Shares | 90,000,000* Equity Shares aggregating up to ₹ 8,100 million offered by RJ Corp in the Offer for Sale<br>** Subject to finalisation of the Basis of Allotment* |
| “Retail Individual Bidder(s)” or “RIB(s)” | Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs) |
| Retail Portion | Portion of the Offer being not more than 10% of the Net Offer consisting of 20,367,221* Equity Shares which shall be available for allocation to Retail Individual Bidders (subject to valid Bids having been received at or above the Offer Price), which could not have been less than the minimum Bid Lot subject to availability in the Retail Portion, and the remaining Equity Shares were Allotted on a proportionate basis<br>** Subject to finalisation of the Basis of Allotment* |
| Revision Form | Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable.<br>QIB Bidders and Non-Institutional Bidders were not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion could have revised their Bids during the Bid/ Offer Period and withdrawn their Bids until Bid/Offer Closing Date |
| Self-Certified Syndicate Bank(s) or SCSB(s) | The list of SCSBs notified by SEBI for the ASBA process is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Bidder (other than a RII using the UPI Mechanism), not bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, or at such other websites as may be prescribed by SEBI from time to time.<br>In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35as updated from time to time.<br>In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, Retail Individual Investors Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time |

| Term | Description |
|---|---|
| Share Escrow Agent | The share escrow agent appointed pursuant to the Share Escrow Agreement, namely, Link Intime India Private Limited |
| Share Escrow Agreement | Agreement dated July 23, 2021 entered amongst our Company, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the respective portion of Offered Shares by the Selling Shareholders and credit of such Offered Shares to the demat account of the Allottees in accordance with the Basis of Allotment |
| Specified Locations | Bidding Centres where the Syndicate could accept Bid cum Application Forms |
| Sponsor Bank | Axis Bank Limited, being a Banker to the Offer, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the RIBs using the UPI Mechanism and carry out other responsibilities, in terms of the UPI Circulars |
| "Syndicate" or "Members of the Syndicate" | Together, the Lead Managers and the Syndicate Members |
| Syndicate Agreement | Agreement dated July 24, 2021 entered amongst our Company, the Selling Shareholders, the Lead Managers, the Registrar and the Syndicate Members, in relation to collection of Bids by the Syndicate |
| Syndicate Members | Intermediaries registered with SEBI, namely, Kotak Securities Limited, Edelweiss Securities Limited and Motilal Oswal Financial Services Limited |
| Underwriters | Lead Managers and Syndicate Members |
| Underwriting Agreement | Agreement dated August 9, 2021 entered into amongst our Company, the Selling Shareholders, the Underwriters, and the Registrar |
| UPI | Unified payments interface which is an instant payment mechanism, developed by NPCI |
| UPI Circulars | SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular number SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2020 dated March 30, 2020, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular number SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and any subsequent circulars or notifications issued by SEBI in this regard |
| UPI ID | ID created on the UPI for single-window mobile payment system developed by the NPCI |
| UPI Mandate Request | A request (intimating the RIB by way of a notification on the UPI linked mobile application and by way of an SMS on directing the RIB to such UPI linked mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment.<br>In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 da ted July 26, 2019, Retail Individual Investors Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&int mId=40) and<br>(https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time |
| UPI Mechanism | The bidding mechanism that was used by an RIB in accordance with the UPI Circulars to make an ASBA Bid in the Issue |
| Wilful Defaulter | A company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes any company whose director or promoter is categorised as such |
| Working Day | All days on which commercial banks in Mumbai are open for business provided however, with reference to (a) announcement of Price Band and (b) Bid/Offer Period, the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business and (c) the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI |

### Technical/Industry Related Terms or Abbreviations

| Term | Description |
|---|---|
| AGM | Assistant general manager |
| Average Daily Sales | Average daily sales is calculated by dividing store sales during the period by number of days these stores were operational during the period |

| Term | Description |
|---|---|
| Average Daily Transactions | Average daily transactions is Average Daily Sales divided by Average Transaction Size |
| Average Transaction Size | Average transaction size is calculated by dividing store sales during the period by number of orders during the period. |
| Brand Contribution | Brand Contribution is calculated as revenue from operations at the store less (i) cost of materials consumed at the store; (ii) employee benefit expenses of employees at the store; and (iii) other expenses incurred at store level |
| Brand Contribution Margin | Brand Contribution as a percentage of revenue from operations |
| CAGR | Compounded Annual Growth Rate (as a %): (End Year Value/ Base Year Value) ^ (1/No. of years between Base year and End year) –1 [^ denotes 'raised to'] |
| Company Adjusted EBITDA | Company Brand Contribution plus other operating revenue; Less: corporate general and administration expenses |
| Company Brand Contribution | Sum of Brand Contributions of our Core Brands Business, International Business and Other Business |
| Company EBITDA | Restated loss for the year before tax less other income plus (i) finance cost, (ii) depreciation and amortization expense, (iii) exceptional items, and (iv) impairment of non-financial assets |
| Core Brands | KFC, Pizza Hut and Costa Coffee |
| Core Brands Business | Business of operating stores of KFC, Pizza Hut and Costa Coffee in India |
| F&B | Food and beverage |
| FMCG | Fast moving consumer goods |
| GlobalData Report | The report titled "*India – The Future of Foodservice to 2025*" dated March 2021 prepared and issued by GlobalData, commissioned and paid for by our Company |
| Gross Margins | Gross Margin is calculated as revenue from operations less (i) cost of materials consumed at the store level; and (ii) purchases of stock-in-trade |
| HACCP | Hazard Analytics Critical Control Points |
| International Business | Business of operating stores outside India, primarily comprising KFC and Pizza Hut stores |
| KFC Store Acquisition | Acquisition of 13, 9, and 51 KFC stores from Yum India in Fiscal 2019, 2020 and 2021, respectively, by our Company |
| Other Business | Certain operations in the F&B industry that do not form part of the Core Brands Business and International Business |
| QSR | Quick-service restaurant, i.e. eating establishments primarily focused on the provisions of meals or soft drinks, with limited or no table services and with payments occurring before consumption. These locations typically do not serve alcohol and are characterized by shorter order times. This excludes coffee, tea shops and ice cream vendors. |
| RGM | Restaurant general manager |
| SSSG | Same-store sales growth. It represents the period-over-period percentage change in net revenue from operations of all stores that have been open prior to the first day of the previous fiscal year and were operational in both fiscal years |
| SM | Shift manager |
| Swiggy | Bundl Technologies Private Limited and the platform/ app 'Swiggy' operated by it |
| Zomato | Zomato Limited and the platform/ app 'Zomato' operated by it |

### Conventional and General Terms or Abbreviations

| Term | Description |
|---|---|
| ₹/Rs./Rupees/INR | Indian Rupees |
| ACRA | Accounting and Corporate Regulatory Authority, Singapore |
| AIFs | Alternative Investments Funds |
| AGM | Annual general meeting |
| BSE | BSE Limited |
| Calendar Year | Unless stated otherwise, the period of 12 months ending December 31 of that particular year. |
| Category I AIF | AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations |
| Category II AIF | AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations |
| Category III AIF | AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations |
| Category I FPIs | FPIs who are registered as "Category I Foreign Portfolio Investors" under the SEBI FPI Regulations |

| Term | Description |
|---|---|
| CDSL | Central Depository Services (India) Limited |
| CEO | Chief Executive Officer |
| CIN | Corporate Identity Number |
| Companies Act or Companies Act, 2013 | Companies Act, 2013, along with the relevant rules framed thereunder |
| Companies Act, 1956 | Companies Act, 1956, along with the relevant rules framed thereunder |
| Depositories | NSDL and CDSL |
| Depositories Act | Depositories Act, 1996 |
| DIN | Director Identification Number |
| DP or Depository Participant | A depository participant as defined under the Depositories Act |
| DP ID | Depository Participant's Identification |
| DPIIT | Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*formerly known as the Department of Industrial Policy and Promotion*) |
| DP ID | Depository Participant Identification |
| DP/ Depository Participant | Depository participant as defined under the Depositories Act |
| EGM | Extraordinary General Meeting |
| EPS | Earnings Per Share |
| FDI | Foreign direct investment |
| FDI Policy | Consolidated Foreign Direct Investment Policy notified by the DPIIT by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020 effective from October 15, 2020 |
| FEMA | The Foreign Exchange Management Act, 1999, read with rules and regulations there under |
| FEMA NDI Rules | Foreign Exchange Management (Non-debt Instruments) Rules, 2019 |
| FEMA Regulations | The FEMA NDI Rules, the Foreign Exchange Management (Mode of Payment and Reporting of Non Debt Instruments) Regulations, 2019 and the Foreign Exchange Management (Debt Instruments) Regulations, 2019, as applicable |
| Financial Year/ Fiscal/Fiscal Year/ FY | Unless stated otherwise, the period of 12 months ending March 31 of that particular year. |
| FPI(s) | Foreign portfolio investors as defined under the SEBI FPI Regulations |
| FVCI(s) | Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations |
| GAAR | General Anti-Avoidance Rules |
| Gazette | Gazette of India |
| GDP | Gross domestic product |
| GoI or Government or Central Government | Government of India |
| GST | Goods and services tax |
| IBC | The Insolvency and Bankruptcy Code, 2016 |
| ICAI | The Institute of Chartered Accountants of India |
| HUF | Hindu Undivided Family |
| HNI | High net worth individual |
| Ind AS/ Indian Accounting Standards | Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended |
| India | Republic of India |
| Indian GAAP/ IGAAP | Accounting standards notified under Section 133 of the Companies Act, 2013 read with Companies (Accounting Standards) Rules 2006 and the Companies (Accounts) Rules, 2014 in so far as they apply to our Company, as amended |
| IPO | Initial public offering |
| IRDAI | Insurance Regulatory and Development Authority of India |
| IST | Indian Standard Time |
| IT | Information Technology |
| IT Act | The Income Tax Act, 1961 |
| MCA | Ministry of Corporate Affairs |

| Term | Description |
|---|---|
| MICR | Magnetic Ink Character Recognition |
| Mutual Funds | Mutual funds registered under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 |
| N/A | Not applicable |
| NAV | Net Asset Value |
| NEFT | National Electronic Funds Transfer |
| NRI | Person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016 or an overseas citizen of India cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955 |
| NRE Account | Non-resident external rupee account |
| NRO Account | Non-resident ordinary account |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| OCB or Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer |
| p.a. | Per annum |
| P/E | Price/earnings |
| P/E Ratio | Price to Earnings ratio |
| PAN | Permanent Account Number |
| PAT | Profit after tax |
| RBI | The Reserve Bank of India |
| RBI Act | The Reserve Bank of India Act, 1934 |
| Regulation S | Regulation S under the U.S. Securities Act |
| RTGS | Real Time Gross Settlement |
| Rule 144A | Rule 144A under the U.S. Securities Act |
| SCRA | Securities Contracts (Regulation) Act, 1956 |
| SCRR | Securities Contracts (Regulation) Rules, 1957 |
| SEBI | Securities and Exchange Board of India constituted under the SEBI Act |
| SEBI Act | Securities and Exchange Board of India Act, 1992 |
| SEBI AIF Regulations | Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 |
| SEBI BTI Regulations | Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 |
| SEBI FVCI Regulations | Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 |
| SEBI ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| SEBI Merchant Bankers Regulations | Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 |
| SEBI SBEB Regulations | Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 |
| SEBI VCF Regulations | Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations |
| State Government | The government of a state in India |
| Stock Exchanges | BSE and NSE |
| STT | Securities transaction tax |
| Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 |
| TAN | Tax deduction account number |
| U.S. Securities Act | United States Securities Act of 1933, as amended |

| Term | Description |
|---|---|
| U.S./USA/United States | United States of America |
| USD or US$ | United States Dollars |
| VCFs | Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations |

## CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### Certain Conventions

All references in this Prospectus to "India" are to the Republic of India and its territories and possessions and all references herein to the "Government", "Indian Government", "GoI", "Central Government" or the "State Government" are to the Government of India, central or state, as applicable and all references to the "US", "U.S." "USA" or "United States" are to the United States of America and its territories and possessions. Further, all references to "Nepal", "Nigeria" and "Singapore" are to the Federal Democratic Republic of Nepal, the Federal Republic of Nigeria and the Republic of Singapore and their territories and possessions, respectively.

Unless otherwise specified, any time mentioned in this Prospectus is in Indian Standard Time ("**IST**"). Unless indicated otherwise, all references to a year in this Prospectus are to a calendar year.

Unless stated otherwise, all references to page numbers in this Prospectus are to the page numbers of this Prospectus.

### Financial Data

Unless stated otherwise or the context otherwise requires, the financial data in this Prospectus is derived from the Restated Consolidated Financial Statements.

Restated consolidated financial statements of our Company as at and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 comprising the restated consolidated summary statement of assets and liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019, the restated consolidated summary statements of profit and loss and the restated consolidated summary statement of cash flows for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019, together with the summary statement of significant accounting policies, and other explanatory information prepared in accordance with Ind AS and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time.

For further information on our Company's financial information, see "*Restated Consolidated Financial Statements*" beginning on page 205.

We have also included in this Prospectus the Pro-forma Financial Information consisting of the pro-forma consolidated balance sheet as at March 31, 2021, March 31 2020 and March 31, 2019, the pro-forma consolidated statement of profit and loss for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and selected notes thereon. The Pro-forma Financial Information has been compiled by our Company to illustrate the impact of acquisition of 73 KFC stores made during the years ended March 31, 2021, March 31, 2020 and March 31, 2019 from Yum India on the Group's financial position as at March 31, 2020 and March 31, 2019 and its financial performance for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 as if the acquisition had taken place at the beginning of the earliest reported year presented, i.e., April 1 2018. For further details, see "*Risk Factors - The Pro-forma Financial Information included in this Prospectus is not indicative of our future financial condition or results of operations*", "*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last 10 years*", "*Financial Information – Pro-Forma Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Acquisition of KFC Stores and Pro-forma Financial Information"* on pages 37, 169, 308 and 326, respectively.

For further information on our Company's financial information, see "*Restated Consolidated Financial Statements*" beginning on page 205.

Our Company's financial year commences on April 1 and ends on March 31 of the next year. Accordingly, all references in this Prospectus to a particular Financial Year, Fiscal or Fiscal Year, unless stated otherwise, are to the 12-month period ended on March 31 of that particular calendar year.

There are significant differences between Ind AS, Indian GAAP, US GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or US GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our Company's financial data. For details in connection with risks involving differences between Ind AS, U.S. GAAP and IFRS see "*Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.*". The degree to which the financial information included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, 2013 and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Prospectus should accordingly be limited. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Unless the context otherwise indicates, any percentage or amounts (excluding certain operational metrics), with respect to financial information of our Company in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 27, 125 and 323, respectively, and elsewhere in this Prospectus have been calculated on the basis of our Restated Consolidated Financial Statements.

In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures derived from our Restated Consolidated Financial Statements in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places. Further, any figures sourced from third party industry sources may be rounded off to other than to the second decimal to conform to their respective sources.

**Non-GAAP Financial Measures**

Certain Non-GAAP Measures and certain other statistical information relating to our operations and financial performance including EBITDA, EBITDA Margin, CAGR and others, have been included in this Prospectus. We compute and disclose such Non-GAAP Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These Non-GAAP Measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

**Currency and Units of Presentation**

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India;
- "USD" or "US$" or "$" are to United States Dollar, the official currency of the United States of America;
- "NGN" or "Naira" are to Nigerian Naira, the official currency of the Federal Republic of Nigeria;
- "NPR" are to Nepalese Rupee, the official currency of the Federal Democratic Republic of Nepal; and
- "£" or "Pounds" are to Pound Sterling, the official currency of the United Kingdom.

Our Company has presented certain numerical information in this Prospectus in "lakh", "million" and "crores" units or in whole numbers where the numbers have been too small to represent in such units. One million represents 1,000,000, one billion represents 1,000,000,000 and one trillion represents 1,000,000,000,000. One lakh represents 100,000 and one crore represents 10,000,000.

Figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

**Exchange Rates**

This Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and USD (in Rupees per USD):

| **Currency** | **As at** | | |
|---|---|---|---|
| | **March 31, 2021** | **March 31, 2020** | **March 31, 2019*** |
| 1 USD | 73.50 | 75.39 | 69.17 |
| 1 Naira | 0.19 | 0.2 | 0.19 |
| 1 NPR | 0.62 | 0.62 | 0.62 |
| 1 Pound | 100.68 | 93.07 | 90.7 |

*Source: www.rbi.org.in, www.fbil.org.in and www1.oanda.com*

* *Exchange rate as on March 29, 2019, as RBI Reference Rate is not available for March 30, 2019 being Saturday and March 31, 2019 being a Sunday.*

### Industry and Market Data

Unless stated otherwise, industry and market data used in this Prospectus has been obtained or derived from publicly available information as well as industry publication and sources. Further, the information has also been derived from the industry report titled "*India – The Future of Foodservice to 2025*" dated March 2021, which has been prepared by GlobalData, commissioned and paid for by us. For risks in relation to commissioned reports, see "*Risk Factors – Industry information included in this Prospectus has been derived from a third-party industry report commissioned by our Company. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.*" on page 52.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although the industry and market data used in this Prospectus is reliable, it has not been independently verified by our Company, the Selling Shareholders, the Lead Managers, or any of their respective affiliates or advisors and none of these parties, jointly or severally, make any representation as to the accuracy of this information. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable.

In accordance with the SEBI ICDR Regulations, "*Basis for the Offer Price*" beginning on page 102 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither our Company, the Selling Shareholders, nor the Lead Managers have independently verified such information. Accordingly, no investment decision should be made solely on the basis of such information.

The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" beginning on page 27. Accordingly, investment decisions should not be based solely on such information.

### Disclaimer of GlobalData

This Prospectus contains data and statistics from certain reports and the GlobalData Report, which is subject to the following disclaimer:

*All Rights Reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior permission of the publisher, GlobalData. The facts of this report are believed to be correct at the time of publication but cannot be guaranteed. Please note that the findings, conclusions and recommendations that GobalData delivers will be based on the information gathered in good faith from both primary and secondary sources, whose accuracy we are not always in a position to guarantee. As such, GlobalData can accept no liability whatsoever for actions taken based on any information that may subsequently prove to be incorrect.*

### Disclaimer of Costa International Limited

*The Offer has not been recommended or endorsed by Costa International Limited or any its subsidiaries, affiliates, officers, directors, agents, employees and advisors.*

*The grant of a Costa franchise to the Company in India by Costa International Limited, pursuant to the International Development Agreement dated September 28, 2004 (as amended) should not be construed as an express or implied approval or endorsement by Costa International Limited or any its subsidiaries, affiliates, officers, directors, agents, employees and advisors of any statement regarding performance of the Company (financial or otherwise) in this document.*

*In making an investment decision, an investor must rely on its own examination of the Company and the terms of this Offer. Costa International Limited or any its subsidiaries, affiliates, officers, directors, agents, employees and advisors shall not be responsible or liable in any manner for the accuracy, adequacy or completeness of the disclosures or statements made in this document.*

**Notice to Prospective Investors in the United States**

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision, investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved. The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Prospectus as "**U.S. QIBs**") in transactions exempt from the registration requirements of the U.S. Securities Act and (b) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Prospectus as "QIBs".

**Notice to Prospective Investors in the European Economic Area and the United Kingdom**

This Prospectus has been prepared on the basis that all offers of Equity shares in Member States of the European Economic Area ("**EEA**") (each a "**Member State**") or the United Kingdom ("**UK**") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of Equity Shares. The expression "Prospectus Regulation" means Regulation (EU) 2017/1129 of the European Parliament and Council EC (and amendments thereto). Accordingly, any person making or intending to make an offer within the EEA or the UK of Equity Shares which are the subject of the placement contemplated in this Prospectus should only do so in circumstances in which no obligation arises for our Company, any of the Selling Shareholders or any of the members of the Lead Managers to produce a prospectus for such offer. None of our Company, the Selling Shareholders and the Lead Managers have authorised, nor do they authorise, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the Members of the Syndicate which constitute the final placement of Equity Shares contemplated in this Prospectus.

**Information to Distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Equity Shares have been subject to a product approval process, which has determined that such Equity Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, "distributors" (for the purposes of the MiFID II Product Governance Requirements) ("**Distributors**") should note that: the price of the Equity Shares may decline and investors could lose all or part of their investment; the Equity Shares offer no guaranteed income and no capital protection; and an investment in the Equity Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Equity Shares. Each Distributor is responsible for undertaking its own target market assessment in respect of the Equity Shares and determining appropriate distribution channels.

## FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "likely to", "objective", "plan", "seek", "propose", "project", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties, expectations and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. All statements in this Prospectus that are not statements of historical fact are 'forward – looking statements'.

Actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to and including, regulatory changes pertaining to the industries in India in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate, incidence of any natural calamities and/or acts of violence.

Certain important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Uncertainty of the continuing impact of the ongoing COVID-19 pandemic on our business and operations including its effect on the ability or desire of customers to dine in stores;

- Termination of or inability to renew our arrangements with Yum for our KFC and Pizza Hut stores that comprise a significant majority of our business;

- Termination of or material modification to the existing terms of the Costa IDA affecting our ability to continue our Costa business;

- Losses incurred in Fiscal 2019, 2020 and 2021 which resulted in erosion of our net worth and if such losses continue to occur in the future shall affect our business;

- Adverse remarks/ qualifications/matters of emphasis in our Audited Consolidated Financial Statements and any such additional qualifications may subject us to additional liabilities; and

- Inability to grow our business on account of restrictions, limitations and other obligations imposed on us under material agreements for operation of stores/ outlets under our Core Brands ("**KFC**", "**Pizza Hut**" and "**Costa Coffee**").

For details regarding factors that could cause actual results to differ from expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 27, 125 and 323, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

There can be no assurance to Bidders that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, Bidders are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Forward-looking statements reflect current views as on the date of this Prospectus and are not a guarantee of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Promoters, our Directors, the Selling Shareholders, the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI ICDR Regulations, our Company and the Lead Managers will ensure that the Bidders in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges for the Offer.

In accordance with requirements of SEBI and as prescribed under applicable law, each of the Selling Shareholders shall, severally and not jointly, ensure that the Bidders in India are informed of material developments, in relation to statements and undertakings specifically undertaken or confirmed by it in relation to itself and its respective portion of the Offered Shares in this Prospectus, from the date of this Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges.

## SUMMARY OF THIS PROSPECTUS

The following is a general summary of the terms of the Offer and is not exhaustive. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Prospectus, including "*Risk Factors*", "*The Offer*", "*Capital Structure*", "*Objects of the Offer*", "*Industry Overview*", "*Our Business*", "*Restated Consolidated Financial Statements*", "*Outstanding Litigation and Material Developments*", "*Offer Procedure*" and "*Main Provisions of Articles of Association*" beginning on pages 27, 62, 78, 96, 113, 125, 205, 359, 396 and 425, respectively.

### Summary of the business of our Company

We are in the business of operating chain QSRs in India. Our business is broadly classified into three verticals that includes stores of KFC, Pizza Hut and Costa Coffee operated in India (KFC, Pizza Hut and Costa Coffee referred to as "**Core Brands**", and such business in India referred to as the "**Core Brands Business**"); stores operated outside India primarily comprising KFC and Pizza Hut stores operated in Nepal and Nigeria ("**International Business**"); and certain other operations in the F&B industry, including stores of our own brands such as Vaango and Food Street ("**Other Business**").

### Summary of the industry in which our Company operates (*Source: GlobalData Report*)

The Indian food services sector generated a total revenue of ₹8,366.6 billion (US$117.5 billion) in 2020, growing at a CAGR of 1.9% from ₹7,601.4 billion (US$118.5 billion) in 2015. Growth was mainly driven by the rise in the number of transactions, which grew at a CAGR of 2.4%, during the same period. Increased deliveries, a higher demand for eating out, urbanization, and an increased exposure to different food types have played a significant role in the growth of transactions, especially in 2020, due to COVID-19.

### Names of our Promoters

Our Promoters are Ravi Kant Jaipuria, Varun Jaipuria and RJ Corp.

### Offer size

The following table summarizes the details of the Offer size:

| | |
|---|---|
| Offer of Equity Shares(1)(2)(3) | 204,222,218* Equity Shares aggregating up to ₹ 18,380 million |
| *of which:* | |
| (i) Fresh Issue(1) | 48,888,888* Equity Shares aggregating up to ₹ 4,400 million |
| (ii) Offer for Sale(2) | 155,333,330* Equity Shares aggregating up to ₹ 13,980 million by the Selling Shareholders |
| Employee Reservation Portion(3) | 550,000* Equity Shares |
| Net Offer | 203,672,218* Equity Shares aggregating up to ₹ 18,330.50 million |

** Subject to finalisation of the Basis of Allotment.*

(1) *The Offer has been authorised by our Board pursuant to resolution passed on February 17, 2021 read with resolutions passed on May 13, 2021 and July 20, 2021 and Fresh Issue has been approved by our Shareholders pursuant to special resolution passed on March 17, 2021.*

(2) *The Investor Selling Shareholder has specifically confirmed that the Dunearn Offered Shares are eligible to be offered for sale in the Offer in accordance with the SEBI ICDR Regulations. The Promoter Selling Shareholder has specifically confirmed that the RJ Corp Offered Shares are eligible to be offered for sale in the Offer in accordance with the SEBI ICDR Regulations. For details on the authorisation of each of the Selling Shareholders in relation to the Offered Shares, see "Other Regulatory and Statutory Disclosures" beginning on page* 371.

(3) *In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion was made available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation of up to ₹ 500,000), was available to be added to the Net Offer. For further details, see "Offer Structure" beginning on page* 393.

The Offer constitutes 16.98% of the post Offer paid up Equity Share capital of our Company.

### Objects of the Offer

Our Company proposes to utilise the Net Proceeds towards funding the following objects:

| Objects | Amount (in ₹ million) |
|---|---|
| Repayment/prepayment of all or certain of our borrowings | 3,240.00 |
| General corporate purposes(1) | 1,008.19 |
| **Total** | **4,248.19** |

(1) *The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds.*

For further details, see "*Objects of the Offer*" beginning on page 96.

**Aggregate pre-Offer shareholding of Promoters and Selling Shareholders**

The aggregate pre-Offer shareholding of Promoters, Promoter Group and Selling Shareholders as a percentage of the pre-Offer paid-up Equity Share capital of our Company is set out below:

a) Promoters

| Name of the Promoter | Number of Equity Shares held | Percentage of the pre-Offer paid-up Equity Share capital (%) |
|---|---|---|
| Ravi Kant Jaipuria | 2,114,103 | 0.18 |
| Varun Jaipuria | 39,625,617 | 3.43 |
| RJ Corp | 804,821,970 | 69.76 |
| **Total** | **846,561,690** | **73.38** |

b) None of the members of our Promoter Group hold any Equity Shares as on date of this Prospectus.

c) Selling Shareholders

| Name of Selling Shareholder | Number of Equity Shares held | Percentage of the pre-Offer paid-up Equity Share capital (%) |
|---|---|---|
| Dunearn | 163,333,330 | 14.16 |
| RJ Corp | 804,821,970 | 69.76 |
| **Total** | **968,155,300** | **83.92** |

**Summary of Restated Consolidated Financial Statements**

The following details are derived from the Restated Consolidated Financial Statements:

(*in ₹ million*)

| Particulars | As at and for the Financial Year ended March 31, 2021 | As at and for the Financial Year ended March 31, 2020 | As at and for the Financial Year ended March 31, 2019 |
|---|---|---|---|
| Equity Share capital | 1,153.63 | 1,061.67 | 1,061.67 |
| Total Equity | 718.58 | (2,282.15) | (1,211.99) |
| Total Income | 11,988.95 | 15,350.41 | 13,236.83 |
| Restated profit (or loss) after tax for the year | (577.67) | (1,071.60) | (972.92) |
| Basic and diluted earnings per share (₹ / share) | | | |
| - Basic (in ₹) | (0.50) | (1.14) | (0.75) |
| - Diluted (in ₹) | (0.50) | (1.14) | (0.75) |
| Net asset value per Equity Share (basic)* (in ₹) | 0.65 | (2.15) | (1.14) |
| Net asset value per Equity Share (diluted)* (in ₹) | 0.65 | (2.15) | (1.14) |
| Total Borrowings (as per balance sheet) | 4,633.27 | 5,440.93 | 4,882.15 |

** Net assets value per equity share (₹): Net assets at the end of the year/period divided by total number of weighted average equity share outstanding at the end of the year/ period.*

For details, see "*Restated Consolidated Financial Statements*" on page 205.

**Qualifications of the Joint Statutory Auditors which have not been given effect to in the Restated Consolidated Financial Statements**

There are no auditor qualifications which have not been given effect to in the Restated Consolidated Financial Statements.

**Summary of outstanding litigation**

A summary of outstanding litigation proceedings involving our Company, its Subsidiaries, Promoters, Directors, and Group Companies, as on the date of this Prospectus, is provided below:

| Nature of cases | Number of outstanding cases | Amount involved (in ₹ million)* |
|---|---|---|
| ***Litigation involving our Company*** | | |
| ***Litigation against our Company*** | | |
| Criminal proceedings | 2 | - |
| Actions by regulatory or statutory authorities | 33 | 1.21 |
| Indirect tax matters | 8 | 19.45 |
| Direct tax matters | 9 | 1.19 |
| ***Litigation filed by our Company*** | | |
| Criminal proceedings | 13 | 5.39 |
| Material civil proceedings | 1 | 133.82 |
| ***Litigation involving our Subsidiaries*** | | |

| Nature of cases | Number of outstanding cases | Amount involved (in ₹ million)* |
|---|---|---|
| ***Litigation against our Subsidiaries*** | | |
| Criminal proceedings | 1 | - |
| Indirect tax matters | 5 | 35.09 |
| Direct tax matters | 6 | 185.18 |
| ***Litigation involving our Corporate Promoter*** | | |
| ***Litigation against our Corporate Promoter*** | | |
| Actions by regulatory or statutory authorities | 5 | - |
| Indirect tax matters | 7 | 151.94 |
| Direct tax matters | 19 | 69.22 |
| ***Litigation filed by our Corporate Promoter*** | | |
| Criminal Proceedings | 1 | 3.3 |
| ***Litigation involving our Directors**** | | |
| ***Litigation against our Directors*** | | |
| Criminal proceedings | 3[#] | 1.2 |
| Actions by regulatory or statutory authorities | 2 | - |
| Material civil proceedings | 1 | 371.23 |

* *To the extent quantifiable, excluding interest and penalty thereon.*

** *Ravi Kant Jaipuria and Varun Jaipuria are the Non-Executive Directors as well as the Individual Promoters of our Company.*

[#] *Includes the complaint filed by Ritesh Agarwal against Ravi Kant Jaipuria and Varun Jaipuria.*

For further details, see "*Outstanding Litigation and Material Developments*" beginning on page 359.

### Risk Factors

Specific attention of the investors is invited to the section "*Risk Factors"* beginning on page 27 to have an informed view before making an investment decision.

### Summary of contingent liabilities

The details of our contingent liabilities as per Ind AS 37 as at March 31, 2021 are set forth in the table below:

(*in ₹ million*)

| S. No. | Particulars | Contingent Liabilities as at March 31, 2021 |
|---|---|---|
| 1. | Claims made by Sales tax authorities, Service tax authorities and Income tax authorities | 239.27 |
| 2. | Claims in relation to Company's operations | 30.44 |
| 3. | Commitments (Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)) | 494.40 |
| | **Total** | **764.11** |

For further details of our contingent liabilities as per Ind AS 37 – Provision, Contingent Liabilities and Contingent Assets, see "*Restated Consolidated Financial Statements – Note 39: Contingent liabilities, commitments and other claims*" on page 288.

### Summary of related party transactions

A summary of related party transactions as per the requirements under Ind AS 24 entered into by our Company with related parties as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 are as follows:

(*in ₹ million*)

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **(i) Sale of products (Finished goods)** | | | |
| Lineage Healthcare Limited | - | - | 0.12 |
| Modern Montessori International (India) Private Limited | - | 1.99 | 2.27 |
| Champa Devi Jaipuria Charitable Trust | 0.88 | 50.39 | 45.36 |
| RJ Corp Limited | - | 0.17 | 0.49 |
| Alisha Retail Private Limited | - | 0.02 | 6.81 |
| Devyani Food Industries Limited | 34.11 | 46.61 | 51.73 |
| Varun Beverages Limited | 1.41 | 3.48 | 3.49 |
| Mala Jaipuria Foundation | 0.30 | 1.89 | 1.49 |
| Devyani Food Street Private Limited* | 16.25 | 22.04 | 26.10 |
| Devyani Airport Services (Mumbai) Private Limited* | 1.07 | - | - |
| **(ii) Sale of products (Traded goods)** | | | |
| RJ Corp Limited | - | 0.47 | 0.01 |
| Varun Beverages Limited | - | 6.61 | 0.83 |
| Lineage Healthcare Limited | 0.03 | 0.01 | - |

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Devyani Food Street Private Limited* | 2.67 | 51.48 | 56.20 |
| Devyani Airport Services (Mumbai) Private Limited* | 7.95 | 8.70 | 7.26 |
| Devyani International (Nepal) Private Limited* | 15.61 | 28.65 | 27.49 |
| **(iii) Marketing and other services** | | | |
| Lineage Healthcare Limited | 0.02 | 0.06 | 0.06 |
| Devyani Airport Services (Mumbai) Private Limited* | - | - | 0.47 |
| **(iv) Sale of property, plant and equipment (PPE)** | | | |
| Alisha Retail Private Limited | - | - | 0.48 |
| Varun Beverages Limited | 0.12 | - | - |
| Diagno Labs Private Limited | - | - | 0.15 |
| Devyani Food Industries Limited | 0.68 | - | - |
| Devyani Food Street Private Limited* | - | 1.14 | 0.46 |
| **(v) Purchase of raw materials** | | | |
| Varun Beverages Limited | 36.26 | 64.66 | 84.56 |
| Devyani Food Industries Limited | 4.33 | 0.85 | 0.41 |
| Alisha Retail Private Limited | - | - | 1.74 |
| Varun Beverage Nepal Private Limited | - | 6.12 | 5.70 |
| Chellarams Plc | - | - | 5.50 |
| Devyani Food Street Private Limited* | 3.13 | - | - |
| Devyani Airport Services (Mumbai) Private Limited* | 0.39 | - | - |
| **(vi) Purchase of PPE and intangible assets** | | | |
| Devyani Food Industries Limited | 0.05 | - | - |
| Alisha Retail Private Limited | - | - | 0.13 |
| The Minor Food Group (India) Private Limited | - | - | 0.52 |
| Varun Beverages Limited | - | 1.34 | - |
| Devyani Airport Services (Mumbai) Private Limited* | 2.05 | - | 0.35 |
| **(vii) Payment to gratuity trust** | | | |
| DIL Employee Gratuity Trust | 5.00 | 5.00 | 10.00 |
| **(viii) Expenses incurred by other company on behalf of the Company** | | | |
| Alisha Retail Private Limited | - | - | 0.03 |
| Devyani Food Industries Limited | 0.03 | - | 0.02 |
| RJ Corp Limited | 0.37 | 0.86 | - |
| Devyani Airport Services (Mumbai) Private Limited* | 0.03 | - | - |
| **(ix) Expenses incurred/(collection) on behalf of other company** | | | |
| The Minor Food Group (India) Private Limited | - | - | 0.60 |
| Diagno Labs Private Limited | 0.04 | - | - |
| RJ Corp Limited | (2.29) | - | - |
| Devyani Food Street Private Limited* | - | 0.05 | 2.52 |
| **(x) Rent expense** | | | |
| S V S India Private Limited | 0.08 | 0.08 | 0.08 |
| Alisha Retail Private Limited | 0.03 | - | 0.10 |
| **(xi) Rental and maintenance income** | | | |
| The Minor Food Group (India) Private Limited | - | - | 0.83 |
| Alisha Retail Private Limited | - | - | 3.82 |
| Devyani Food Street Private Limited* | - | - | 2.40 |
| **(xii) Interest income** | | | |
| Parkview City Limited | - | 8.06 | - |
| Devyani Food Street Private Limited* | 2.66 | - | 1.33 |
| Devyani Airport Services (Mumbai) Private Limited* | 22.37 | 11.48 | 3.62 |
| Devyani International (Nepal) Private Limited* | - | 0.23 | 0.60 |
| Devyani International (UK) Private Limited* | 17.61 | 24.35 | 16.38 |
| RV Enterprizes Pte. Limited* | 10.91 | 15.64 | 8.75 |
| **(xiii) Repair and maintenance - others** | | | |
| Varun Beverages Limited | - | 2.27 | - |
| **(xiv) Finance costs** | | | |
| High Street Food Services Private Limited | 7.93 | 4.48 | 4.01 |
| Arctic International Pvt Ltd | 3.86 | - | - |
| **(xv) Loan given** | | | |
| Devyani Airport Services (Mumbai) Private Limited* (Applicable rate of interest – 12% p.a. and tenor – 72 months)^ | 24.40 | 175.00 | 60.00 |
| Devyani Food Street Private Limited* (Applicable rate of interest – 10% p.a. and tenor – 72 months)^ | 111.50 | - | - |
| Devyani International (UK) Private Limited* | 26.20 | 209.99 | 126.56 |
| Parkview City Limited | - | 550.00 | - |

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| RV Enterprizes Pte. Limited* (Applicable rate of interest – 6 months LIBOR + 3% and tenor – 84 months)^ | - | - | 276.69 |
| **(xvi) Loan recovered** | | | |
| Parkview City Limited | - | 550.00 | - |
| Devyani Food Street Private Limited* | - | 5.00 | 16.33 |
| Devyani Airport Services (Mumbai) Private Limited* | 23.00 | 60.00 | - |
| Devyani International (Nepal) Private Limited* | | 6.67 | 7.68 |
| Devyani International (UK) Private Limited* | 759.71 | - | - |
| **(xvii) Director's Sitting Fees^** | | | |
| Ravi Gupta | 1.20 | 0.90 | 0.50 |
| Rashmi Dhariwal | 1.20 | 0.60 | 0.80 |
| *^Excludes applicable taxes.* | | | |
| **(xviii) Compensation to KMPs** | | | |
| *Short-term employment benefits* | | | |
| Virag Joshi | 20.59 | 25.13 | 26.38 |
| Sanjeev Arora (till 15 February 21) | 4.65 | 6.18 | 1.54 |
| Som Nath Chopra | - | - | 5.79 |
| Lalit Yadav | - | - | 1.20 |
| Anil Dwivedi | 2.49 | 0.72 | - |
| Manish Dawar | 7.14 | - | - |
| *Post employment benefits* | | | |
| Virag Joshi | 1.02 | 1.30 | 1.30 |
| Sanjeev Arora (till 15 February 21) | 0.25 | 0.36 | 0.09 |
| Som Nath Chopra | - | - | 0.27 |
| Lalit Yadav | - | - | 0.06 |
| Anil Dwivedi | 0.09 | 0.02 | - |
| Manish Dawar | 0.37 | - | - |
| *Share based payments* | | | |
| Raj. P. Gandhi | 10.27 | (0.43) | - |
| Virag Joshi | 12.57 | (1.05) | - |
| Manish Dawar | 1.56 | - | - |
| **(xix) Compensation to relative of KMP** | | | |
| Dhara Jaipuria | 10.03 | 12.00 | - |
| **(xx) Acquisition of Immovable property** | | | |
| RJ Corp Limited** | 180.00 | - | - |
| **The Company acquired food court at Mohali, Punjab. | | | |
| **(xxi) Purchase consideration for transfer of business** | | | |
| RJ Corp Limited*** | 10.00 | - | - |
| *** The Company transferred TWG India Business during the year. | | | |
| **(xxii) Shares allotted** | | | |
| Virag Joshi | 111.70 | - | - |
| Raj Pal Gandhi | 33.51 | - | - |
| **(xxiii) Sale of Investment** | | | |
| Arctic International Private Limited**** | 3.60 | - | - |
| *** The Company transferred the equity investment in Devyani International UK Private Limited for a consideration of USD 50,000 | | | |
| **(xxiv) Loan Taken** | | | |
| Arctic International Pvt Ltd | 784.94 | - | - |
| **(xxv) Investment in equity shares** | | | |
| RV Enterprizes Pte. Limited* | - | - | 68.80 |
| Devyani International (UK) Private Limited* | - | - | 63.00 |
| **(xxvi) Conversion of loan to equity share capital** | | | |
| Devyani International (UK) Private Limited* | 189.04 | - | - |
| **(xxvii) Employee stock option scheme expenses/(reversal)** | | | |
| Devyani Food Street Private Limited* | (0.65) | (1.89) | - |
| **(xxviii) Impairment loss of equity investment in subsidiaries** | | | |
| Devyani Airport Services (Mumbai) Private Limited* | - | - | 84.84 |
| Devyani Food Street Private Limited* | 111.31 | - | |
| Devyani International (UK) Private Limited* | - | 350.82 | - |
| **(xxix) Impairment/(reversal) of loans to subsidiary** | | | |
| Devyani International (UK) Private Limited* | (307.70) | 307.70 | - |
| **(xxx) Net loss/ (gain) on investment carried at fair value through profit or loss** | | | |
| Devyani Airport Services (Mumbai) Private Limited* | - | - | 304.58 |
| Devyani International (Nepal) Private Limited* | 2.91 | (1.73) | 0.65 |

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **(xxxi) Dividend income** | | | |
| Devyani International (Nepal) Private Limited* | 1.25 | 1.25 | 1.25 |
| **(xxxii) Guarantee commission income** | | | |
| Devyani Food Street Private Limited* | - | 3.19 | 3.89 |
| Devyani International (UK) Private Limited* | - | 1.28 | 1.20 |
| Devyani International (Nepal) Private Limited* | 0.91 | 0.91 | 0.85 |
| **(xxxiii) Royalty and continuing fee recovered** | | | |
| Devyani Food Street Private Limited* | 3.29 | 15.24 | 15.84 |
| Devyani Airport Services (Mumbai) Private Limited* | 0.72 | 4.10 | 5.25 |
| **(xxxiv) Management fee** | | | |
| Devyani International (Nepal) Private Limited* | 0.46 | 21.87 | 10.42 |
| Devyani Food Street Private Limited* | - | 52.47 | 49.96 |
| **(xxxv) Loss on sale of investment** | | | |
| Devyani International (UK) Private Limited | 185.45 | - | - |

* *The intra-group transactions have been eliminated in the restated consolidated financials.*

^ *Details as on June 30, 2021.*

For details of the related party transactions as reported in the Restated Consolidated Financial Statements, see "*Restated Consolidated Financial Statements – Note 38: Related Party Disclosures*" on page 282.

### Financing Arrangements

There have been no financing arrangements whereby the Promoters, members of our Promoter Group, our Directors, directors of our Corporate Promoter and their relatives have financed the purchase by any other person of securities of our Company (other than in the normal course of the business of the relevant financing entity) during a period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus.

### Weighted average price at which Equity Shares were acquired by our Promoters and the Selling Shareholders, in the last one year

The weighted average price at which the Equity Shares were acquired by our Promoters in the one year preceding the date of this Prospectus is:

| Name of the Promoter | Number of Equity Shares acquired | Weighted average price of acquisition per Equity Share (in ₹)* |
|---|---|---|
| RJ Corp | 22,000,000# | 43.33# |
| Ravi Kant Jaipuria | 17,114,100# | 0.66# |

* *As certified by M/s O.P. Bagla & Co LLP, Chartered Accountants, by way of their certificate dated August 9, 2021.*

\# *Pursuant to share split with effect from March 25, 2021, the company sub-divided the face value per share from ₹ 10 to ₹ 1 per share. Accordingly, the number of shares has been adjusted pursuant to the split.*

The weighted average price at which the Equity Shares were acquired by our Selling Shareholders in the one year preceding the date of this Prospectus is:

| Name of the Selling Shareholder | Number of Equity Shares acquired | Weighted average price of acquisition per Equity Share (in ₹)* |
|---|---|---|
| Dunearn | - | - |
| RJ Corp | 22,000,000# | 43.33# |

* *As certified by M/s O.P. Bagla & Co LLP, Chartered Accountants, by way of their certificate dated August 9, 2021.*

\# *Pursuant to share split with effect from March 25, 2021, the company sub-divided the face value per share from ₹ 10 to ₹ 1 per share. Accordingly, the number of shares has been adjusted pursuant to the split.*

### Average cost of acquisition of Equity Shares

The average cost of acquisition of Equity Shares of our Promoters and the Selling Shareholders as on the date of this Prospectus are as set forth in the table below:

a) Promoters

| Name of the Promoter | Number of Equity Shares held | Average cost of acquisition per Equity Share (in ₹)* |
|---|---|---|
| Ravi Kant Jaipuria | 2,114,103# | 0.66 |
| Varun Jaipuria | 39,625,617# | NA |
| RJ Corp | 804,821,970# | 3.24 |

* *As certified by M/s O.P. Bagla & Co LLP, Chartered Accountants, by way of their certificate dated August 9, 2021.*

# Pursuant to share split with effect from March 25, 2021, the company sub-divided the face value per share from ₹ 10 to ₹ 1 per share. Accordingly, the number of shares has been adjusted pursuant to the split.

b) Selling Shareholders

| Name of the Selling Shareholder | Number of Equity Shares held | Average cost of acquisition per Equity Share (in ₹)* |
|---|---:|---:|
| Dunearn | 163,333,330# | 30.61 |
| RJ Corp | 804,821,970# | 3.24 |

* *As certified by M/s O.P. Bagla & Co LLP, Chartered Accountants, by way of their certificate dated August 9, 2021.*

\# *Pursuant to share split with effect from March 25, 2021, the company sub-divided the face value per share from ₹ 10 to ₹ 1 per share. Accordingly, the number of shares has been adjusted pursuant to the split.*

**Details of pre-Offer Placement**

Our Company does not contemplate any issuance or placement of Equity Shares from the date of this Prospectus until the listing of the Equity Shares.

**Issuance of Equity Shares for consideration other than cash in the last one year**

Our Company has not issued Equity Shares for consideration other than cash in the last one year.

**Split or Consolidation of Equity Shares in the last one year**

Except as disclosed below, our Company has not undertaken a split or consolidation of the Equity Shares in the one year preceding the date of this Prospectus.

Pursuant to resolutions passed by our Board and the Shareholders in the meetings each held on March 17, 2021, our Company has sub-divided its authorised share capital, such that 125,000,000 equity shares of face value of ₹ 10 each aggregating to ₹ 1,250,000,000 were sub-divided as 1,250,000,000 Equity Shares of ₹ 1 each aggregating to ₹ 1,250,000,000. Therefore, the cumulative number of paid-up Equity Shares pursuant to the sub-division was 1,153,634,990 Equity Shares. Further, pursuant to the board and shareholders' resolution dated April 21, 2021 and May 4, 2021 respectively, the Company has increased its authorised share capital to 5,000,000,000 Equity Shares of ₹ 1 each aggregating to ₹ 5,000,000,000. For details, see "*Capital Structure – Equity Share capital history of our Company*" on page 78.

## SECTION II: RISK FACTORS

*An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry in which we operate or to India. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any of the following risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the price of our Equity Shares could decline, and investors may lose all or part of their investment. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section. In order to obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with "Industry Overview", "Our Business", "Restated Consolidated Financial Statements", "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 113, 125, 205 and 323, respectively, as well as the other financial and statistical information contained in this Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and our business and the terms of the Offer including the merits and risks involved.*

*Potential investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Offer. Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other impact of any of the risks described in this section. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.*

*This Prospectus also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Prospectus. For further information, see "Forward-Looking Statements" on page 19.*

*Unless otherwise indicated, the financial information included herein is based on our Restated Consolidated Financial Statements included in this Prospectus. For further information, see "Restated Consolidated Financial Statements" on page 205. Unless the context otherwise requires, in this section, references to "we", "us", or "our" refers to Devyani International Limited on a consolidated basis and references to "the Company" or "our Company" refers to Devyani International Limited on a standalone basis.*

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "India – The Future of Foodservice to 2025" dated March 2021 (the "**GlobalData Report**"), prepared and issued by GlobalData, and commissioned and paid for by us. GlobalData was appointed on April 26, 2021 for commissioning the report. Also see, "Certain Conventions, Presentation of Financial, Industry and Market Data – Industry and Market Data" on page 17.*

### INTERNAL RISK FACTORS

### RISK FACTORS RELATING TO OUR COMPANY AND INDUSTRY

***1. The current and continuing impact of the ongoing COVID-19 pandemic on our business and operations has been significant. The impact of the pandemic on our operations in the future, including its effect on the ability or desire of customers to dine in stores, is uncertain and may be significant and continue to have an adverse effect on our business prospects, strategies, business, operations, our future financial performance, and the price of our Equity Shares.***

The outbreak of the COVID-19 pandemic and its continuing impact, as well as government measures to reduce the spread of COVID-19, have had a substantial impact on our operations across India and abroad since last week of March 2020. The impact of the pandemic on our business, operations and future financial performance have included and may continue to include the following:

- Temporary as well as permanent store closures and reduced store-level operations, including reduced operating hours and dining-room closures as mandated by regional regulatory bodies. For instance, we permanently closed 61 stores under our Core Brands Business in Fiscal 2021 due to significant decline in footfalls on account of COVID-19, including stores in certain airports such as Srinagar, Raipur and Trichy. As a result, concession agreements with the Airport Authority of India were terminated for stores at the three airports. In addition, the agreement with the Airport Authority of India in respect of operation of the stores at the Lucknow airport was terminated due to a change in the airport operator.

- Significant decline in in-store dining due to lockdowns and other restrictive government measures imposed by the central and state governments from time to time. As a result, revenue generated from in-store dining amounted to ₹ 5,415.93 million and represented 48.85% of our revenue from operations of our Core Brands Business in Fiscal 2020, and declined to ₹ 2,842.00 million, representing 29.80% of our revenue from operations of our Core Brands Business in Fiscal 2021. Revenue from operations also declined by 25.16% from ₹ 15,163.86 million in Fiscal 2020 to ₹ 11,348.38 million in Fiscal 2021. In particular, revenue from operations from our Core Brands Business decreased by 13.98% from ₹ 11,085.23 million in Fiscal 2020 to ₹ 9,535.69 million in Fiscal 2021, revenue from operations from our International Business also decreased by 22.63% from ₹ 1,491.06 million in Fiscal 2020 to ₹ 1,153.58 million in Fiscal 2021, and revenue from operations from our Other Business significantly decreased by 76.39% from ₹ 2,535.42 million in Fiscal 2020 to ₹ 598.73 million in Fiscal 2021. Our footfalls and sales were also adversely impacted by the onset of the second wave of the pandemic in India during the first quarter of Fiscal 2022, resulting in temporary closure of a number of stores for several days as well as reduced footfalls and sales in our stores as a result of the lockdowns and other pandemic related restrictions imposed by various regulatory authorities. As a result, our results of operations, including revenues from operations, in the first quarter of Fiscal 2022 was adversely impacted. A significant decline or fluctuation in the footfalls at our stores may also affect our ability to manage our inventory of products, resulting in significant write-offs of our inventory, majority of which comprise perishable ingredients for immediate consumption. In the event that the pandemic related restrictions similarly continue to adversely impact our footfalls and sales or continued operation of our stores in the future, our results of operations and financial condition may be further adversely impacted.

- Restrictive government measures including the standard operating procedures issued by the Government of India that limit utilization of restaurant capacity to 50%, prohibit large gatherings and direct handover of food items from delivery personnel to end-customers, among others. Further, stores located in containment zones, as demarcated by the Government of India from time to time, may have further restrictions imposed on their operations.

- Closure of our offices, temporary decline in availability of workforce due to employees contracting the virus, and restrictions on certain of our employees from commuting to their places of work.

- Adverse impacts to our sales, profitability and growth rates – particularly as operating expenses do not decrease at the same pace as revenue declines. Many of our expenses are less variable in nature and may not correlate to changes in revenues, such as lease expenses, depreciation, employee benefit expenses and other costs associated with operating and maintaining our stores. Rental expenses and leave and license fees account for a significant portion of our cash outflows, as a result, we entered into renegotiations under various rental arrangements with mall developers, landlords and lessors during the onset of the COVID-19 pandemic in India. While we have re-negotiated certain of our rental arrangements including by receiving certain waivers, there can be no assurance that they would agree to any complete or partial waiver or reduction of rent expenses for the remaining term of the relevant lease. There can also be no assurance that we will be able to obtain such waivers or successfully further renegotiate these arrangements in the future. Also see "*Risk Factors – We are exposed to all of the risks associated with leasing real estate, and any adverse developments could materially affect our business, results of operations and financial condition*" on page 36. In addition, we have adopted Ind AS 116 with respect to our leases, effective annual reporting period beginning April 1, 2019 and applied the standard to our leases using the modified retrospective approach, under which the cumulative effect of initially applying the standard, is recognized on the date of initial application April 1, 2019. However, for the purpose of preparing Restated Consolidated Financial Information, Ind AS 116 has been applied using the modified retrospective approach with effect from April 1, 2018. On the adoption of Ind AS 116, our restated loss after tax for Fiscal 2019 was ₹ 971.48 million, compared to a net loss for the year as per audited consolidated financial statements of Fiscal 2019 of ₹ 694.34 million. For further information on the impact of Ind AS 116, see "*Risk Factors - Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Changes in Accounting Policies in the last three financial years*" and "*Restated Consolidated Financial Statements – Note 36: Leases*" on pages 53, 338 and 279, respectively.

- Disruptions of the services we receive from third party suppliers of ingredients, store equipment, food delivery aggregators and logistics service providers.

- Compliance with evolving government regulations, including with respect to social distancing measures, food safety norms and sanitization practices. For instance, FSSAI issued a guidance note on '*Food Hygiene and Safety Guidelines for Food Businesses during Coronavirus Disease (COVID-19) Pandemic*' ("**FSSAI Guidelines**") with an intent to provide guidance to food businesses like ours, including their personnel involved in handling of food and other employees to prevent spread of COVID-19 in the work environment and any incidental contamination of food/ food packages. The FSSAI Guidelines mandates strict adherence to General Hygiene Practices specified under Schedule 4 of Food Safety and Standards (Licensing and Registration of Food Businesses) Regulation, 2011. The schedule enumerates multiple compulsory measures to be adopted by food business operators in the interest of human nutrition, safety and hygiene which may result in increased costs. Although we are currently in compliance with the FSSAI Guidelines, any failure in the future to fully comply or adhere to the measures and guidelines set out in the FSSAI Guidelines or any other similar regulations could lead to the imposition of penalties, fines or other sanctions, which could have an adverse impact on our business.

- Availing moratorium on some of our borrowings and seeking extensions for repayment obligations under our financial arrangements. For instance, the Company obtained moratorium on ₹ 171.21 million, representing 3.51% of its total borrowings as of March 31, 2021.

In addition, one of our key strategies and obligations under our development agreements which is the expansion of our store network, has become increasingly challenging as we have had to delay such expansion plans due to the impact of COVID-19 pandemic. For further information on our store expansion obligations, see "*Our Business – Key Agreements*" on page 148. While we have been able to mutually agree on revised timelines for our development commitments for KFC and Pizza Hut stores with Yum, there can be no assurance that we will be able to meet these commitments in the event of subsequent waves of the pandemic in India that lead to additional restrictive measures or hamper overall economic recovery. For instance, the second wave of the COVID-19 pandemic in India in April 2021 has led to additional restrictive measures such as lockdowns and curfews in certain parts of India, restricting operations at our stores, and exposing our store operators to the increased risk of contagion. In the event of any subsequent waves that are not controlled in a timely manner, we may not be able to meet our revised development commitments, or further revise these arrangements, or operate our stores profitably, or at all. This may also result in various consequences, including termination of various agreements entered into with Yum. For further information, see "*Risk Factor – We rely on our arrangements with Yum for our KFC and Pizza Hut stores that comprise a significant majority of our business, and a termination of or inability to renew these arrangements, will have a material adverse effect on our business, results of operations and financial condition*" on page 29.

The impact of the second wave or any subsequent waves cannot be ascertained at this time, and while we cannot currently estimate the duration or future negative impact of the COVID-19 pandemic on our business or on the Indian or global economy, we expect the negative effects to continue into Fiscal 2022. Notwithstanding measures we have adopted to increase safety and hygiene levels, there can be no assurance that footfalls in our stores, sales, and demand for our products will fully recover from the impact of the COVID-19 crisis, and if they do not recover as a result of the COVID-19 crisis continuing or worsening, or otherwise, our business and results of operations would be significantly and adversely impacted, which could also adversely impact our market share. Further, while vaccination drives have begun, the same may not be entirely successful due to shortages or effective at all, and the likelihood of subsequent waves of the COVID-19 pandemic in India remain high. There is no certainty if additional restrictions will be put back in place or if another lockdown would be re-imposed to control the spread of the pandemic. In addition, if our Key Managerial Personnel or a significant percentage of our workforce is unable to work due to COVID-19 illness, quarantine, limitations on travel or other government restrictions in connection with the COVID-19 pandemic, our operations may be negatively impacted. An outbreak or perceived outbreak of the COVID-19 pandemic connected to one or more of our Core Brand or Other Brand stores and outlets could also cause negative publicity directed at any of our brands and cause customers to avoid our stores, which could have a material adverse effect on our business, results of operations, financial condition, cash flows, reputation and prospects.

The financial impact of COVID-19 has had, and is expected to continue to have, an adverse effect on our liquidity, and we continue to monitor and assess our access to appropriate sources of liquidity in order to sustain our business throughout this crisis, and there can be no assurance that additional liquidity from other sources will be available to us on favourable terms, or at all. Also see "*Restated Consolidated Financial Statements – Note 53: Estimation of uncertainties relating to the global health pandemic from COVID-19*" on page 306.

***2. We rely on our arrangements with Yum for our KFC and Pizza Hut stores that comprise a significant majority of our business, and a termination of or inability to renew these arrangements, will have a material adverse effect on our business, results of operations and financial condition.***

Revenue from operations from our KFC and Pizza Hut stores together amounted to ₹ 9,971.15 million, ₹ 11,750.36 million, and ₹ 10,472.26 million, and represented 76.08%, 77.49% and 92.28% of our total revenue from operations, in Fiscals 2019, 2020 and 2021, respectively. We are therefore significantly dependent on our arrangements with Yum for our business and operations. These arrangements are set out in various development agreements, trademark license agreements and technology license agreements.

Under the terms of our KFC DA and Pizza Hut DA, we are subject to obligations in relation to growing our network of stores in accordance with the development schedules set out therein. Further, while the KFC DA and Pizza Hut DA set out development schedules until 2023 and 2022, respectively, we were required to enter into revised development agreements with Yum by June 27, 2021 to extend the validity and amend certain terms of the KFC DA and Pizza Hut DA. We accordingly amended the KFC DA on July 5, 2021, that sets out our development commitments until 2026 (the "**Amended KFC DA**"), and entered into a new development agreement with Yum for our Pizza Hut stores on July 5, 2021, that sets out our development commitments until 2026 (the "**New Pizza Hut DA**"), which are both effective from January 1, 2022. The development schedules set out the number of stores we are required to open each year, along with incentives we are eligible for in the event we meet these targets. Further, the Amended KFC DA and New Pizza Hut DA also require us to issue certain bank guarantees to Yum annually to demonstrate our commitment to meet the development schedules. Our future commitments towards Yum to open new stores pursuant to such development schedules set out an aggressive growth plan for our network of stores which is higher than our past commitments or the number of stores that we have opened. We have previously been unable to meet our minimum development obligations within prescribed timelines, and while we have been granted extensions and have subsequently been able to meet such obligations within extended timelines, there can be no assurance that we will be granted such extensions in the future or that we will be able to consistently honor these commitments in a timely manner or at all. An inability to obtain extensions or honor these commitments could result in clawback of incentives that may be granted to us, invocation of the bank guarantees we may be required to issue, suspension or even termination of certain development rights and the development agreements entered into with Yum, causing us to refrain from opening any new stores, thereby resulting in a material adverse effect on our results of operations and financial condition. In addition to these development agreements, each KFC and Pizza Hut store we operate is governed by a separate TLA and a TMA entered into with the relevant parties for the store. Also see "*Risk Factor – The operation of stores/ outlets under our Core Brands ("KFC", "Pizza Hut" and "Costa Coffee") depend on their respective material agreements, which impose certain restrictions, limitations and other obligations on our operations that could adversely affect our business, results of operations and financial condition*" and "*Our Business – Key Agreements*" on pages 32 and 148, respectively.

An inability to meet our obligations under these arrangements, including to develop a certain number of stores within prescribed timelines, or to obtain suitable extensions, could result in a termination of our development rights and such arrangements with Yum, which could materially and adversely affect our results of operations, prospects, and financial condition. Also see "*Risk Factor – We may not be able to identify and obtain suitable store locations, which could impact our ability to achieve our growth strategy and meet our development commitments, which could adversely impact on our business, results of operations and financial condition.*" on page 35.

***3. We rely on the Costa IDA with Costa for our Costa Coffee stores and a termination of or material modification to the existing terms of the Costa IDA will materially and adversely affect our ability to continue our Costa business and operations and our future financial performance.***

Pursuant to our Costa IDA, we had been granted exclusive development rights in India that were contingent upon our ability to meet certain development commitments set out therein. Owing to our inability to meet such development commitments and remedy our breach within cure periods that were granted to us, our exclusive development rights were subsequently terminated. As a result, while we have the right to operate our existing Costa Coffee stores for terms specified in the operational agreements with respect to such stores, we are refrained from opening any new stores in India unless we receive Costa's prior consent to do so, thereby limiting our ability to grow our Costa business.

Additionally, Costa also has the right to unilaterally terminate the Costa IDA in the event we fail to pay sums due to Costa within timelines specified therein, have more than two operational agreements terminated by Costa, challenge the validity of trade mark owned by Costa or fail to comply with our obligations under the Costa IDA or applicable laws. Costa may also terminate our rights with respect to all Costa Coffee stores and the Costa IDA if circumstances arise which represent risk of causing material damage and goodwill of the trade name and Costa network at our Costa Coffee stores, if we endanger health or safety of any customer, or if we fail to keep a store open for trading for two consecutive days (unless due to refurbishment or repair or due to a flood or fire). We are also subject to certain indemnification obligations towards Costa. For further information on other similar conditions applicable under the Costa IDA, see "*Our Business – Key Agreements – Costa Coffee Arrangements*" on page 157.

The Costa IDA was initially valid until December 31, 2014, and has been periodically renewed for two successive terms of five years each. We are in the process of entering into a revised development agreement with Costa that is under negotiation and has not been finalized and under which our rights to develop certain number of Costa Coffee stores is being contemplated. To this effect, we have entered into a non-binding heads of terms for a potential new development agreement with Costa with effect from January 1, 2021 (the "**Costa Term Sheet**"), which is proposed to supersede and terminate the existing Costa IDA upon its execution. For further information on the Costa Term Sheet, see "*Our Business – Key Agreements – Costa Coffee Arrangements*" on page 157. However, the Costa Term Sheet remains subject to a definitive agreement proposed to be entered into between the parties failing which it may be terminated. We may be delayed or be unable to enter into such a definitive agreement for various reasons beyond our control, which may result in us not being able to renew or otherwise continue our relationship with Costa. Further, as the Costa Term Sheet is not legally binding on the parties, there can be no assurance that the definitive agreement when finalized and negotiated will not significantly vary from the Costa IDA or the Costa Term Sheet, including with respect to development commitments contemplated therein. In addition, there can be no assurance that we will be able to comply with the terms of the definitive agreement once executed, particularly with respect to any development commitments that we may be subject to. An inability to meet our obligations under these arrangements, including to develop a certain number of stores within prescribed timelines, or to obtain suitable extensions, could result in a termination of our development rights and adversely impact our ability to grow our business, which could materially and adversely affect our results of operations, prospects, and financial condition.

Revenue from our Costa Coffee stores amounted to ₹ 902.04 million, ₹ 819.62 million, and ₹ 213.95 million in Fiscals 2019, 2020 and 2021, respectively, and represented 6.88%, 5.41%, and 1.88% of our revenue from operations in such periods, respectively. In the event that Costa exercises its right to terminate the Costa IDA, or we fail to renew the Costa IDA, or enter into a definitive agreement pursuant to the Costa Term Sheet on terms less favourable to us than existing terms, it may materially and adversely affect our ability to carry on our business operations and may impact our future financial performance to the extent of the revenue we derive from such business.

4. ***We have incurred losses in Fiscals 2019, 2020 and 2021, resulting in erosion of our net worth. In the event our net loss continues to increase, it may adversely affect our business and financial condition.***

We reported losses for the year of ₹ 941.44 million, ₹ 1,214.18 million and ₹ 629.87 million in Fiscals 2019, 2020 and 2021, respectively, that represented 7.18%, 8.01% and 5.55% of our revenue from operations in such periods, respectively. However, our EBITDA for Fiscals 2019, 2020 and 2021 was ₹ 2,789.62 million, ₹ 2,554.84 million and ₹ 2,269.28 million, respectively, that represented 21.29%, 16.85% and 20.00% of our revenue from operations in such periods, respectively. Accordingly, our losses in Fiscals 2019, 2020 and 2021, were primarily a result of increased finance cost and depreciation and amortization expenses. Finance cost in Fiscals 2019, 2020 and 2021 amounted to ₹ 1,356.04 million, ₹ 1,584.37 million, and ₹ 1,528.03 million, respectively, that represented 10.35%, 10.45% and 13.46% of our revenue from operations in such periods, respectively, and depreciation and amortization expenses amounted to ₹ 2,028.26 million, ₹ 2,233.14 million, and ₹ 2,294.53 million, respectively, that represented 15.48%, 14.73% and 20.22% of our revenue from operations in such periods, respectively. Also see, "*Management's Discussion and Analysis on the Financial Condition and Results of Operations*" on page 323. These sustained losses have resulted in erosion of a portion of Company's net worth, as of March 31, 2019, 2020, and 2021. Our net losses have historically resulted primarily from high operating costs incurred towards expansion of our store network, and inability to successfully recover these costs through operations at such stores. We have also incurred losses due to high corporate level overhead costs and towards funding certain loss making businesses, such as our operations at airports in India and the TWG tea business that was carried out by our erstwhile subsidiary DIUPL. We continue to grow our business by opening a number of new stores every year, and expect to report losses till such time as these new stores mature and we are able to apportion corporate level expenses across a larger base of stores. For further information on our financial performance and observations by our auditors, see "*Restated Consolidated Financial Statements*" and "*Management's Discussion and Analysis on the Financial Condition and Results of Operations - Auditor's Observations*" on pages 205 and 355, respectively.

Further, our operating costs and other expenses may be greater than we anticipate, and our investments to make our business and our operations more efficient may not be successful. Increases in our costs, expenses and investments may reduce our margins and materially adversely affect our business, financial condition and results of operations. Our failure to generate profits may adversely affect the market price of our Equity Shares, restrict our ability to pay dividends and impair our ability to raise capital and expand our business.

5. ***Our Statutory Auditors have included certain adverse remarks/ qualifications/ matters of emphasis in our Audited Consolidated Financial Statements.***

Our Statutory Auditors have included certain adverse remarks/ qualifications/ matters of emphasis in relation to our Company in our audited financial statements. These include:

- An emphasis of matter in the auditors' reports on our audited consolidated financial statements for Fiscals 2020 and 2021 which describes uncertainties relating to the effects of COVID-19 pandemic on our operations. For further information, see "*Restated Consolidated Financial Statements – Note 53: Estimation of uncertainties relating to the global health pandemic from COVID-19 pandemic*" and on page 306.

- A material uncertainty related to going concern in the auditors' report on our audited consolidated financial statements for Fiscals 2019 wherein it is mentioned that the Group and its Joint Venture have incurred losses during the period and that such accumulated losses as of March 31, 2019, has resulted in erosion of the net worth of the Group and its Joint Venture as of March 31, 2019. It further mentioned that the Group and its Joint Venture's current liabilities exceed its current assets as of March 31, 2019. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Group and its Joint Venture's ability to continue as a going concern. However, as a result of certain factors elaborated in the said note, the management is confident of its ability to continue as a going concern and have accordingly, prepared these consolidated financial statements on going concern basis. Consequently, no adjustments have been made to the carrying values of the assets and liabilities in the consolidated financial statements. For further information, see "*Restated Consolidated Financial Statements – Note 52: Disclosures about the Group's ability to continue as a going concern*" and on page 306.

- A qualification in the auditors' report on our standalone audited standalone financial statements for Fiscal 2019 wherein it is mentioned that the management did not provide for any impairment allowance / loss in respect of investment in subsidiary and loan (including interest accrued thereon) granted to the subsidiary as of March 31, 2019. Majority of the funds invested in/ granted to the subsidiary have further been invested in / granted to a step down subsidiary. In view of continuing losses and increasing uncertainty of achieving the estimated cash flows in relation to this step down subsidiary, the auditors' were unable to determine whether any adjustment to the carrying value of the investment in the subsidiary and loan (including interest accrued thereon) granted to the subsidiary as at the year-end would be necessary along with its consequential impact on the standalone financial statements. Similar qualifications were included in the auditors' reports on our audited standalone financial statements for Fiscal 2020, as well as in the statutory auditors' reports on the audited financial statements of our subsidiary RV Enterprizes Pte. Limited for Fiscals 2019 and 2020 and of our step-down subsidiary DIL Nigeria for Fiscals 2019 and 2020.

For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation – Auditors' Observations*" on page 355. While the qualification set out above have been redressed for the purpose of preparing the Restated Consolidated Financial Statements, there can be no assurance that any similar qualification, remarks or matters of emphasis will not form part of our financial statements for the future fiscal periods, which could subject us to additional liabilities due to which our reputation and financial condition may be adversely affected. In addition, the audited consolidated financial statements as of and for the year ended March 31, 2021 also include the Group's share of net loss (including other comprehensive income) in respect of the Joint Venture, whose financial statements have not been audited. For further information, see "*Restated Consolidated Financial Statements*" on page 205.

***6. The operation of stores/ outlets under our Core Brands ("KFC", "Pizza Hut" and "Costa Coffee") depend on their respective material agreements, which impose certain restrictions, limitations and other obligations on our operations that could adversely affect our ability to grow our business.***

We had 692 stores as of March 31, 2021 and 735 stores as of June 30, 2021, across our operations, comprising KFC, Pizza Hut and Costa Coffee stores ("**Core Brands**") as well as outlets of other brands such as Vaango. Each KFC and Pizza Hut store we operate is governed by a TLA and a TMA entered into with the relevant parties for the store. Also see, "*Our Business – Our Operations*" on page 132. Similarly, the operations of each Costa Coffee store are governed by the operating conditions set out in the Costa IDA. Set forth below are key restrictions/ limitations placed on us by these arrangements:

*KFC and Pizza Hut*

Under our TLAs and TMAs, there are certain brand-related aspects such as appointment of suppliers and selection of product ingredients, opening of outlets, advertisement or promotional activity, restriction on sub-licensing or sale, transfer or gift of business, and any reconstruction/ reorganization/ other material changes in our structure or financial condition, for which we are required to seek prior approval of Yum. These are standard practices in the franchise-based business model in-order to ensure that global standards of quality, hygiene and brand equity are maintained by the relevant franchisee and also for placing market-standard controls to protect brand value of our franchisor.

In addition, we are required to pay a continuing fee amounting to 6.3% of the revenues of each KFC/ Pizza Hut store to Yum as consideration for the right to use the restaurant formats and operating systems. We are also required to pay Yum a non-refundable one-time fee upon the opening of each store and a renewal fee each time we renew the TLA/ TMA for a particular store. We are also required to contribute 6.00% of our gross revenues per store (excluding applicable taxes) for each KFC and Pizza Hut store to Yum, towards marketing and advertising expenses. These TLAs and TMAs may be terminated by Yum with immediate effect in the event we breach certain obligations as specified therein, including if we fail to comply with non-compete obligations, or fail to protect the marks and system property/ other intellectual property rights. Further, certain TLAs and TMAs with Yum entitle Yum to terminate the agreement if any other agreement between Yum and our Company or involving our respective affiliate companies is also terminated. In the event the initial and continuing fees payable under these agreements increase or we fail to renegotiate our arrangements with Yum on terms of favourable to us, or at all, or these agreements are terminated by Yum, our results of operations, financial condition, and business prospects could be adversely affected. The table below sets forth details of such continuing fees, contribution towards marketing and advertising expenses of KFC/ Pizza Hut stores to Yum (including its affiliates) for the periods indicated:

| | **Fiscal** | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| | **(₹ million)** | | |
| Continuing fees | 648.41 | 755.01 | 672.43 |
| Advertisement and sales promotion expenses | 388.82 | 457.86 | 434.03 |

*Costa Coffee*

Under our Costa IDA, we are required to seek the prior approval of Costa including to: open and operate each Costa Coffee store; obtain our domain name and form and content of our website; appoint suppliers for select product ingredients; make changes to our marketing plans; introduce new items on the menu; and reconstruct, reorganize, to carry out other material changes in our structure or financial condition new improvements and modifications to the business or operational methods; publish any material on the internet referring to Costa business or the trade marks.

For further information, see "*Our Business – Key Agreements*" on page 148.

We are also subject to non-compete obligations under our arrangements with Yum and Costa that continue to be effective for certain periods even after termination of our arrangements. The non-compete obligations prohibit us from carrying out the retail/ wholesale preparation of products including pizza and pasta products (collectively), burger products, ready-to-eat chicken products, Mexican food products, or to take franchisee/ license in the business of branded retail coffee shops.

Further, the Amendment Agreement to TLA and TMA entered into by our Company with Yum India, although has relaxed certain share transfer restrictions on shareholders of our Company (as on the date of the execution of the Amendment Agreement to TLA and TMA), however, it still imposes certain share transfer restrictions on our Promoters. In terms of the Amendment Agreement to TLA and TMA, Yum India is entitled to terminate all TLAs and TMAs in the event of change in control of our Company post listing. In addition, if a competitor of Yum India or a restricted person (in terms of the Amendment Agreement to TLA and TMA) acquires 25% or more voting rights of our Company post listing, the same would result in an event of default under the TLAs and TMAs. Additionally, the Amendment Agreement to TLA and TMA lays down certain conditions which are required to be complied with by our Company and/or our Promoters. For details regarding the Amendment Agreement to TLA and TMA, see "*Our Business – Key Agreements"* on page 148.

In addition, we are required to keep Yum and Costa indemnified against all losses that they may incur as a result of any breach by us of the agreements to which they are a party. For further information on these non-compete and indemnity obligations, see "*Our Business – Key Agreements*" on page 148. These obligations therefore restrict our ability to grow our business within the QSR segment and increase our dependence on our existing franchisors, constraining our ability to negotiate our arrangements. An adverse impact on these brands may have an impact on our profit margins and financial performance, as we may not be able to identify and enter into suitable alternative arrangements within the segment without breaching these non-compete obligations.

We cannot control or influence the actions of Yum or Costa, who may at any time have economic, business or legal interests or goals that are inconsistent with ours. If they take certain actions that we do not agree with, our business operations may be adversely affected, which would have a material adverse effect on our business, results of operations and financial condition. In addition, the TMAs that we enter into are typically governed by US law and the Costa IDA is governed by UK law. We cannot assure you that in the event of a dispute under such agreements, we will be able to successfully defend our position, and any adverse decision may adversely impact our financial position, results of operations and cash flows. Further, to the extent there are changes in these laws or our ability to enforce our rights under these agreements are otherwise negatively impacted, our business, results of operations and financial condition could be adversely affected.

***7. Our business depends on the continued success and reputation of our Core Brands globally, and any negative impact on these brands, or a failure by us or owners of our Core Brands to protect these brands, as well as other intellectual property rights and proprietary information, may adversely affect our business, results of operations and financial condition.***

Our success to a large extent is directly related to the success of our Core Brands globally, including their financial condition, marketing strategies, product development as well as overall quality and success of their operations amongst competitors. Core Brands comprise the 'KFC', 'Pizza Hut' and 'Costa' brands that are not owned by us. The 'KFC' brand is owned by Kentucky Fried Chicken International LLC, the 'Pizza Hut' brand is owned by Pizza Hut International LLC, and the 'Costa' brand is owned by Costa International Limited. We are permitted to use these brands based on the arrangements entered into with these brand owners under which we are required to pay certain royalty and continuing fees. Royalty and continuing fees in Fiscals 2019, 2020 and 2021 amounted to ₹ 727.66 million, ₹ 840.39 million and ₹ 724.99 million, respectively, and represented 5.55%, 5.54% and 6.39% of our revenue from operations in such periods, respectively. We therefore have no control over the management or operations of our Core Brands globally except for those jurisdictions and outlets developed and operated by us. As a result, a variety of factors affecting the Pizza Hut, KFC and Costa Coffee brands that are beyond our control could have a material adverse effect on our business. These factors include actions taken by Yum and Costa in connection with our arrangements with these franchisors, negative publicity with respect to the Core Brands and loss of reputation due to food-related complaints, food-borne illnesses or food safety issues at these stores globally, initiation of legal proceedings, employee misconduct, operational failures and regulatory investigations, which adversely impact these brands.

Further, under the terms of our material agreements in relation to our Core Brands we are required to protect their intellectual property rights and other proprietary information. However, our efforts to protect this intellectual property and other proprietary information may prove to be inadequate and, as a result, the value of these brands as well as our own brands could be harmed. For instance, we may not be able to detect or prevent these brands from trademark or other infringements, and it is possible that other proprietary information, such as the recipes of food products, proposed pricing or product launch information, could be leaked by our employees, suppliers, food delivery aggregators and other third-parties. If any of these were to occur and the brand image of our offerings and those of the Core Brands were harmed as a result, our competitive position in the QSR industry in India and our ability to grow our business could be negatively impacted, which would adversely affect our business, results of operations and financial condition. In addition, KFC International and Pizza Hut International could deem any unauthorized use by us of their respective brands, their intellectual property rights or other proprietary information, or any action adversely affecting goodwill of their business, whether intentional or not, to be a breach of the terms of the relevant material agreements and seek to terminate our relationship, which would have a material adverse effect on our business, results of operations and financial condition.

Any damage to our Core Brands, whether attributable to us or otherwise, could adversely impact the trust placed in the particular brand and our reputation and cause existing customers or intermediaries to withdraw their business and reconsider doing business with us. Further, negative publicity may result in increased regulation and legislative scrutiny of industry practices as well as increased litigation, which may further increase our costs of doing business and adversely affect our profitability. We also cannot assure you that the Core Brands will be able to compete effectively with other well-established international QSR chains. As a result, any impairment or damage to these brands, including as a result of these or other factors, could adversely affect our business, results of operations and financial condition.

***8. Some of our Promoters as well as some Directors on our Board and their relatives hold Equity Shares and are therefore interested in the Company's performance in addition to their remuneration and reimbursement of expenses.***

Some of our Promoters as well as some Directors of our Company and their relatives are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company and a property acquired by our Company from our Corporate Promoter. Although our Directors (including the Individual Promoters) shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, by virtue of having a majority shareholding, as a whole, our Promoters and Directors may take or block actions with respect to our business which may conflict with the interests of minority shareholders. For further information on the interest of our Promoters and Directors of our Company, other than reimbursement of expenses incurred or normal remuneration or benefits, see "*Our Management*" and "*Our Promoters and Promoter Group*" on pages 176 and 192, respectively.

***9. We have had negative cash flows in the past, and may have negative cash flows in the future. Negative cash flows could adversely affect our cash flow requirements, our ability to operate our business and implement our growth plans, thereby affecting our financial performance.***

We have in the past, and may in future, experience negative cash flows from investing and financing activities. Set forth below is a table of selected information from our Restated Consolidated Financial Statements of cash flows for Fiscals 2019, 2020 and 2021:

| **Particulars** | **Fiscal** | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| | **(₹ million)** | | |
| Net cash from/ (used in) operating activities | 2,777.62 | 3,007.16 | 2,395.57 |
| Net cash from/ (used in) investing activities | (1,676.74) | (974.29) | (3,585.96) |
| Net cash from/ (used in) financing activities | (1,305.04) | (2,226.15) | 1,419.82 |

For further information, see "*Restated Consolidated Financial Statements*" and for further information on reasons for cash flows used in investing activities and cash flows used in financing activities, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Cash Flows*" on pages 205 and 352, respectively. We cannot assure you that our net cash flows will be positive in the future.

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, prospects, results of operations and financial condition may be materially and adversely affected.

***10. There are outstanding litigation proceedings against our Company, Subsidiaries, Directors, and Promoters. Any adverse outcome in such proceedings may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows.***

There are outstanding legal proceedings against our Company, Subsidiaries, Directors, and Promoters, which are pending at various levels of adjudication before various courts, tribunals and other authorities.

The summary of outstanding matters set out below includes details of criminal proceedings, tax proceedings, statutory and regulatory actions and other material pending litigation (as defined in the section "*Outstanding Litigation and Other Material Developments*" on page 359) involving our Company, Subsidiaries, Directors, and Promoters.

| **Nature of cases** | **Number of outstanding cases** | **Amount involved (in ₹ million)*** |
|---|---|---|
| ***Litigation involving our Company*** | | |
| ***Litigation against our Company*** | | |
| Criminal proceedings | 2 | - |
| Actions by regulatory or statutory authorities | 33 | 1.21 |
| Indirect tax matters | 8 | 19.45 |
| Direct tax matters | 9 | 1.19 |
| ***Litigation filed by our Company*** | | |

| Nature of cases | Number of outstanding cases | Amount involved (in ₹ million)* |
|---|---|---|
| Criminal proceedings | 13 | 5.39 |
| Material civil proceedings | 1 | 133.82 |
| ***Litigation involving our Subsidiaries*** | | |
| ***Litigation against our Subsidiaries*** | | |
| Criminal proceedings | 1 | - |
| Indirect tax matters | 5 | 35.09 |
| Direct tax matters | 6 | 185.18 |
| ***Litigation involving our Corporate Promoter*** | | |
| ***Litigation against our Corporate Promoter*** | | |
| Actions by regulatory or statutory authorities | 5 | - |
| Indirect tax matters | 7 | 151.94 |
| Direct tax matters | 19 | 69.22 |
| ***Litigation filed by our Corporate Promoter*** | | |
| Criminal Proceedings | 1 | 3.3 |
| ***Litigation involving our Directors***** | | |
| ***Litigation against our Directors*** | | |
| Criminal proceedings | 3[#] | 1.2 |
| Actions by regulatory or statutory authorities | 2 | - |
| Material civil proceedings | 1 | 371.23 |

** To the extent quantifiable, excluding interest and penalty thereon*
*** Ravi Kant Jaipuria and Varun Jaipuria are the Non-Executive Directors as well as Individual Promoters of our Company.*
*[#] Includes the complaint filed by Ritesh Agarwal against Ravi Kant Jaipuria and Varun Jaipuria*

For further information, see "*Outstanding Litigation and Other Material Developments*" beginning on page 359.

Further, Ravi Kant Jaipuria, as the chairman of VBL, and Ravi Batra, as the chief risk officer & group company secretary ("**CRO**") of VBL, have received summons dated January 20, 2021 and January 4, 2021, respectively, from SEBI requesting them to appear before the Investigating Authority to investigate certain matters with respect to certain dealings of securities of VBL. Consequently, the chairman and the CRO of VBL appeared before the Investigating Authority on January 29, 2021 and January 18, 2021, respectively, and submitted the relevant facts. The investigation is currently pending.

Furthermore, we have identified certain contingent liabilities arising out of matters pertaining to certain direct tax and indirect tax, in our Restated Consolidated Financial Statements as mentioned below:

| Particulars | Amount (In ₹ million) |
|---|---|
| **Contingent Liabilities and Other Claims** | |
| **(a) Claims against the Group not acknowledged as debts** | |
| **(i) Claims made by sales tax authorities, service tax authorities and income tax authorities** | |
| Value added tax | 44.17 |
| Service tax | 10.37 |
| Income tax | 184.73 |
| **Total** | **239.27** |
| | |
| **(ii) Others (miscellaneous claims in relation to the Company's operations) (1)** | 30.44 |

*1. The Group is party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on the consolidated financial statements and hence no provision has been recorded against these legal proceedings at this stage. Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash out flows, if any, in respect of the above as it is determinable only on receipt of judgements / decisions pending with various forums/ authorities. Accordingly, the abovementioned contingent liabilities are disclosed at an undiscounted amount.*

There can be no assurance that these legal proceedings will be decided in our favor or in favor of our Subsidiaries, Directors, Promoters and Group Companies, if any. In addition, although we have identified certain contingent liabilities arising out of matters pertaining to certain direct tax and indirect tax in our Restated Consolidated Financial Statements, we cannot assure you that no additional liability will arise out of these proceedings. Decisions in such proceedings adverse to our interests may have an adverse effect on our business, results of operations and financial condition.

***11. We may not be able to identify and obtain suitable store locations, which could impact our ability to achieve our growth strategy and meet our development commitments, which could adversely impact on our business, results of operations and financial condition.***

A key part of our business and growth strategy is to maintain the pace of expansion of our store network, which requires us to continually identify suitable and available locations and develop and build out stores at those locations. Our ability to expand and grow our network of stores depends on the continued cooperation of third parties such as real estate agents, landlords, mall developers, and lessors. We cannot assure you that we will continue to be able to effectively manage our store network and maintain our relationships with such third-parties.

Our ability to effectively obtain quality commercial property to relocate existing stores or open new stores depends on the availability of commercial property that meets our criteria for customer traffic, square footage, lease economics, demographics and other factors, including our ability to negotiate terms that meet our financial targets. In addition, rising real estate prices may restrict our ability to lease new desirable locations. Any new store that we establish requires significant resources in terms of fixed lease costs, fit-outs and refurbishments, to align the store with our preferred format, and may not be profitable immediately upon its opening or may take time to break even, and failure to do so within a reasonable period may adversely affect our profitability. Our ability to reduce our payback periods depends on our ability to negotiate commercially reasonable terms, based on the store format and the location for such format, that is subject to various assumptions on demand for our products from the particular demographic at the location. In addition, new stores could impact the sales of our existing stores nearby, and there can be no assurance that sales cannibalization will not occur or become more significant in the future as we increase our presence in existing markets. An inability to appropriately identify suitable locations, or set-up the most appropriate store-format at a particular location, or to negotiate commercially reasonable lease terms, may increase our payback periods, result in store-closures, and adversely affecting our results of operations and financial condition.

The development and roll out of new stores involves substantial risks, any of which could be exacerbated or caused by the ongoing COVID-19 crisis, including in relation to the following:

- the inability to identify or the unavailability of suitable sites on acceptable leasing terms or to compete effectively for these suitable sites;
- the negotiation of acceptable lease or purchase terms for new locations;
- rising real estate prices, particularly in metro cities;
- unavailability of financing on reasonable terms;
- issues with construction including lack of suitable contractors, delays and costs exceeding budgeted amounts;
- difficulties in relation to the implementation of the systems, procedures and control measures required at new and different store locations;
- the inability to obtain all necessary governmental or local authority permits and approvals and other requisite licenses and permits in time;
- underperformance of the newly developed stores;
- changing consumer preferences and success of our new stores;
- competition in current and future markets;
- our degree of penetration in existing markets;
- sales and margin levels at existing stores;
- our ability to hire and retain qualified store crews;
- changes in governmental rules, regulations and interpretations; and
- changes in general economic and business conditions.

In addition, our efforts to develop and roll out new stores may also increase the complexity of our existing operations and place additional strain on our management as well as operational, financial and human resources. There can be no assurance that we will be able to achieve our expansion goals or that new stores will be opened in a timely fashion, or at all. If we are not able to identify suitable locations and successfully develop and build out new stores in a timely, cost effective and profitable manner or otherwise manage the growth of our network of stores effectively, our business, results of operations and financial condition may be materially and adversely affected. If we fail to successfully open new stores that are economically viable and expand our business in a manner that does not adversely impact our existing stores, our business, results of operations and financial condition could be materially and adversely affected.

***12. We are exposed to all of the risks associated with leasing real estate, and any adverse developments could materially affect our business, results of operations and financial condition.***

As a majority of our stores operate on leased properties, we are exposed to the market conditions of the retail rental market. We generally enter into lease agreements with initial terms of 5 to 20 years. Most of our lease agreements contain an early termination clause that permits us to terminate the lease agreement early for the reasons specified therein. While we have renewal options for certain of our leases, we typically need to renegotiate the terms of renewal with the lessor, who may insist on a significant modification to the terms and conditions of the lease agreement.

The rent under the majority of our current store lease agreements is generally payable in one of three ways: (i) fixed rent; (ii) the higher of a fixed base rent or a percentage of the store's monthly sales revenue; or (iii) a percentage of the store's monthly sales revenue. In addition to increases in rent resulting from fluctuations in annual sales revenue, certain of our lease agreements include provisions specifying fixed increases in rental payments over the respective terms of the lease agreements. While these provisions have been negotiated and are specified in the lease agreement, they will increase our costs of operation and therefore may materially and adversely affect our results of operation if we are not able to pass on the increased costs to our customers.

Where we do not have an option to renew a lease agreement, we must negotiate the terms of renewal with the lessor, who may insist on a significant modification to the terms and conditions of the lease agreement. If a lease agreement is renewed at a rate substantially higher than the existing rate, or if any existing favorable terms granted by the lessor are not extended, we must determine whether it is desirable to renew on such modified terms. If we are unable to renew leases for our store sites on acceptable terms or at all, we will have to close or relocate the relevant stores, which would eliminate the sales that those stores would have contributed to our revenues during the period of closure, and could subject us to construction, renovation and other costs and risks. For instance, we have permanently closed 28 stores, 24 stores and 61 stores, in Fiscals 2019, 2020 and 2021, respectively, under our Core Brands Business, primarily due to termination or non-renewal of leases, store relocations and other commercial reasons, including closure of under-performing stores.

As part of our store roll out process, we enter into letters of intent or term sheets and submit deposits to the relevant owners of the properties where a new store will be located once we have identified a site to develop. The letters of intent or term sheets are typically subject to a definitive lease agreement in the form of a lease deed or leave and license agreement being entered into between the parties within a specified time period or they terminate unless extended. We may be delayed or be unable to enter a definitive lease agreement with respect to a specific site for various reasons, some of which are beyond our control, which may result in us not being able to recover deposits placed with relevant owners. Further, in the event such letters of intent lapse or are terminated, we may have to identify alternate store locations for which we expend significant time and resources. In addition, lease agreements are required to be duly registered and adequately stamped under Indian law and if one of our lease agreements is not duly registered and adequately stamped, we may face challenges in enforcing them and they may be inadmissible as evidence in a court in India subject to penalties along with the requisite stamp duty prescribed under applicable Indian law being paid. We may also face similar issues with jurisdictions we operate in outside of India.

***13. We are dependent on the adequate and timely delivery of quality ingredients, packaging materials and other necessary supplies and if our suppliers fail to provide us with sufficient quality and quantities of ingredients, packaging materials and other necessary supplies, our business, results of operations and financial condition could be adversely affected.***

Our operations are dependent on adequate and timely deliveries of quality ingredients, packaging materials and other necessary supplies that meet certain requirements. We depend substantially on approved suppliers from which we purchase ingredients and packaging materials. A failure of our suppliers to provide us with sufficient quantities of ingredients and packaging materials of adequate quality meeting global standards as required on a timely basis as a result of shortages, interruptions in their own supplies, such as those that could be caused by weather or other conditions, or their failure to retain their certification as approved suppliers of Yum and Costa or otherwise could result in a disruption or delay in supply of the ingredients, packaging materials and other necessary supplies that we require for our stores. Although we generally believe there are sufficient numbers of alternative suppliers for our ingredients and packaging materials, shortages or other industry-wide disruptions could occur, such as in connection with the COVID-19 crisis, and we may not be able to obtain replacement ingredients or packaging materials of adequate quality or sufficient quantity on commercially agreeable terms in the open market, which could require us to incur additional cost, which could have an adverse effect on our business, results of operations and financial condition, and may even result in a breach of our existing arrangements with Yum and Costa.

***14. We have carried out certain acquisitions and divestments in the last three Fiscals. Our Restated Consolidated Financial Statements for the relevant financial reporting periods are therefore not comparable to each other and do not fully reflect the effect of our recent acquisitions/ divestments on the relevant financial reporting period and are not representative of our future financial performance.***

We have acquired 13 KFC stores, 9 KFC stores and 51 KFC stores, in Fiscals 2019, 2020 and 2021, respectively. For further information, see *"History and Certain Corporate Matters*" and "*Management's Discussion and Analysis of Financial Statements – Acquisition of KFC stores and Pro-Forma Financial Information" and* on pages 166 and 326, respectively. In addition, further to share purchase agreement, we divested our shareholding in our subsidiary, DIUPL, and sold two stores under our Other Business, to a subsidiary of our Corporate Promoter with effect from February 28, 2021. We have also divested our entire shareholding in our Joint Venture, Minor Food Groups (India) Private Limited, with effect from March 26, 2021. With respect to the acquisitions and divestments made, the results of operations of such acquisition/ divestment would be reflected in our Restated Consolidated Financial Statements only with effect from the effective date of such respective acquisition/ divestment and not for the entire relevant financial reporting period. Accordingly, our Restated Consolidated Financial Statements relating to such fiscal periods are not comparable on account of such acquisitions and divestments.

***15. The Pro-forma Financial Information included in this Prospectus is not indicative of our future financial condition or results of operations.***

The KFC Store Acquisition had a significant impact on the consolidated financial statements of our Company. We have therefore included in this Prospectus, Pro-forma Financial Information to present the impact of the KFC Store Acquisition on our Company's financial position and performance, assuming the KFC Store Acquisition had taken place with effect from April 1, 2018.

The Pro-forma Financial Information comprises of the pro-forma balance sheet as at March 31, 2019, 2020, and 2021, and the pro-forma statement of profit and loss for the years ended March 31, 2019, March 31, 2020 and March 31, 2021, read with the notes to the pro-forma financial information, and has been reported on jointly by the Statutory Auditors of our Company.

The Pro-forma Financial Information for the period and years presented has been prepared by adjusting the Restated Consolidated Financial Statements (unadjusted financial information) of the Group and its Joint Venture (prepared for the purposes of inclusion in Red Herring Prospectus) for the years ended March 31, 2019, 2020 and 2021, to reflect the KFC Store Acquisition as if such acquisition had taken place from the beginning of the earliest reported year, i.e. with effect from April 1, 2018. The adjustments are as set out under "Pro-forma Adjustments" therein, and include adjustments to make (i) accounting policies of financial information of the KFC stores acquired consistent with that of our Company, and (ii) other directly attributable adjustments to the said acquisitions. For further information, see "*Pro-forma Financial Information*" on page 308.

The Pro-forma Financial Information has been prepared for illustrative purposes only, and shows the impact of the KFC Store Acquisition on our Company as if such acquisition had occurred on the dates set forth in the report thereon. The Pro-forma Financial Information addresses a hypothetical situation and does not represent our actual consolidated financial condition or results of operations, and is not intended to be indicative of our future financial condition and results of operations. The adjustments set forth in the Pro-forma Financial Information are based upon available information and assumptions that our management believes to be reasonable. Further, our Pro-forma Financial Information were not prepared in connection with an offering registered with the SEC under the U.S. Securities Act and consequently do not comply with the SEC's rules on presentation of the Pro-forma Financial Information. Accordingly, the Pro-forma Financial Information included in this Prospectus is not intended to be indicative of expected results or operations in the future periods or the future financial position of our Company or a substitute for our past results, and the degree of reliance placed by investors on our Pro-forma Financial Information should be limited.

### 16. *Any adverse development in relation to our relationship with as well as performance of third-party food delivery aggregators, may adversely affect our business, results of operations and financial condition.*

We carry out direct delivery and have also entered into tie-ups with food delivery aggregators to accept delivery orders placed on their mobile applications. Food-delivery providers, such as Swiggy and Zomato, are expected to play an even more important role in the future, as a large share of consumers will continue to prefer the convenience of home deliveries (*Source: GlobalData Report*). As a result, revenue generated from delivery sales amounted to ₹ 5,670.31 million and ₹ 6,693.69 million, and represented 51.15% and 70.20% of our revenue from operations in our Core Brands Business, in Fiscals 2020 and 2021, respectively.

The introduction and growth of online ordering and mobile applications, as well as the increasing number and growth of third-party food delivery aggregators, have made delivery a material part of our business, and we believe the increasing presence of food delivery aggregators in India will have a significant impact on our business going forward. For instance, we are required to pay food delivery aggregators a commission on orders placed through the platform. Further, the presence of delivery aggregators have increased competition with other QSR brands and new food service platforms, such as cloud kitchens, which do not offer in-restaurant services and only serve food through delivery aggregators, requiring less capital expenditure to offer food services. If food delivery through delivery aggregators continues to increase, it is possible that footfalls in our stores could decrease, especially in light of the COVID-19 pandemic and continuing lockdown and curfew orders in various regions in India, unless we adapt our business model to account for this change in consumer preference.

It is also possible that the negotiating leverage of food delivery aggregators with respect to our contracts with them could increase as their businesses grow, which means we may have to pay higher fees for their services or may have difficulty extending or renewing our agreements with them on commercially acceptable terms, or at all, in the future, especially if we fail to sufficiently develop and strengthen our own food delivery services or find alternative means to serve the increasing number of customers who choose to order their food online or through mobile applications. In addition, in order to win market share, certain delivery aggregators offer significant discounts for their services and as their businesses mature, they may choose or be required to raise their fees, which could adversely impact the fees we pay for their services. Any adverse development with respect to the food delivery aggregators that we use to deliver our products, our relationship with them or their services, such as their failing to meet our service standards, actions or events attributed to them that impact customer perception of our brand, or any stoppage of their operations due to financial difficulties or otherwise, could adversely affect our ability to reach customers who choose to order food through delivery aggregators, which could have a material adverse effect on our business, results of operations and financial condition.

### 17. *Real and perceived health concerns arising from food-borne illnesses, epidemics, quality or other negative food-related incidents could have a material adverse effect on our business, results of operations and financial condition.*

Our business is susceptible to health concerns arising from food-borne illnesses, epidemics, food quality, allergic reactions and other negative food-related incidents. The occurrence of any such outbreak or other adverse public health event in India and other countries we operate in or in the vicinity of our stores, suppliers or warehouses could cause a temporary or permanent closure of stores and materially disrupt our business and operations in a manner similar to the impact of the COVID-19 pandemic. Food-borne illness or food tampering incidents could also be caused directly or indirectly by our third-party logistics providers, suppliers, food delivery aggregators, customers or employees and may be outside our control. Our third-party food delivery aggregators and logistics providers transport and handle ingredients, packaging materials that we use in our stores, and food products that we sell at our stores, and although we have certain controls in place with respect to their operations, such controls may not be adequate. Our food ingredients, packaging materials, and food products could become contaminated by food-borne illnesses or other contamination during transport or handling. In particular, the ingredients warehoused and transported by our logistics providers and stored at our stores are perishable in nature. In the event that we or they fail to maintain the required standards of storage or if the integrity and quality of the food ingredients are otherwise compromised, our products could be contaminated, which could lead to a negative food-related incident. Risks to the health of our customers can arise from any such negative food-related incident, which could expose us to litigation, including by customers, sanctions or fines by food safety regulators. While we are subject to quality audits and inspections at our stores, there can be no assurance that our internal controls and training will be fully effective in preventing these or any other negative food-related incidents and will ensure the quality of our products at all times.

In addition, negative publicity in relation to real or perceived health concerns, such as food-borne illnesses, health epidemics, food quality, allergic reactions and other negative food-related incidents stemming from one store or a number of stores could materially adversely affect us, regardless of whether they pertain to our Core Brands or other brands within the QSR segment. The occurrence of any such incident at any of our stores may lead to public outrage and store closures, and our reputation, including in respect of any of our other stores and brands that are not affected by any such incident, could also be severely injured for an extended period of time. For instance, poultry vendors were suspected to have been supplying contaminated chicken meat in West Bengal, a key market for our KFC stores, which was widely publicized in 2018. This led to a sharp decline in sales of chicken and chicken products across the region, that affected sales at our KFC stores and resulted in a comparatively low SSSG for our KFC stores in Fiscal 2019. Similar such events in the future could also impact sales at our stores, which could have an adverse effect on our business, results of operations and financial condition. This may also have an adverse effect on our ability to continue to maintain the required licenses, approvals and permits for operating our stores. Food-borne illnesses, such as E. coli, hepatitis A, trichinosis or salmonella and other food-borne illnesses have impacted the QSR industry in the past and could occur in the future. Further, veganism is also gaining momentum as the risk of animal-to-human disease transmission has been highlighted by COVID-19 (*Source: GlobalData Report*), which could lead to changes in consumer preferences, reduce consumption of our products and adversely affect our financial performance. These events could reduce the available supply of meat products or significantly raise the price of such meat products.

Any adverse impact on, or interruption of, our operations or those of our third-party service providers as a result of health concerns arising from real or perceived food-borne illnesses, health epidemics, food quality or other negative food-related incidents, could significantly and adversely impact and could have a material adverse effect on our business, results of operations, financial condition, cash flows, reputation and prospects.

***18. The QSR industry in India is competitive, and our business and financial results may be adversely affected by actions of our competitors and our inability to respond to competition.***

The QSR industry in India is competitive. We compete primarily with international QSR chains operating in India, such as McDonalds, Burger King, Domino's Pizza, Starbucks, and Subway, as well as local restaurants and chains in the QSR segment such as Café Coffee Day and Chai Point. We generally compete on the basis of product and service quality, price and location, and the industry is often also affected by changes in consumer tastes, economic conditions, demographic trends and consumer disposable income. For instance, during and post the COVID-19 pandemic, cloud kitchens that are designed exclusively for deliveries, are expected to see a rapid growth. Longer-term strategies being adopted by the F&B industry include opening dark/ cloud kitchens to expand footprint at a lower cost (*Source: GlobalData Report*). In the event we do not successfully adapt to these evolving formats or are required to expend significant resources to do so, we may be unable to remain competitive and maintain or grow our market share effectively.

In addition, international QSR chains have been introducing food products that cater to India specific palate while maintaining their core offerings, and have also been focusing on vegetarian or vegan options to cater to the growing market of health-conscious consumers. Our ability to compete depends on our ability to develop and launch new products, effectively market and advertise our products and respond to and appeal to consumer preferences, including with respect to the value, variety and quality of our products. For example, KFC offers rice bowls which are designed specifically for the customers in India. In addition, our existing or future competitors may offer products that are better priced or more appealing to consumer tastes or have more effective marketing and advertising programs than we do. If as a result of these or other reasons we are unable to maintain our competitive position, we could experience downward pressure on prices, lower demand for our products, reduced margins and loss of market share, which could adversely affect our business, results of operations and financial condition.

### *19. We may undertake strategic acquisitions or investments, which may prove to be difficult to integrate and manage or may not be successful.*

We have typically expanded our operations and increased our presence across India through acquisition of stores from our master franchisors or other co-franchisees of our Core Brands Business. For instance, we acquired certain stores from Yum in the last three Fiscals. For further information, see *"History and Certain Corporate Matters*" on page 166.

In the future, we may consider making similar strategic acquisitions of other stores and companies whose resources, capabilities and strategies are complementary to and are likely to increase our product portfolio and expand our distribution network. We may also enter into strategic alliances or joint ventures to explore such opportunities or make significant investments in entities that we do not control to capitalize on such business opportunities. However, such acquisitions or alliance may require us to incur significant costs in terms of royalty payments, lease obligations and other operating expenses, and there can be no assurance that such acquisitions will achieve the synergies we anticipate or that such investments will be successful.

It is also possible that we may not identify suitable acquisition or investment candidates, or that if we do identify suitable candidates, we may not complete those transactions on terms commercially acceptable to us or at all. The inability to identify suitable acquisition targets or investments or the inability to complete such transactions may adversely affect our competitiveness or our growth prospects.

If we acquire another company we could face difficulty in integrating the acquired operations. The key personnel of the acquired company may decide not to work for us, and we may also experience disputes in relation to such acquisitions and the relationships we may have with such companies. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses. For instance, we invested in and set-up a joint venture, i.e. The Minor Food Group (India) Private Limited, in Fiscal 2015, and were unable to successfully operate the business in a profitable manner. As a result, we divested our entire shareholding in the entity with effect from March 26, 2021. Similarly, we invested in the business of tea trading under the brand name of TWG which has operations in India through two stores and in the UK through our erstwhile subsidiary Devyani International (UK) Private Limited ("**DIL UK**"), and we were unable to successfully operate the business in a profitable manner. During Fiscal 2021, we sold the business of two TWG stores in India by way of a slump sale to our Corporate Promoter and our Company's entire shareholding in DIL UK to a subsidiary of our Corporate Promoter. The Minor Food Group (India) Private Limited and DIL UK recorded losses of ₹ 2.13 million and ₹ 430.35 million, respectively, in Fiscal 2020. There can be no assurance that we will be able to achieve the strategic purpose of such acquisition or operational integration or our targeted return on investment.

### *20. Any failure to maintain effective quality control systems or protocols for our supply chain or stores could have a material adverse effect on our business, reputation, results of operations and financial condition.*

A critical part of our success is the quality and safety of our products. Maintaining consistent food quality and preventing food contamination and other health hazards depends significantly on the effectiveness of the quality control systems, policies and guidelines that we and third-parties engaged by us maintain and comply with. During the COVID-19 crisis, we have also implemented additional standards of safety and hygiene protocols across our restaurants covering guest safety, crew safety, sanitization, social distancing, temperature checks and safe deliveries. There can be no assurance that the quality control systems or protocols that we or our suppliers have in place will prove to be effective. Any significant failure or deterioration of these quality control systems or protocols could have a material adverse effect on our business, reputation, results of operations and financial condition.

Further, due to the impact of COVID-19 and the government actions to contain it, most of our supply chains have been, and continue to be, impacted. There can be no assurance that there will not be further supply chain disruptions, or that the steps we are taking to mitigate such disruptions will be effective or achieve their desired results in a timely fashion.

We could also be subject to civil and/or criminal liability and other regulatory consequences in the event that a health hazard were to be found at any of our stores as a result of a failure of the quality control systems or protocols that we, and our approved suppliers have in place, including the spread of any infection or disease. If such cases are determined against us, there could be an adverse effect on our reputation, business, results of operations and financial condition.

### *21. Certain of our Group Companies and Subsidiaries have incurred losses in the past, which may have an adverse effect on our reputation and business.*

Certain of our Group Companies and Subsidiaries have incurred losses in the last three Fiscals, as set forth below:

| Sr. No. | Name of Subsidiaries and Group Companies | Profit/ (Loss) after tax (₹ million, unless otherwise stated) | | |
|---|---|---|---|---|
| | | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
| ***Our Subsidiaries*** | | | | |
| 1. | RVEPL (Group)[(1)] | (136.56) | (329.44) | (82.39) |

| Sr. No. | Name of Subsidiaries and Group Companies | Profit/ (Loss) after tax (₹ million, unless otherwise stated) | | |
|---|---|---|---|---|
| | | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
| 2. | DFSPL | (23.96) | 21.30 | (63.30) |
| 3. | DASMPL | (499.46) | 208.10 | (157.35) |
| 4. | DIUPL(2) | (342.25) | (438.26) | (263.43) |
| ***Our Group Companies*** | | | | |
| 1. | Chellarams | (1,836.95) # | (4,205.13)# | - |
| 2. | DFIL | (104.66) | (220.79) | - |
| 3. | DLPL | (359.70) | (456.37) | - |
| 4. | LHL | (92.51) | (95.89) | - |
| 5. | PCL | (312.35) | (357.79) | - |
| 6. | SVS | (0.99) | (0.73) | - |
| 7. | MFGPL | (91.35) | (2.13) | - |
| 8. | AIPL | (0.35)* | (12.51)* | - |

*Notes:*
** Amount in US$ million.*
*# Amount in Naira million.*
*1. Includes step down subsidiary i.e. Devyani International (Nigeria) Limited.*
*2. Our Company divested its stake in Devyani International (UK) Private Limited with effect from February 17, 2021.*

Our Company has also advanced certain loans to such loss making entities that are outstanding as of June 30, 2021. In addition, the statutory auditors of DIL Nigeria, have included certain qualifications in their audit report for the year ended March 31, 2020, with respect to its inability to repay certain loans, and excess of total liabilities over total assets resulting in negative equity indicating a material uncertainty regarding its ability to continue as a going concern. For further information, see "*Risk Factor – Our Statutory Auditors have included certain adverse remarks/ qualifications/ matters of emphasis in our Audited Consolidated Financial Statements*" on page 31.

Also see "*Our Group Companies - Loss making Group Companies*" on page 202. There can be no assurance that our Group Companies will not incur losses in the future which may have an adverse effect on our reputation and business.

***22. Marketing and advertising campaigns that we contribute towards may not be effective in increasing the brand awareness of our Core Brands and the effectiveness of our competitors' advertising and promotional programs could adversely affect the competitive position of our Core Brands.***

Brand awareness is essential to our continued growth and financial success, and our revenues are heavily influenced by our brand marketing and advertising initiatives, as well as the marketing and advertising of our competitors. We are required to contribute 6.00% of our gross revenues per store (excluding applicable taxes), as directed by Yum, for advertising, promotion and marketing activities for our KFC and Pizza Hut stores. Further, under the Costa IDA, we are obligated to spend at least 2.00% of the sales (excluding GST) of our Costa Coffee stores on local marketing activities.

We are required to consistently pay out these expenses to promote our Core Brands, and also make sustained investments in social media and other media platforms to market our other brands, as increasing the awareness of different brands we operate in is an important part of our strategy to expand our business into new regions and locations in India. However, these marketing and advertising campaigns may not be effective to the extent planned or at all and we may, therefore, fail to attract new customers and retain existing customers. In addition, we may fail to penetrate new target markets if these marketing and advertising programs are unsuccessful or not appropriately tailored to appeal to the target market or if other competitor brands increase spending on advertising and promotion or their marketing and advertising campaigns are more effective than ours. If these marketing and advertising campaigns are not as effective as our competitors, our ability to increase our brand awareness and our competitive position could be adversely affected, which would have a material adverse effect on our business, results of operations and financial condition.

***23. Changes in consumer preferences and food habits as well as negative perception of the QSR industry could decrease the demand for our products and have a material adverse effect on our business, results of operations and financial condition.***

Our ability to offer products that are tailored to suit the regional tastes and preferences and meet customer needs enables us to maintain a competitive position in the market. To the extent permitted under our material agreements we offer a wide range of vegetarian offerings and regionalized products across our Core Brands as described in the "*Our Business*" on page 125. We continue to expand our Core Brands Business and collaborate with Yum to introduce innovative products in India. This wide choice and variety in our menu help us to drive the frequency with which customers visit our stores. However, while we undertake various measures to adapt and provide for changing consumer preferences due to various reasons including shifts in consumer demographics, economic conditions, dietary habits, trends in food sourcing or food preparation or acceptance of our brand, we cannot assure you that these measures would be viable or successful in the future.

In addition, there is growing concern among consumers, public health professionals and government agencies about the long-term health problems associated with certain conditions, such as obesity, diabetes, cardiovascular disease, high cholesterol, high sodium, high trans-fat, high sugar and hypertension which, have been linked to fast food products such as those sold in our stores and other QSR brands. These health concerns could reduce demand for our products and may prompt government regulations that would introduce new or increase existing taxes on fast food products among other measures, which may increase the prices, further affecting the demand. Any sudden changes in the regulatory environment relating to our products as a result of these or other developments could require us to implement changes to our operations or could negatively impact our ability to sell and market our products profitably.

Any failure to successfully anticipate and address changing customer preferences and negative public perceptions could have a material adverse effect on our business, results of operations and financial condition.

***24. We rely on third-party logistics providers for transportation, supply and delivery of most of our ingredients, packaging materials as well as other necessary supplies and if they fail to deliver, there may be disruptions or delays in our services, which could have an adverse effect on our business, results of operations and financial condition.***

We rely on third-parties for logistics services in each of the regions we are located in across India and abroad, including for transporting our ingredients and packaging materials from warehouses to our stores. These services are critical to our supply chain and our ability to manage supply chain risk and distribution costs, as well as maintain control and traceability over our products. We also intend to utilize third-party logistics infrastructure including warehouses and transportation, as part of our strategy to penetrate new markets in key metropolitan areas and cities across India. However, our third-party logistics provider's ability to provide us with these services effectively is dependent on a number of factors and to the extent that any of our third-party logistics providers experience any disruptions or delays in operations due to, for example, insufficient labour or transportation resources, non-compliance with licensing or permit requirements, breakdowns in transportation or other factors which are beyond our and their control such as those affecting road transportation or its infrastructure, political unrest, bad weather conditions and natural disasters, our supply chain could be disrupted and our ability to source ingredients and packaging materials and deliver products to our stores could be disrupted, which could materially and adversely affect our business, results of operations and financial condition.

If we are required to transport our ingredients or packaging materials using alternative resources, deliveries to certain of our stores may be disrupted or delayed, which could adversely affect our operations and have an adverse effect on our business, results of operations and financial condition.

***25. Increasing cost of raw materials and other costs could adversely affect our profitability.***

Most ingredients used in our products are subject to price fluctuations as a result of inflation, seasonality, global supply and demand, weather conditions, demand in local and international markets, fluctuations in currency exchange rates and tax incentives and other factors. We have no control over fluctuations in the price and availability of ingredients, packaging materials or variations in products caused by these factors and they could impact the prices imposed by our suppliers, making the cost of ingredients or packaging materials more expensive for us and increase the prices of our products for our customers, which may reduce demand and therefore affect our overall financial performance. In addition, as a result of COVID-19, we have modified the quality of our packaging to cater to the increase in delivery customers and customers opting for take-away in restaurants, which has also increased our packaging costs. Any increases in cost of ingredients or packaging materials and other costs including manufacturing cost could have a material adverse effect on our business, results of operations and financial condition. We have no control over fluctuations in the price and availability of ingredients caused by these factors. Although we engage in long-term contracting and undertake other measures to counteract fluctuations in the price of our ingredients and packaging materials, there can be no assurance that we can completely budget for or predict any changes in these prices, which may increase the risk to our business and adversely affect our business, results of operations and financial condition.

***26. Increases in labour costs in India or our failure to attract, motivate and retain qualified store managers and personnel could adversely affect our business, results of operations and financial condition.***

As at March 31, 2021, we had an employee base of 9,356 employees, and our employee benefits expense amounted to ₹ 1,915.73 million, ₹ 2,254.85 million, and ₹ 1,543.32 million, and represented 13.73%, 13.69% and 11.53% of our total expenses for Fiscal 2019, 2020 and 2021, respectively. Our success therefore depends in part on our ability to manage our labour costs and its impact on our margins. In this respect, we have to continuously monitor the productivity levels of our employees.

In addition, the salaries and wages of our store employees are subject to wage inflation and other macroeconomic factors, as well as government regulation like minimum wages that can cause salaries and wages of our employees to increase. As our store network continues to expand, an increasing number of individuals will be employed by our stores. Any organizational changes, including changes in salaries and wages and other employee benefits that are, or are perceived to be negative, could result in an increased attrition rate. Any further increase in minimum wage requirements or changes in labour regulations in India and outside operation having a similar impact would increase our labor costs, which could adversely affect our business, results of operations, financial condition and profitability. In addition, the Indian Parliament has recently approved the Code on Social Security, 2020 (the "**Code on Social Security**") which would impact the contributions we make towards provident fund and gratuity. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be finalized, but the Company will carry out an evaluation of the impact of the Code on Social Security and record the same in our financial statements in the period in which the Code of Social Security becomes effective and the related rules are published.

Furthermore, we must continue to attract, motivate and retain qualified managers with the qualifications to succeed in our industry and the motivation to engage with our people-centric operating culture, which we view as a principle component of our ability to enhance customer experience at our stores. In addition, our success also depends on the skills of our employees and the effectiveness of our training programs to ensure maintenance of quality and uniformity of our service. In Fiscals 2019, 2020 and 2021, we recorded an attrition rate of 26.28%, 30.10% and 40.11%, respectively, with respect to employees in the corporate office and regional offices, and an attrition rate of 87.60%, 97.63% and 73.66%, respectively, with respect to employees at the store level. While we have not yet experienced significant labour shortages and have continuously recruited new staff, we cannot assure you that we will be able to continue to retain or hire an adequate workforce, at the appropriate times, or that our staff may not be recruited by any of our competitors, which in turn may delay openings of our new stores or result in lower quality service in existing restaurants, adversely impacting customer experience which could have a material adverse effect on our business and results of operations. In addition, if we are unable to continue to recruit and retain sufficiently qualified managers who can motivate our employees to sustain high service levels, our business and our growth could be adversely affected. A delay in recruiting or the inability to retain qualified managers may also delay the planned openings of new stores or result in high employee turnover in existing stores, which could harm our business operations.

***27. If we are unable to protect credit card or debit card data or any data related to any other electronic mode of payment, or any other personal information that we collect, our reputation could be significantly harmed.***

The use of electronic payment methods and collection of other personal information exposes us to an increased risk of privacy and security breaches as well as other risks. We have experienced security breaches in which payment related data and personal information is stolen in the past and can make no assurance that this will not happen in the future. Although we use secure private networks to transmit confidential information, third parties may have the technology or know-how to breach the security of the customer information transmitted in connection with credit and debit card sales and use of e-wallets, and our security measures and those of technology suppliers may not effectively prohibit others from obtaining improper access to this information. If a person is able to circumvent our security measures or otherwise gain access to the confidential information that we collect, they may be able to destroy or steal valuable information or otherwise disrupt our operations. We may become subject to claims for purportedly fraudulent transactions arising out of the actual or alleged theft of credit or debit card information or other confidential information, and we may also be subject to lawsuits or other proceedings relating to these types of incidents. Any such claim or proceeding could cause us to incur significant unplanned expenses, which could have an adverse impact on our financial condition, results of operations and cash flows. Further, adverse publicity resulting from these allegations could significantly harm our reputation and may have a material adverse effect on us and our stores.

Moreover, we receive and process certain personal financial and other information about our customers and employees when we accept credit cards for payment. While we do not store customers' credit and debit card payment information, the use and handling of this information is regulated by evolving and increasingly demanding laws and regulations in India. If our security and information systems are compromised as a result of data corruption or loss, cyberattack or a network security incident or our employees, or suppliers fail to comply with these laws and regulations, and this information is obtained by unauthorized persons or used inappropriately, it could subject us to litigation and government enforcement actions, damage our reputation, cause us to incur substantial costs, liabilities and penalties and/or result in a loss of customer confidence, any and all of which could adversely affect our business, financial condition and results of operations.

***28. We may be unable to detect, deter and prevent all instances of fraud or negligence or other misconduct committed by our employees or other third parties, which may have a material adverse effect on our business, results of operations and financial condition.***

We usually receive and handle relatively large amounts of cash in our daily operations as is common in the QSR industry. Instances of fraud, theft or other misconduct with respect to cash can be difficult to detect, deter and prevent, and could subject us to financial losses and harm our reputation. Although we have controls in place with respect to the handling of cash, we may be unable to prevent, detect or deter all such instances of misconduct. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have a material adverse effect on our business, results of operations and financial condition.

***29. Failure to obtain or maintain or renew licenses, registrations, permits and approvals in a timely manner or at all may adversely affect our business and results of operations.***

As part of our business and operations in India and overseas, we are required to obtain and maintain various licenses and permits from local and government authorities to roll out new stores and run our existing business. Some of our key approvals *inter alia*, include licenses under the FSSA, approval from the department of police, approval of state pollution control boards under the Air Act and the Water Act, trade/ health license and no objection certificate from the fire department of respective states, as applicable. Obtaining licenses and permits is a time-consuming process and subject to frequent delays. Our government licenses and permits are also subject to numerous conditions, some of which are onerous and require us to incur expenditure. In addition, we will need to apply for renewal of certain approvals, licenses, registrations and permits, which expire or seek new approvals, licenses, registrations and permits from time to time, as and when required in the ordinary course of our business. For further information, see "*Government and Other Approvals*" on page 370.

While we have obtained a significant number of approvals, licenses, registrations and permits from the relevant authorities, we are yet to receive or apply for certain approvals, licenses, registrations, permits or renewals. For example, for some of our stores (i) renewal of fire license/ no-objection required in terms of the state specific laws is pending; (ii) we are yet to apply for trade licenses, and in certain cases, renewal of trade licenses, from the relevant municipal authorities is pending; and (iii) we are yet to renew the eating house licenses from the relevant police departments. Apart from the above, licenses and approvals may be rejected by the authorities empowered to grant such licenses and approvals for our stores for reasons, including but not limited to, inadequacy of documents required to be submitted with the application and initiation of online application process by such authorities. For further details, see "*Government and other Approvals"* on page 370.

Any delay in receipt or non-receipt of such approvals, licenses, registrations, permits or their renewals could result in cost and time overrun or could adversely affect our related operations. In addition, in such circumstances, the relevant authorities may direct us to close our stores, initiate criminal actions against us, restrain our operations, impose fines or penalties or initiate legal proceedings for our inability to renew/ obtain approvals in a timely manner or at all. Apart from the above, in relation to some of our stores (specially the stores in malls), the store lease agreements and leave and license agreements place the obligation of obtaining certain building related approvals on the lessor and any failure by the lessor to obtain such approvals may adversely affect our related operations of our stores at such places.

Our failure to retain or renew our licenses and permits or comply with its conditions, each in a timely manner may mean we become subject to fines or sanctions or that we are required to shut down a restaurant, which would require us to incur additional cost and would adversely affect our business and results of operations.

***30. We have incurred significant indebtedness, and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business and financial condition.***

We have entered into agreements with certain banks for short-term and long-term facilities. As of March 31, 2021 and June 30, 2021, we had total borrowings (consisting of long-term borrowings and short-term borrowings) of ₹ 4,633.27 million and ₹ 3,964.76 million, respectively, certain of which contain restrictive covenants, including requirements that we obtain consent from the lenders prior to undertaking certain matters including altering our capital structure, change in shareholding, further issuance of any shares, effecting any scheme of amalgamation or reconstruction, changing the management and dilution of Promoters' shareholding. Further, in terms of security, we are required to create a mortgage or charge over our immovable properties and hypothecation of our movable properties and furnish guarantees by the Promoters. Additionally, we are required to, among others, maintain the prescribed debt coverage ratio, net total debt, fixed asset coverage ratio and net external debt. In the past, we have been non-compliant with certain financial covenants under our loan agreements and there can be no assurance that we will be able to comply with these financial or other covenants in the future or that we will be able to obtain consents necessary to take the actions that we believe are required to operate and grow our business. In particular, our subsidiary Devyani International (Nigeria) Limited has previously been unable to comply with its financial covenants under its facility agreements with a certain lender, and has also defaulted in its debt repayment obligations, resulting in a restructuring of the loan involving an amount of Naira 2,167.02 million. As on June 30, 2021, the outstanding balance against restructuring of this loan is Naira 257.92 million and as on June 30, 2021, total indebtedness for Devyani International (Nigeria) Limited is ₹ 744.61 million. The consequences of not being in compliance with terms and conditions of the loan agreements with, inter alia, lenders to our Company, including the financial covenants could lead to acceleration of maturity of the facility sanctioned to us and declaring all amounts outstanding, enforcement of security and exercising by the lenders of any right available to them under such loan agreements. Further, any fluctuations in the interest rates or downgrade in the credit ratings assigned to our debt instruments in the future, if any, may directly impact the interest costs of such loans. Our ability to make payments on and refinance our indebtedness will depend on our continued ability to generate cash from our future operations. We may not be able to generate enough cash flow from operations or obtain enough capital to service our debt. For further information, see "*Financial Indebtedness*" beginning on page 320.

Any failure to comply with the conditions and covenants in our financing agreements, including change in control of our Company without the approval of the lender, misrepresentation by our Company, inability of our Company to pay the due amounts on or before the due date and financial covenants including interest coverage ratio, debt to equity ratio, gearing ratio and asset coverage ratio that is not waived by our lenders or guarantors or otherwise cured could lead to a termination of our credit facilities, foreclosure on our assets, acceleration of all amounts due under such manufacturing facilities or trigger cross-default provisions under certain of our other financing agreements, any of which could adversely affect our financial condition and our ability to conduct and implement our business plans.

***31. We have certain contingent liabilities that have not been provided for in our financial statements, which if they materialize, may adversely affect our financial condition.***

As of March 31, 2021, our contingent liabilities that have not been accounted for in our financial statements, were as follows:

| Particulars | Amount (₹ million) |
|---|---|
| **Contingent Liabilities and Other Claims** | |
| **(a) Claims against the Group not acknowledged as debts [(1)]** | |
| **(i) Claims made by sales tax authorities, service tax authorities and income tax authorities** | |
| Value added tax | 44.17 |
| Service tax | 10.37 |
| Income tax | 184.73 |
| **Total** | **239.27** |
| | |
| **(ii) Others (miscellaneous claims in relation to the Company's operations) [(1)]** | 30.44 |
| | |
| **(b) Others** | |
| Commitments – Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) | 494.40 |

*Notes:*

*1. The Group is party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on the consolidated financial statements and hence no provision has been recorded against these legal proceedings at this stage. Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash out flows, if any, in respect of the above as it is determinable only on receipt of judgements / decisions pending with various forums/ authorities. Accordingly, the abovementioned contingent liabilities are disclosed at an undiscounted amount.*

If a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations. For further information, see "*Restated Consolidated Financial Statements*" on page 205.

***32. Any disruption in the operation of our commissary site could affect the operations of our stores.***

One of the key functions of our business for Costa Coffee stores and stores of our other brands is the manufacture and/or distribution of all food items and other consumables used in the stores by our own commissary based in Gurgaon. Our commissary produces and co-ordinates the delivery of fresh food to some stores in India. A failure in our operational and delivery systems, shortages or interruption in the supply of food (caused by weather or other conditions) and a resultant failure to maintain the frequency of deliveries to the stores or the quality of produce delivered would be likely to impact the ability of stores to service the end customer, thus reducing overall volume of sales. Deliveries from our commissary to our stores could also be impacted by reasons beyond our control, such as a strike by transporters, loaders or fuel stations. Furthermore, any unavailability or breakdown of equipment, such as refrigerators and dough kneading machines, utilised in our commissaries could lead to an interruption in the supply of food items to our stores which would have a material adverse effect on our sales. A reduction in the volume of our sales due to a failure in our manufacturing and delivery processes would be likely to have an adverse effect on our business, results of operations and financial condition.

***33. Our inability or failure to recognize, respond to and effectively manage the accelerated impact of social media could materially adversely affect our business.***

In recent years, there has been a marked increase in the use of social media platforms in India, including blogs, social media websites and applications, and other forms of Internet-based communications which allow individuals access to a broad audience of consumers and other interested persons. Many social media platforms immediately publish the content for their subscribers and participants post, often without filters or checks on accuracy of the content posted. The dissemination of inaccurate information online could harm our business, reputation, prospects, financial condition and operating results, regardless of the information's accuracy. The damage may be immediate without affording us an opportunity for redress or correction. Other risks associated with the use of social media include improper disclosure of proprietary information, negative comments about our brands, exposure of personally identifiable information, fraud, hoaxes or malicious exposure of false information. We have previously been subject to allegations of fraud targeting one of our stores, and such claims were made on social media. For further information, see "*Outstanding Litigation and Material Developments*" on page 359. The inappropriate use of social media by our customers or employees or suppliers or other third parties could increase our costs, lead to litigation or result in negative publicity that could damage our reputation and adversely affect our business, results of operations and financial condition.

***34. We are dependent on a number of key personnel, and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.***

We are dependent on our Promoters, Directors, senior management and other key personnel for setting our strategic business direction and managing our business. Our Directors including Ravi Kant Jaipuria, and Varun Jaipuria, and our Whole-time Director (President & CEO), Virag Joshi and other senior members of our management team have significant experience in the F&B industry. Our ability to meet continued success and future business challenges depends on our ability to attract, recruit and retain experienced, talented and skilled professionals. Without a sufficient number of skilled employees, our operations and manufacturing quality could suffer. Competition for qualified personnel with established experience in the industry is intense, both in retaining our existing employees and when replacing or finding additional suitable employees. There has been a marginal movement in our Key Managerial Personnel and few of our Key Managerial Personnel have resigned over the last three years. For further information, see "*Our Management – Key Managerial Personnel – Changes in our Key Managerial Personnel in the three immediately preceding years*" on page 191. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting suitable employees. The loss of the services of our key personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on our financial results and business prospects.

***35. Certain matters in the license shareholders' agreements entered into by our Company and certain of our shareholders, with Yum India may adversely affect our business operations.***

Our Company and certain of our shareholders, namely, RJ Corp and Ravi Kant Jaipuria, have entered into the LSAs providing a guarantee for the due and punctual performance of our Company's obligations and liabilities under the various TMAs and TLAs. Pursuant to the LSAs, the aforesaid shareholders are required to indemnify Yum for losses incurred as a result of failure of our Company to comply with the terms and conditions of the TLAs and TMAs. Such indemnity is limited to the aforesaid shareholders and is not a guarantee by all other shareholders of the Company, including those who may acquire Equity Shares of our Company going forward. Failure on our part in performing our obligations under the TLAs and TMAs due to certain adverse impact on our business operations and any other reason which may be beyond control of our Company, may lead to invocation of these guarantees under the LSAs and may require such shareholders to incur certain costs to meet their obligations under these agreements. Further, while these LSAs imposed absolute share transfer restrictions and other restrictions on RJ Corp and Ravi Kant Jaipuria, our Company and certain shareholders (RJ Corp, Ravi Kant Jaipuria, Khandwala Finstock Private Limited, Capital India Corp LLP, Manju Dawar, Raghav Gupta) have entered into the LSA Amendment Agreement which relaxed certain share transfer restrictions for shareholders of our Company as on the date of the LSA Amendment Agreement to enable them to trade on the stock exchanges post listing of the Equity Shares. However, the LSA Amendment Agreement, despite relaxing the share transfer restrictions on shareholders of our Company as on the date of the LSA Amendment Agreement, imposes certain transfer restrictions on our Promoters for the Equity Shares held by them and also requires our Promoters and Promoter Group to collectively hold at all times 51% of the issued and paid-up share capital of our Company. Such restrictions on our Promoters and Promoter Group, as applicable, may impact the ability of our Company to raise capital in future through issuance of equity shares. For details regarding the LSAs and the LSA Amendment Agreement, see "*Our Business – Key Agreements*" on page 148.

***36. We have in this Prospectus included certain non-GAAP financial and operational measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the QSR industry. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies.***

Certain non-GAAP financial measures and certain other industry measures relating to our operations and financial performance, such as EBITDA, have been included in this Prospectus. We have computed and disclosed such non-GAAP financial and operational measures, and such other statistical and operational information relating to our operations and financial performance in this Prospectus, as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of the QSR businesses, many of which provide such non-GAAP financial and operational measures, and other related statistical and operational information, and we may not continue to disclose such information in the future.

These non-GAAP financial and operational measures, and such other related statistical and operational information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial and operational measures, and other related statistical information of similar nomenclature that may be computed and presented by other QSR companies.

Further, as the industry in which we operate continues to evolve, the measures by which we evaluate our business may change over time. While these numbers are based on what we believe to be reasonable estimates, our internal tools have a number of limitations, some of which may be beyond our control, and our methodologies for tracking these measures may change over time. Such supplemental financial and operational information is therefore of limited utility as an analytical tool, and investors are cautioned against considering such information either in isolation or as a substitute for an analysis of our Restated Consolidated Financial Statements disclosed elsewhere in this Prospectus. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures*" on page 339.

***37. Inability to maintain adequate internal controls may affect our ability to effectively manage our operations, resulting in errors or information lapses.***

As we continue to expand, our success depends on our ability to effectively utilize our resources and maintain internal controls. We may need to modify and improve our financial and management control processes, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our controls, systems and procedures, they may become ineffective and adversely affect our ability to manage our operations resulting in errors or information lapses that affect our business. Our efforts in improving our internal control systems may not result in eliminating all risks. If we are not successful in discovering and eliminating weaknesses in our internal controls, our ability to manage our business effectively may materially and adversely be affected.

***38. Any failure or disruption or breaches of our information technology systems or an inability to adapt to newer systems could adversely impact our business and operations.***

Our business is dependent upon increasingly complex and interdependent information technology systems, including internet-based systems, to support business processes including day to day operations, supply chain and restaurant management. For example, we equip all of our restaurants with a centrally controlled digital menu board, self-ordering kiosks and handheld POS systems; use POS cash register software system to record all sales transactions at our restaurants and verify sales data; provide delivery through own and third party applications; and use information technology to manage our business and measure and monitor key metrics for operational performance, sales and profitability. The complexity of our computer systems may make them potentially vulnerable to breakdown, malicious intrusion and computer viruses, or data security breaches, whether by employees or others, that may expose sensitive data to unauthorized persons. We have experienced certain minor disruptions to our information technology systems in the past and we cannot assure you that we will not encounter disruptions in the future. Any such disruption may result in the loss of key information or disruption of our business processes, which could adversely affect our business and results of operations.

In addition, as technology systems are consistently evolving, our operations are partially impacted by our ability to respond to technological advances and emerging industry standards and practices in a cost-effective and timely manner. We cannot assure you that we will be able to successfully implement new technologies or adapt our processing systems to evolving customer requirements or emerging industry standards. Changes in technology may make newer solutions more competitive than ours or may require us to make additional capital expenditure to upgrade our facilities and technology. If we are unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, evolving customer requirements or technological changes, our business, financial condition and results of operations could be materially and adversely affected.

***39. Our Promoters will continue to retain majority shareholding in us after the Offer, which will allow them to exercise significant influence over us and potentially create conflicts of interest.***

As on date of this Prospectus, our Promoters hold approximately 73.38% of the paid-up Equity Share capital of our Company. Accordingly, our Promoters will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholders' approval, including the composition of our Board, the adoption of amendments to our constitutional documents, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. Although the Promoters of our Company have always acted in the best interests of our Company in the past and shall strive to do so in the future, the concentration of ownership may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of these stockholders. Further, the interests of the Promoters as our controlling shareholders could conflict with our interests or the interests of its other shareholders. We cannot assure you that the Promoters will act to resolve any conflicts of interest in our favour.

***40. If we are unable to comply with health, safety and environmental regulations, and any other regulations, our business, results of operations and reputation could be adversely affected.***

As a preparer of food products for human consumption, we are subject to health, safety and environmental laws and regulations, including regulations promulgated and enforced by local, national and international authorities. These directives, laws and regulations relate to water discharges, air emissions, waste management, noise pollution and workplace and product health and safety and the use of plastics, among others. Health, safety and environmental legislation in India and elsewhere has tended to become broader and stricter, and enforcement has tended to increase over time. For example, as a part of a national campaign to rid of plastic waste in India, in June 2019, the GoI announced its intention to eliminate single-use plastic by 2022. This required us to incur additional costs to adapt our operations and eliminate straws and lids from our products. Any failure to comply with health, safety and environmental requirements by us or sub-franchisees, including in obtaining and retaining applicable licenses and permits, may lead to fines and other sanctions and even restaurant closures, as well as damage our reputation. If health, safety and environmental laws and regulations in India change or are further strengthened in the future, the extent and timing of investments required to maintain compliance may differ from our internal planning and may limit the availability of funding for other investments. Further, in the past, our Company has been subject to certain actions taken by regulatory and statutory authorities, including, among others, the Legal Metrology Officer, Food Safety officers etc. For details, see "*Outstanding Litigations and Material Developments*" beginning on page 359. In addition, if the costs of compliance with health, safety and environmental laws and regulations continue to increase and it is not possible for us to reflect these additional costs in the price of our products, our profitability could be adversely affected.

***41. There have been delays and defaults in payment of statutory dues of our Company.***

There have been certain delays ranging from a day to 519 days in payment of statutory dues in the past three Fiscals and defaults in payment of statutory dues of our Company for Fiscal 2021. As on March 31, 2021, there were certain instances of non-payment of statutory dues by the Company which are listed down below:

| Particulars | Month/Year of default | Amount (in ₹ million) |
|---|---|---|
| Aggregate employer contribution to provident fund liability | February 2021 and March 2021 | 0.25 |
| Aggregate amount on which tax was not deducted under section 194 of the Income Tax Act, 1961 | As on March 31, 2020 and March 31, 2019 | 15.69 |
| Aggregate amount of Professional tax which was not deposited until March 31, 2021 | As on March 31, 2021 and March 31, 2020 | 0.58 |

The Company has strengthened its enterprise resource planning system to populate statutory dues related reports which is reviewed by senior level officers of the Company before the due dates for actual payments. Further, the Company has also recruited additional staff which will strengthen the Company's compliance department. While no penalties have been imposed on us for non-payment of statutory dues by the concerned regulatory authorities, there is no assurance that penalties, if any, will not be imposed on us in future. Further, while we continue to pay all statutory dues which become payable in a timely manner, we cannot assure you that there will not be any defaults or delay in payments of statutory dues in future.

***42. Any disruption in power supply to our stores or increase in power and fuel tariffs may have an adverse effect on our business, results of operations and financial condition.***

We have significant power requirements for continuous running of our operations and business. Our power and fuel costs amounted to ₹ 858.27 million, ₹ 959.34 million, and ₹ 651.36 million, and represented 6.55%, 6.33% and 5.74% of our revenue from operations, in Fiscals 2019, 2020 and 2021, respectively. In particular, our stores have significant electricity and fuel requirements and any interruption in power and fuel supply to our stores may disrupt our operations, which could have an adverse effect on our business, results of operations and financial condition.

We depend on third parties for all of our power and fuel requirements. Since we have significant power consumption, any unexpected or significant increase in our power tariffs could increase the operating costs of our stores. In certain of the regions in which we operate there are limited number of electricity providers, and in some instances only one, and to the extent there is a price increase, we do not expect to be able to find a cost-effective substitute, which may adversely affect our business, financial condition and results of operations.

***43. A failure by us to protect and strengthen the brands under our Other Business could adversely affect our business, results of operations and financial condition.***

The continued growth of stores operated under our Other Businesses depends on consumers' perception of and strength of the brand and the trademarks, service marks and other intellectual property relating to our own brands 'Vaango' and 'Food Street', as well as other proprietary information relating to our products. We have registered certain trademarks in India for the 'Vaango' and 'Food Street' brands, among others, and may apply for such registrations in the future. The registration of intellectual property including trademarks is a time-consuming process and there can be no assurance that any registration applications we may pursue will be successful and that such registration will be granted to us. If we fail to register the appropriate intellectual property, or our efforts to protect relevant intellectual property prove to be inadequate, the value attached to our brand and proprietary property could deteriorate, which could have a material adverse effect on our business growth and prospects, financial condition, results of operations, and cash flows.

In particular, similar trade names by third parties may result in confusion among our customers, and we are exposed to the risk that eateries in India and elsewhere could pass off their stores as stores of our Other Business. In the event of such unauthorized use, we may be compelled to pursue legal action for the protection of our brands and intellectual property, which may divert our attention and resources thereby affecting our business operations.

***44. We may be unable to accurately forecast demand for our products, which could have a material adverse impact on our brand, profit margins and results of operations.***

The supply of ingredients and packaging materials for our food products is based primarily on forecasts and requirements prepared directly by our RGMs on a store by store basis. These forecasts are based on past sales as well as anticipated demand, which is based to a certain extent on the subjective assessment of the RGMs. We also provide our suppliers with periodic forecasting schedules as part of our distribution and supply agreements with them. We do have the ability to distribute any excess supply to nearby stores but an inability to accurately forecast demand for our food products could lead to excess supply or a shortage in the supply of ingredients and packaging materials from our approved suppliers, which would have a material adverse impact on our brand, profit margins and results of operations. In addition, if we are unable to accurately forecast demand on a daily basis at store level, this might lead to wastage since many of our products are perishable, which may result in an adverse impact on our business and results of operations. This could also occur as a result of unexpected events, such as the COVID-19 crisis and the resultant lockdown in India. The reduction in level of business activity due to COVID-19 pandemic led to write offs of food inventory and related commitments since our inventory includes food items which are perishable and exceptional in nature.

### 45. *Our Company and Corporate Promoter have faced certain issues with share transfer agents and registrar in the past in relation to transfer and credit of certain equity shares of our Company and some of our corporate records are not traceable or rectifiable.*

DJ Agri Industries Private Limited ("**DJ Agri**"), which held 8,590 equity shares bearing face value of ₹ 10 each of our Company, merged into our Corporate Promoter (with effect from April 1, 2019) and the equity shares of our Company held by DJ Agri were transferred to our Corporate Promoter pursuant to a scheme of amalgamation. The demat account of DJ Agri was maintained with Karvy Stock Broking Limited ("**KSBL**"). However, since pursuant to SEBI orders dated November 22, 2019 and November 24, 2020, the activities of KSBL were restricted. Despite submitting all requisite original documents twice, the instructions for transfer of the aforesaid 8,590 equity shares bearing face value of ₹ 10 each from DJ Agri to our Corporate Promoter have not been issued by KSBL till date. As KSBL has since been taken over by an entity regulated with NSDL and SEBI, our Corporate Promoter is making continuous efforts to get these equity shares transferred in its name in due course of time.

Certain Form(s) 2 filed by our Company in the past had factual inaccuracies, which included certain typographical errors with respect to (i) the total number of equity shares and total consideration mentioned in Form 2 for an allotment made in the year 1992, (ii) date of allotment and price of allotment of equity shares mentioned in such Form(s) 2 for certain allotments made in the year 2001, and (iii) total number of equity shares and total consideration mentioned in Form 2 for an allotment made in the year 2002. Further, our Company has not been able to trace records of a Form 32 that were required to be filed by our Company with the Registrar of Companies in the past, pertaining to a period when the records at Registrar of Companies were not computerized. We have been unable to trace the Form 32 required to be filed under the erstwhile Companies Act, 1956 for regularization of our Director, Ravi Kant Jaipuria.

While we made efforts to conduct a search of our internal records and a physical search at the jurisdictional Registrar of Companies for the missing Form 32, the same could not be traced because of lockdown restrictions and curfew imposed on account of the COVID-19 pandemic. Accordingly, reliance has been placed on the shareholders' resolution passed at the AGM held on September 30, 1996 for the regularization of Ravi Kant Jaipuria, as a director of our Company. There is no assurance that these records would be traceable or rectifiable, or the Company will not be subject to penalties for the same, in the future.

### 46. *We have issued Equity Shares at prices that may be lower than the Offer Price in the last 12 months.*

We have issued and allotted Equity Shares at a price which may be lower than the Offer Price in the period of 12 months preceding the date of this Prospectus. For further details, see "*Capital Structure – Notes to the capital structure – Equity Share capital history of our Company*" on page 78. We cannot assure you that the Equity Shares issued in the future will be at or lower than the Offer Price. Further, the price at which Equity Shares have been issued by us in the preceding one year is not necessarily indicative of the Offer Price.

### 47. *We have entered into, and may continue to enter into, related party transactions which may not always enable us to achieve the most favourable terms.*

We have entered into transactions with related parties in the past and from, time to time, we may enter into related party transactions in the future. In Fiscals 2019, 2020 and 2021, the aggregate amount of such related party transactions (income and expense) was ₹ 889.84 million, ₹ 1,162.65 million, and ₹ 259.42 million, respectively, that represented 6.79%, 7.67% and 2.29%, of our revenue from operations, respectively, and the aggregate amount of related party transactions (assets and liabilities) was ₹ 631.15 million, ₹ 1,564.14 million, and ₹ 2,265.50 million, respectively, that represented 3.49%, 8.30% and 13.58% of our total assets in such periods, respectively. Set forth below are certain details on our related party transactions for the periods indicated:

| **Particulars** | **As of/ for the year ended March 31** | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| | **(₹ million)** | | |
| (i) Sale of products (Finished goods) | **137.86** | **126.59** | **54.02** |
| (ii) Sale of products (Traded goods) | 91.79 | 95.93 | 26.26 |
| (iii) Marketing and other services | 0.53 | 0.06 | 0.02 |
| (iv) Sale of property, plant and equipment (PPE) | 1.09 | 1.14 | 0.80 |
| (v) Purchase of raw materials | **97.91** | **71.63** | **44.11** |
| (vi) Purchase of PPE and intangible assets | 1.00 | 1.34 | 2.10 |
| (vii) Payment to gratuity trust | 10.00 | 5.00 | 5.00 |
| (viii) Expenses incurred by other company on behalf of the Company | 0.05 | 0.86 | 0.43 |
| (ix) Expenses incurred/(collection) on behalf of other company | 3.12 | 0.05 | (2.25) |

| Particulars | As of/ for the year ended March 31 | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | (₹ million) | | |
| (x) Rent expense | 0.18 | 0.08 | 0.11 |
| (xi) Rental and maintenance income | 7.05 | - | - |
| (xii) Interest income | 30.68 | 59.76 | 53.55 |
| (xiii) Repair and maintenance – others | - | 2.27 | - |
| (xiv) Finance costs | 4.01 | 4.48 | 11.79 |
| (xv) Loan given | 463.25 | 934.99 | 162.10 |
| (xvi) Loan recovered | 24.01 | 621.67 | 782.71 |
| (xvii) Director's Sitting Fees^ | 1.30 | 1.50 | 2.40 |
| (xviii) Compensation to KMPs | 36.63 | 32.23 | 61.01 |
| (xix) Compensation to relative of KMP | - | 12.00 | 10.03 |
| (xx) Acquisition of Immovable property | - | - | 180.00 |
| (xxi) Purchase consideration for transfer of business | - | - | 10.00 |
| (xxii) Shares allotted | - | - | 145.21 |
| (xxiii) Sale of Investment | - | - | 3.60 |
| (xxiv) Loan Taken | - | - | 784.94 |
| (xxv) Investment in equity shares | 131.80 | - | - |
| (xxvi) Conversion of loan to equity share capital | - | - | 189.04 |
| (xxvii) Employee stock option scheme expenses/(reversal) | - | (1.89) | (0.65) |
| (xxviii) Impairment loss of equity investment in subsidiaries | 84.84 | 350.82 | 111.31 |
| (xxix) Impairment/(reversal) of loans to subsidiary | - | 307.70 | (307.70) |
| (xxx) Net loss/ (gain) on investment carried at fair value through profit or loss | 305.23 | (1.73) | 2.91 |
| (xxxi) Dividend income | 1.25 | 1.25 | 1.25 |
| (xxxii) Guarantee commission income | 5.94 | 5.38 | 0.91 |
| (xxxiii) Royalty and continuing fee recovered | 21.09 | 19.34 | 4.01 |
| (xxxiv) Management fee | 60.38 | 74.34 | 0.46 |
| (xxxv) Loss on sale of investment | - | - | 185.45 |

For details on our related party transactions, see "*Summary of This Prospectus – Summary of Related Party Transactions*" on pages 22 to 25. These transactions principally include remuneration to our Directors and Key Managerial Personnel. In addition, we have recently also divested our shareholding in our erstwhile subsidiary, DIUPL pursuant to a share purchase agreement dated February 17, 2021 entered by and among our Company, DIUPL, and Arctic International Private Limited, Mauritius, a wholly owned subsidiary of our Corporate Promoter and also a member of Promoter Group, for a consideration of USD 50,000 (equivalent to ₹ 3.60 million), determined based on an independent third-party valuation report. For further information relating to our related party transactions, see "*Restated Consolidated Financial Statements – Note 38: Related Party Disclosures*" on page 282. While we believe that all such transactions have been conducted on an arm's length basis, we cannot assure you that we might have obtained more favourable terms had such transactions been entered into with unrelated parties. Further, it is likely that we may enter into additional related party transactions in the future. Such related party transactions may potentially involve conflicts of interest.

***48. Our Company has identified certain borrowings availed by our Company for repayment/prepayment out of Net Proceeds, however, our Company may choose to repay/ prepay additional borrowings availed after filing of the Draft Red Herring Prospectus/Red Herring Prospectus.***

We have identified certain borrowings availed by our Company, which may be prepaid/repaid out of the Net Proceeds, as specified below:

| S. No. | Name of the lender | Nature of borrowing | Amount sanctioned as on June 30, 2021 (in ₹ million) | Amount outstanding as on June 30, 2021 (in ₹ million) | Applicable rate of interest as at June 30, 2021 | Tenor | Purpose* |
|---|---|---|---|---|---|---|---|
| 1. | Axis Bank Limited | Term loan | 550.00 | 550.00 | 7.30% | 60 months | Capital expenditure |
| 2. | IndusInd Bank | Term loan | 1,000.00 | 550.00 | 7.50% | 72 months | Capital expenditure |
| | | Term loan | 800.00 | 650.00 | 7.50% | 81 months | Capital expenditure |
| | | Term loan | 500.00 | 500.00 | 7.50% | 81 months | Capital expenditure |
| 3. | RBL Bank Limited | Working Capital Term loan | 892.00 | 892.00 | 6.07% | 60 months | Working capital requirements |
| | | Working Capital Term loan | 676.30 | 609.18 | 6.00% | 72 months | Working capital requirements |

| S. No. | Name of the lender | Nature of borrowing | Amount sanctioned as on June 30, 2021 (in ₹ million) | Amount outstanding as on June 30, 2021 (in ₹ million) | Applicable rate of interest as at June 30, 2021 | Tenor | Purpose* |
|---|---|---|---|---|---|---|---|
| 4. | YES Bank Limited | Foreign Currency Term loan | 200.00 | 114.80 | 5.25% | 60 months | Capital expenditure |
| | | Foreign Currency Term loan | 200.00 | 98.79 | 5.50% | 60 months | Capital Expenditure |
| | **Total** | | **4,818.30** | **3,964.76** | | | |

Since the loans availed by our Company are required to be repaid in monthly/quarterly instalments, some of the loans may be repaid in part or full until our Company receives the Net Proceeds from the Fresh Issue. Further, our Company has availed additional borrowings after filing of the Draft Red Herring Prospectus, some of which may be repaid/prepaid out of the Net Proceeds of the Offer. The selection and extent of loans proposed to be repaid/prepaid from the loans mentioned above will be on the basis of various factors such as any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil such requirements and levy of any prepayment penalties and the quantum thereof.

***49. Our funding requirements and the proposed deployment of Net Proceeds are not appraised by any independent agency, which may affect our business and results of operations.***

We intend to use the Net Proceeds for the purposes described in "*Objects of the Offer*" on page 96 of this Prospectus. Our funding requirements are based on management estimates and our current business plans and has not been appraised by any bank or financial institution. The deployment of the Net Proceeds will be at the discretion of our Board. However, the deployment of the Net Proceeds will be monitored by a monitoring agency appointed pursuant to the SEBI ICDR Regulations. We may have to reconsider our estimates or business plans due to changes in underlying factors, some of which are beyond our control, such as interest rate fluctuations, changes in input cost, inability to identify suitable location for our stores at favourable terms and other financial and operational factors.

Accordingly, prospective investors in the Offer will need to rely upon our management's judgment with respect to the use of proceeds. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business and results of operations.

***50. We are subject to a number of market, business, financial, legal and regulatory risks and uncertainties with respect to our international operations that could have a material impact on our business, financial condition or results of operations.***

We operate certain stores of KFC, Pizza Hut and other brands in Nepal and Nigeria. Revenue generated from our stores outside India amounted to ₹ 1,103.66 million, ₹ 1,491.06 million and ₹ 1,153.58 million, and represented 8.42%, 9.83%, and 10.17% of our revenue from operations in Fiscals 2019, 2020 and 2021, respectively. Our operations outside India are subject to a number of market, business and financial risks and uncertainties, including those related to geopolitical and economic instability, foreign currency exchange and interest rate fluctuations, competitive product offerings, local preferences, and workforce instability. Such risks and uncertainties may adversely impact our operations in these markets and, as a result, our sales, market share and operating profits from our international operations may be adversely affected. Further, in the event we are unable to meet our contractual obligations towards our franchisor due to these or any other factors, it may trigger breach consequences under our franchisee arrangements, which may adversely affect our ability to continue these operations with respect to our KFC and Pizza Hut stores.

***51. The insurance policies we maintain may be insufficient to cover future costs and losses the incurrence or magnitude of which are unforeseen or unpredictable and could result in an adverse effect on our business operations, financial condition, results of operations and cash flows.***

We maintain insurance which we believe is typical in our industry in India and in amounts which we believe to be commercially appropriate for a variety of risks. However, such insurance may not be adequate to cover all losses or liabilities that may arise from our operations, particularly when the loss suffered is not easily quantifiable. Our insurance cover for property, plant and equipment as of March 31, 2021 was ₹ 9,547.04 million, while our gross block of property, plant and equipment was ₹ 7,276.40 million as of March 31, 2021. Consequently, our insurance cover as a percentage of gross block of property, plant and equipment was 131.00%, as of March 31, 2021. Our insurance policies contain exclusions and limitations on coverage, as a result of which, we may not be able to successfully assert our claims for any liability or loss under the said insurance policies. Additionally, there may be various other risks and losses for which we are not insured because such risks are either uninsurable or not insurable on commercially acceptable terms. Furthermore, there can be no assurance that in the future, we will be able to maintain insurance of the types or at levels which we deem necessary or adequate or at premiums which we deem to be commercially acceptable. The occurrence of an event for which we are not insured, where the loss is in excess of insured limits occurs or where we are unable to successfully assert insurance claims from losses, could result in uninsured liabilities. Further, despite such uninsured losses we may remain obligated for any financial indebtedness or other obligations related to our business. Any such uninsured losses or liabilities could result in an adverse effect on our business operations, financial condition, results of operations and cash flows.

***52. Our Promoters or Directors may enter into ventures that may lead to real or potential conflicts of interest with our business.***

Our Promoters or Directors may become involved in ventures that may potentially compete with our Company, subject to the provisions and disclosure requirements provided under the code of conduct for board of directors and senior management personnel, the Companies Act and the SEBI Listing Regulations. The interests of our Promoters and Directors may conflict with the interests of our other Shareholders and our Promoters or Directors may, for business considerations or otherwise, cause our Company to take actions, or refrain from taking actions, in order to benefit themselves instead of our Company's interests or the interests of its other Shareholders which may be harmful to our Company's interests or the interests of our other Shareholders, which may materially adversely impact our business, financial condition, results of operations and cash flows.

***53. Our Company will not receive the entire proceeds from the Offer. Our Corporate Promoter, RJ Corp and our Shareholder, Dunearn are selling Equity Shares in the Offer and will receive proceeds as part of the Offer for Sale.***

The Offer includes an offer for sale of 155,333,330 Equity Shares by the Selling Shareholders. The proceeds from the Offer for Sale will be paid to the Selling Shareholders, in proportion of their respective portion of the Offered Shares transferred pursuant to the Offer, and we will not receive any such proceeds. For further details, see "*Capital Structure*" and "*Objects of the Offer*" beginning on pages 78 and 96, respectively.

***54. Industry information included in this Prospectus has been derived from a third party industry report commissioned by our Company. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.***

We have used the report titled "*India – The Future of Foodservice to 2025*" dated March 2021 (the "*GlobalData Report*"), prepared and issued by GlobalData, for purposes of inclusion of such information in this Prospectus and commissioned by our Company at an agreed fees. GlobalData was appointed on April 26, 2021 for commissioning the report. This report is subject to various limitations and based upon certain assumptions that are subjective in nature. None of our Company, the Book Running Lead Managers or any other person connected with the Offer has independently verified such information. Although we believe that the data may be considered to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed and dependability cannot be assured. While we have taken reasonable care in the reproduction of the information, the information has not been prepared or independently verified by us, or the BRLMs or any of our or its respective affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Further, there is no assurance that such information is stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In addition, statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Prospectus.

***55. We face foreign exchange risks that could adversely affect our results of operations and cash flows.***

We have operations in Nepal and Nigeria outside of India. In addition, we import store equipment and purchase certain ingredients from suppliers outside India, and are therefore, exposed to foreign exchange risk between the Indian Rupee and U.S. dollars and other foreign currencies. There can be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against other relevant foreign currencies. Any significant fluctuation in the value of the Indian Rupee against such currencies including as noticed recently in the case of the US Dollar, may adversely affect our results of operations. Any appreciation of foreign currencies against the Indian Rupee may result in reduction of our margins and consequently have an adverse effect on business and result of operations.

***56. Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

We have not declared dividend in the past three Fiscals or in the current Fiscal. For further information, see "*Dividend Policy*" on page 204. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act, 2013. The dividend distribution policy of our Company was approved and adopted by our Board on March 17, 2021. We may retain all future earnings, if any, for use in the operations and expansion of the business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot assure you that we will be able to pay dividends in the future. Accordingly, realization of a gain on Shareholders' investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value.

***57. Our operations may involve certain transactions in or with countries or persons that are subject to U.S. and other sanctions.***

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries that are the subject of comprehensive sanctions and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, there can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. We may enter into transactions with suppliers or logistics providers who may be doing business with countries to which certain OFAC-administered and other sanctions apply, such as Iran. There can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. If it were determined that transactions in which we participate violate U.S. or other sanctions, we could be subject to U.S. or other penalties, and our reputation and future business prospects in the United States or with U.S. persons, or in other jurisdictions, could be adversely affected. We rely on our staff to be up-to-date and aware of the latest sanctions in place. Further, investors in the Equity Shares could incur reputational or other risks as the result of our customers' dealings in or with countries or with persons that are the subject of U.S. sanctions.

**EXTERNAL RISK FACTORS**

**RISKS RELATING TO INDIA**

***58. Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.***

Our Restated Consolidated Financial Statements for Fiscals 2019, 2020 and 2021, have been prepared and presented in conformity with Ind AS. Ind AS differs in certain significant respects from Indian GAAP, IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our Restated Consolidated Financial Statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our Restated Consolidated Financial Statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting standards on the financial disclosures presented in this Prospectus should be limited accordingly.

In addition, the Ministry of Corporate Affairs ("**MCA**") has vide notification dated March 30, 2019 notified 'Ind AS 116 – Leases' and we were required to adopt Ind AS 116 from April 1, 2019. Therefore, our audited consolidated financial statements for Fiscals 2020 and 2021 have been prepared using Ind AS 116, while our audited consolidated financial statements for Fiscal 2019 was prepared based on applicable accounting standards AS 17 "Leases", and does not reflect the application of Ind AS. We adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to our leases using the modified retrospective approach, under which the cumulative effect of initially applying the standard, is recognized on the date of initial application, i.e. April 1, 2019. However, for the purpose of preparing Restated Consolidated Financial Statements, Ind AS 116 has been applied using the modified retrospective approach with effect from April 1, 2018. For further information on such impact, see "*Management's Discussion and Analysis on the Financial Conditions and Results of Operations – Changes in Accounting Policies in the last three financial years*" on page 338.

Therefore, our audited consolidated financial statements for Fiscal 2019 are not comparable with the Restated Consolidated Financial Statements as of and for the year ended March 31, 2019, as included in this Prospectus.

The adoption of Ind AS 116, had a material impact on our financial statements. The major impact on the consolidated financial statements for the years ended March 31, 2020 and March 31, 2021, were on finance costs, depreciation and amortization expenses, rent expenses, profit before tax, profit after tax, total comprehensive income, earnings per share, EBITDA and other financial ratios. For further information on such impact, see "*Restated Consolidated Financial Statements – Note 36: Leases*" on page 279. The governmental and regulatory bodies in India may continue to notify such new accounting standards, regulations and/or policies. There can be no assurance that any such changes in accounting standards, regulations or policies would not lead to different accounting methods, which may have an adverse effect on our business, financial condition and results of operations.

***59. Financial instability in other countries may cause increased volatility in Indian financial markets.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has adversely affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. Further, economic developments globally can have a significant impact on our principal markets. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy. Following the United Kingdom's exit from the European Union ("**Brexit**"), there remains significant uncertainty around the terms of their future relationship with the European Union and, more generally, as to the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, financial condition and results of operation. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares.

***60. The occurrence of natural or man-made disasters or outbreak of global pandemics, such as the COVID-19 pandemic, could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, infectious disease outbreaks such as the COVID-19 pandemic and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war in India or globally may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighboring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

***61. Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located elsewhere, including India. Adverse economic developments, such as rising fiscal or trade deficit, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products may be adversely affected by an economic downturn in domestic, regional and global economies. Economic growth in the countries in which we operate is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

***62. If there is any change in laws or regulations, including taxation laws, or their interpretation, such changes may significantly affect our financial statements.***

Any change in Indian tax laws could have an effect on our operations. For instance, the Taxation Laws (Amendment) Act, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this Act, companies can henceforth voluntarily opt in favor of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which would ultimately reduce the tax rate (on gross basis) for Indian companies from 30% to 22% (exclusive of applicable health and education cess and surcharge). Any such future amendments may affect our ability to claim exemptions that we have historically benefited from, and such exemptions may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability.

The Finance Act, 2020 ("**Finance Act**"), has, amongst others things, provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime. For instance, dividend distribution tax (**"DDT"**) will not be payable by a domestic company in respect of dividends declared, distributed or paid by the company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident and are likely be subject to tax deduction at source. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

Further, a draft of the Personal Data Protection Bill, 2019 has been introduced before the Lok Sabha on December 11, 2019, which is currently being referred to a joint parliamentary committee by the Parliament. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

In addition, we are subject to tax related inquiries and claims. We may be particularly affected by claims from tax authorities on account of income tax assessment, service tax and GST that combines taxes and levies by the central and state governments into one unified rate of interest with effect from July 1, 2017 and all subsequent changes and amendments thereto.

Further, the Government of India has notified the Finance Act, 2021 ("**Finance Act**") which has introduced various amendments to taxation laws in India. There is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

We cannot predict whether any new tax laws or regulations impacting our services will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have an adverse effect on our business.

***63. New banking requirements that have been implemented in India may inhibit our ability to effectively manage or move our funds to satisfy our business needs.***

The Reserve Bank of India published a release on November 2, 2020 to supplement its circular on August 6, 2020 revising existing instructions on opening current accounts by the banks. The revised instructions aim primarily to enhance management of exposure to the banking system through prohibiting the banks to open current accounts for customers who maintain cash credit/overdraft facility from the banking system, setting forth requirements for opening current accounts for customers who do not have cash credit/overdraft facility from any bank and imposing on the banks a duty to monitor all current accounts and cash credit/overdraft facilities regularly to ensure compliance with the revised instructions. The release on November 2, 2020 refers to the requirement in the August 6, 2020 circular that the banks are to ensure compliance with the revised instructions by November 5, 2020, which elicited responses from the banks seeking clarifications on operational concerns regarding their existing current accounts. The Reserve Bank of India published a release on December 14, 2020, wherein it permitted banks to open specific accounts which are stipulated under various statutes and instructions of other regulatory departments, without any restrictions. An indicative list of such accounts has been enumerated in the circular. The circular also mandates the banks to monitor all current accounts and cash credit/overdraft facilities regularly, at least on a half yearly basis, to ensure compliance with instructions contained in previous circulars. Our Company currently has an overdraft facility and may therefore be limited in its ability to open new current accounts or maintain existing current accounts with the banks under the reviewed instructions, which may in turn inhibit our ability to effectively manage or move our funds to satisfy our business needs, which could have an adverse effect on our business, results of operations and financial condition.

***64. Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.***

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 411.

***65. A downgrade in ratings of India, may affect the trading price of the Equity Shares.***

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating decreased from Baa2 with a "negative" outlook to Baa3 with a "negative" outlook by Moody's and from BBB with a "stable" outlook to BBB with a "negative" outlook (Fitch) in June 2020; and from BBB "stable" to BBB "negative" by DBRS in May 2020. India's sovereign ratings from S&P is BBB-with a "stable" outlook. Any further adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favorable terms or at all, and consequently adversely affect our business and financial performance and the price of the Equity Shares.

***66. Investors may not be able to enforce a judgment of a foreign court against us.***

We are incorporated under the laws of India and all of our Directors and key management personnel reside in India. A majority of our assets, and the assets of certain of our Directors, key management personnel and other senior management, are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, such as United Kingdom, Singapore and Hong Kong. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of Section 13 and Section 44A of the Civil Procedure Code, 1908 (the "**CPC**"). Further, the CPC only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or, other charges of a similar nature or in respect of a fine or other penalty. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India, whether or not predicated solely upon the general laws of the non-reciprocating territory, cannot be enforced or executed in India. Even if a party were to obtain a judgment in such a jurisdiction, it would be required to institute a fresh suit upon the judgment in India and would not be able to enforce such judgment by proceedings in execution. Further, the party which has obtained such judgment must institute the new proceedings within three years of obtaining the judgment. As a result, the investor may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

It cannot be assured that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment.

***67. If inflation were to rise in India, we might not be able to increase the prices of our services at a proportional rate in order to pass costs on to our clients thereby reducing our margins.***

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of transportation, wages, raw materials and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our clients, whether entirely or in part, and may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase the amount of fees for services to pass the increase in costs on to our clients. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the Government of India has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

***68. Our business may be adversely affected by changes in general macroeconomic and demographic factors in India.***

Our business results depend on a number of general macroeconomic and demographic factors in India which are beyond our control. In particular, our revenue and profitability are strongly correlated to consumer discretionary spending, which is influenced by general economic conditions, unemployment levels, the availability of discretionary income and consumer confidence, particularly in the cities and communities where our restaurants are located. Recessionary economic cycles, a protracted economic slowdown, a worsening economy, increased unemployment, increased food prices, increased energy prices, rising interest rates or other industry-wide cost pressures could also affect consumer behaviour and spending for restaurant dining occasions and lead to a decline in our sales and earnings. In particular, the outbreak of the COVID-19 pandemic has led to an economic downturn and a decrease in consumer discretionary spending in India and globally. India's GDP real growth rate declined to 4% in Fiscal 2020 and is estimated to decline to -10.3% in Fiscal 2021 due to the outbreak of the COVID-19 pandemic, which led to the imposition of lockdown restrictions beginning in the last quarter of Fiscal 2020 that are expected to continue through the first quarter of Fiscal 2021, causing a contraction in the economy. It is estimated that India's GDP growth rate will resume to its pre-COVID-19 level by Fiscal 2022.

In addition, increases in petrol, diesel, natural gas, electricity and other energy costs, and increases in borrowing costs with rising interest rates, could also result in our customers having lower disposable income and reduce the frequency with which they dine out or spend on each dining out occasion. Any significant decrease in our customer footfalls or average ticket price as a result of these or other factors could negatively impact our financial performance. Demographic factors, such as population concentrations in key metropolitan areas and cities where our restaurants are located, could also impact our brand awareness and customer footfalls in our restaurants. The QSR segment of the restaurant industry may also be affected by industry-specific developments, such as changes in trends relating to growing infrastructure spending and investment in retail space that result from changes in national, regional and local economic conditions. In addition, the government has imposed and is expected to continue to impose the heightened restrictive measures in relation to sanitization spaces, dining facilities, delivery services and other related areas following the COVID-19 pandemic, and market participants in the restaurant industry, including the QSR brands, are likely to incur higher operating costs to ensure compliance with any such measures in the future. Any adverse developments in relation to the QSR industry in India as a result of these or other factors could also adversely impact our future growth prospects.

Unfavourable changes in the above factors or in other business and economic conditions affecting our customers could increase our costs, reduce customer footfalls in some or all of our restaurants or decrease average ticket prices or impose practical limits on the pricing of our products, any of which could lower our profit margins and have a material adverse effect on our business, results of operations and financial condition.

***69. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect our business.***

The Competition Act, 2002, as amended (the "**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and may result in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services in any manner by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or in any other similar way or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be also guilty of the contravention and may be punished.

On March 4, 2011, the Government of India issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (the "**CCI**"). Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India. The Competition Act aims to, among other things, prohibit all agreements and transactions, which may have an appreciable adverse effect on competition in India. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India.

The applicability or interpretation of the Competition Act to any merger, amalgamation or acquisition proposed or undertaken by us, or any enforcement proceedings initiated by CCI for alleged violation of provisions of the Competition Act may adversely affect our business, financial condition or results of operation. We cannot assure you that we will be able to obtain approval for any future acquisitions on satisfactory terms, or at all. If we are affected directly or indirectly by the application or interpretation of any provision of the Competition Act or any proceedings initiated by the CCI or any other relevant authority (or any other claim by any other party under the Competition Act) or any adverse publicity that may be generated due to scrutiny or prosecution under the Competition Act, including by way of financial penalties, our reputation may also be materially and adversely affected.

## RISKS RELATING TO THE OFFER AND THE EQUITY SHARES

***70. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.***

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution. However, if the laws of the jurisdiction the investors are located in do not permit them to exercise their pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value the custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emption rights granted in respect of the Equity Shares held by them, their proportional interest in us would be reduced.

***71. Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.***

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and widespread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as a shareholder of an entity in another jurisdiction.

***72. Your percentage of ownership may be diluted in the future.***

We may be required to finance our growth through future equity offerings. Any future equity issuances by our Company, including a primary offering, may lead to the dilution of investors' shareholdings in the Company. Any future issuances of Equity Shares (including under the ESOP Schemes) or the perception that such issuance may occur, including to comply with the minimum public shareholding norms applicable to listed companies in India may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of the Equity Shares. Any future issuances could also dilute the value of your investment in the Equity Shares. In addition, any perception by investors that such issuances or sales may occur may also affect the market price of the Equity Shares.

***73. Investors may be subject to Indian taxes arising out of income arising on the sale of the Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments in an Indian company are generally taxable in India. Any capital gain realised on the sale of listed equity shares on a Stock Exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of Securities Transaction Tax ("**STT**"), on the sale of any Equity Shares held for more than 12 months immediately preceding the date of transfer. STT will be levied on the seller and/or the purchaser of the Equity Share and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any capital gains realised on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India as well as STT.

Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident read with the Multilateral Instrument ("**MLI**"), if and to the extent applicable, and the seller is entitled to avail benefits thereunder. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

No dividend distribution tax is required to be paid in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends.

Similarly, any business income realised from the transfer of Equity Shares held as trading assets is taxable at the applicable tax rates subject to any treaty relief, if applicable, to a non-resident seller. Additionally, in terms of the Finance Act, 2018, which has been notified on March 29, 2018 with effect from April 1, 2018, the tax payable by an assessee on the capital gains arising from transfer of long term capital asset (introduced as section 112A of the Income-Tax Act, 1961) shall be calculated on such long-term capital gains at the rate of 10%, where the long-term capital gains exceed ₹100,000, subject to certain exceptions in case of a resident individuals and HUF.

Further, the Finance Act, 2019 has made various amendments in the taxation laws and has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non -delivery basis is specified at 0.003% of the consideration amount. These amendments were notified on December 10, 2019 and have come into effect from July 1, 2020.

Our Company cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect on our Company's business, financial condition, results of operations and cash flows.

***74. Our Equity Shares have never been publicly traded and may experience price and volume fluctuations following the completion of the Offer, an active trading market for the Equity Shares may not develop, the price of our Equity Shares may be volatile and you may be unable to resell your Equity Shares at or above the Offer Price or at all.***

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for our Equity Shares will develop or, if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book building process. This price will be based on numerous factors, as described in "*Basis for Offer Price*" on page 102. This price may not necessarily be indicative of the market price of our Equity Shares after the Offer is completed. You may not be able to sell your Equity Shares at or above the Offer price at the time of listing and may as a result lose all or part of your investment.

Our Equity Shares are expected to trade on NSE and BSE after the Offer, but there can be no assurance that active trading in our Equity Shares will develop after the Offer, or if such trading develops that it will continue. Investors may not be able to sell our Equity Shares at the quoted price if there is no active trading in our Equity Shares.

There has been significant volatility in the Indian stock markets in the recent past, and the trading price of our Equity Shares after the Offer could fluctuate significantly as a result of market volatility or due to various internal or external risks, including but not limited to those described in this Prospectus. The market price of our Equity Shares may be influenced by many factors, some of which are beyond our control, including, among others:

- the failure of security analysts to cover the Equity Shares after this Offer, or changes in the estimates of our performance by analysts;
- the activities of competitors and suppliers;
- future sales of the Equity Shares by us or our shareholders;
- investor perception of us and the industry in which we operate;
- our quarterly or annual earnings or those of our competitors;
- developments affecting fiscal, industrial or environmental regulations;
- the public's reaction to our press releases and adverse media reports; and
- general economic conditions.

A decrease in the market price of our Equity Shares could cause you to lose some or all of your investment.

***75. Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Offer.***

The Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or 'demat' accounts with depository participants in India, are expected to be credited within one working day of the date on which the Basis of Allotment is approved by the Stock Exchanges. The Allotment of Equity Shares in this Offer and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately six Working Days from the Bid Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six Working Days of the Bid Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise commence trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

***76. Future sales of Equity Shares or perceived potential sales of the Equity Shares by our Promoters may adversely affect the market price of the Equity Shares.***

After the completion of the Offer, our Promoters will own, directly, more than 51% of our outstanding Equity Shares. Upon expiry of the lock-in period provided under the SEBI ICDR Regulations, our Promoters will be eligible to sell part or all of the Equity Shares held by it. Future sales of a large number of the Equity Shares by our Promoter, either in one sale or over a series of sales, could adversely affect the market price of the Equity Shares. Similarly, the perception that any such secondary sale may occur could adversely affect the market price of the Equity Shares. No assurance may be given that our Promoters will not dispose of, pledge or encumber their Equity Shares in the future, or that the market price of the Equity Shares will not be adversely affected by any such disposal, pledge or encumbrance of their Equity Shares.

***77. QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid, and Retail Individual Bidders are not permitted to withdraw their Bids after the Bid/Offer Closing Date.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise or withdraw their bids at any time during the Bid/Offer Period and until the Bid/Offer Closing Date, but not thereafter. Therefore, QIBs and Non-Institutional Investors will not be able to withdraw or lower their Bids following adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or otherwise at any stage after the submission of their bids.

***78. U.S. holders should consider the impact of the passive foreign investment company rules in connection with an investment in our Equity Shares.***

A foreign corporation will be treated as a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes for any taxable year in which either: (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of its gross assets during the taxable year (based on of the quarterly values of the assets during a taxable year) are "passive assets," which generally means that they produce passive income or are held for the production of passive income.

Our Company believes it was not a PFIC for fiscal year ended March 31, 2021, and does not expect to be a PFIC for the current year or any future years. However, no assurance can be given that our Company will or will not be considered a PFIC in the current or future years. The determination of whether or not our Company is a PFIC is a factual determination that is made annually after the end of each taxable year, and there can be no assurance that our Company will not be considered a PFIC in the current taxable year or any future taxable year because, among other reasons, (i) the composition of our Company's income and assets will vary over time, and (ii) the manner of the application of relevant rules is uncertain in several respects. Further, our Company's PFIC status may depend on the market price of its Equity Shares, which may fluctuate considerably.

***79. Compliance with provisions of Foreign Account Tax Compliance Act may affect payments on the Equity Shares.***

The U.S. "Foreign Account Tax Compliance Act" (or "**FATCA**") imposes a new reporting regime and potentially, imposes a 30% withholding tax on certain "foreign passthru payments" made by certain non-U.S. financial institutions (including intermediaries).

If payments on the Equity Shares are made by such non-U.S. financial institutions (including intermediaries), this withholding may be imposed on such payments if made to any non-U.S. financial institution (including an intermediary) that is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payer, to the extent such payments are considered "foreign passthru payments". Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether and to what extent payments on the Equity Shares would be considered "foreign passthru payments". The United States has entered into intergovernmental agreements with many jurisdictions (including India) that modify the FATCA withholding regime described above. It is not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address "foreign passthru payments" and whether such agreements will require us or other financial institutions to withhold or report on payments on the Equity Shares to the extent they are treated as "foreign passthru payments". Prospective investors should consult their tax advisors regarding the consequences of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, to their investment in Equity Shares.

## SECTION III: INTRODUCTION

## THE OFFER

The following table summarizes the Offer details:

| | | |
|---|---|---|
| Offer of Equity Shares[(1)(2)] | | 204,222,218* Equity Shares aggregating up to ₹ 18,380 million |
| *of which:* | | |
| (i) | Fresh Issue[(1)] | 48,888,888* Equity Shares aggregating up to ₹ 4,400 million |
| (ii) | Offer for Sale[(2)] | 155,333,330* Equity Shares aggregating up to ₹ 13,980 million by the Selling Shareholders |
| *The Offer consists of:* | | |
| (i) | Employee Reservation Portion[(3)] | 550,000* Equity Shares, aggregating up to ₹ 49.50 million |
| (ii) | Net Offer | 203,672,218* Equity Shares, aggregating up to ₹ 18,330.50 million |
| *The Net Offer consists of:* | | |
| A) | QIB Portion[(4)(5)] | Not less than 152,754,165* Equity Shares |
| | *of which:* | |
| | Anchor Investor Portion | 91,652,499* Equity Shares |
| | Net QIB Portion (assuming Anchor Investor Portion is fully subscribed) | 61,101,666* Equity Shares |
| | *of which:* | |
| | Available for allocation to Mutual Funds only (5% of the Net QIB Portion)[(4)] | 3,055,084* Equity Shares |
| | Balance of QIB Portion for all QIBs including Mutual Funds | 58,046,582* Equity Shares |
| B) | Non-Institutional Portion[(4)] | Not more than 30,550,832* Equity Shares |
| C) | Retail Portion[(4)(5)] | Not more than 20,367,221* Equity Shares |
| | | |
| **Pre-Offer and post-Offer Equity Shares** | | |
| | | |
| Equity Shares outstanding prior to the Offer | | 1,153,634,990 Equity Shares |
| Equity Shares outstanding after the Offer | | 1,202,523,878* Equity Shares |
| | | |
| **Utilisation of Net Proceeds** | | See "*Objects of the Offer*" beginning on page 96 for details regarding the use of proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale. |

** Subject to finalisation of the Basis of Allotment*

1. *The Offer has been authorised by our Board pursuant to resolution passed on February 17, 2021 read with resolutions passed on May 13, 2021 and July 20, 2021 and Fresh Issue has been approved by our Shareholders pursuant to special resolution passed on March 17, 2021.*

2. *The Investor Selling Shareholder has specifically confirmed that the Dunearn Offered Shares are eligible to be offered for sale in the Offer in accordance with the SEBI ICDR Regulations. Further, the Promoter Selling Shareholder has specifically confirmed that the RJ Corp Offered Shares are eligible to be offered for sale in the Offer in accordance with the SEBI ICDR Regulations. The Investor Selling Shareholder has confirmed and approved its participation in the Offer for Sale and the Promoter Selling Shareholder has confirmed and approved its participation in the Offer for Sale as set out below:*

| S. No. | Name of the Selling Shareholder | Maximum number of Offered Shares | Date of Selling Shareholder's consent letter | Date of board resolution |
|---|---|---|---|---|
| 1. | Dunearn | 65,333,330* Equity Shares | May 13, 2021 | April 20, 2021 |
| 2. | RJ Corp | 90,000,000* Equity Shares | May 13, 2021 and July 20, 2021 | April 20, 2021 and July 20, 2021 |

** Subject to finalisation of the Basis of Allotment*

3. *In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion was made available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation up to ₹ 500,000), was available to be added to the Net Offer. The Employee Reservation Portion does not exceed 5% of our post-Offer paid-up Equity Share capital. For further details, see "Offer Structure" beginning on page* 393.

4. *Subject to valid Bids having been received at or above the Offer Price, undersubscription, if any, in any category, except in the QIB Portion, was allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company and the Selling Shareholders, in consultation with the Lead Managers and the Designated Stock Exchange, subject to applicable laws. In the event of under subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, Equity Shares could be Allotted under the Offer for Sale in proportion to the Offered Shares being offered by the Selling Shareholders. For avoidance of doubt, it is hereby clarified that balance Equity Shares of the Fresh Issue were offered only once the entire portion of the Offered Shares is Allotted in the Offer. In the event of under-subscription in the Offer, Equity Shares were available to be allocated in the manner specified in "Terms of the Offer" beginning on page* 388.

5. *Our Company and the Selling Shareholders have, in consultation with the Lead Managers, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares were available to be added to the QIB Portion. Further, 5% of the Net QIB*

*Portion was available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion was available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Offer Price. However, if the aggregate demand from Mutual Funds was less than 5% of the Net QIB Portion, the balance Equity Shares available for allotment in the Mutual Fund Portion could be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, see "Offer Procedure" beginning on page* 396*, respectively.*

Allocation to Bidders in all categories except the Anchor Investor Portion and the Retail Portion, was made on a proportionate basis subject to valid Bids received at or above the Offer Price. The allocation to each RIB shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, were made available for allocation on a proportional basis. For further details, see "*Offer Procedure*" beginning on page 396.

For details of the terms of the Offer, see "*Terms of the Offer*" beginning on page 388.

## SUMMARY OF RESTATED CONSOLIDATED FINANCIAL STATEMENTS

*The following tables provide the summary of financial information of our Company derived from the Restated Consolidated Financial Statements.*

*The summary financial information presented below should be read in conjunction with "Restated Consolidated Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 205 and 323, respectively.*

(*The remainder of this page is intentionally left blank*)

## Restated Consolidated Statement of Assets and Liabilities

*(INR in millions, except for share data and if otherwise stated)*

| Particulars | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4,306.74 | 4,786.54 | 4,840.49 |
| Capital work-in-progress | 142.75 | 135.27 | 115.18 |
| Right-of-use assets | 6,660.20 | 10,350.83 | 9,946.55 |
| Investment properties | 455.89 | 413.99 | 470.66 |
| Goodwill | 644.45 | 224.34 | 161.33 |
| Other intangible assets | 1,855.19 | 577.42 | 363.85 |
| Investments accounted for using equity method | - | - | - |
| Financial assets | | | |
| (i) Loans | 435.36 | 491.60 | 458.41 |
| (ii) Other financial assets | 167.38 | 182.27 | 112.60 |
| Deferred tax assets (net) | 95.78 | 75.49 | 80.75 |
| Income tax assets (net) | 80.46 | 94.95 | 96.22 |
| Other non-current assets | 194.56 | 71.22 | 39.04 |
| **Total non-current assets** | **15,038.76** | **17,403.92** | **16,685.08** |
| **Current assets** | | | |
| Inventories | 621.97 | 720.87 | 549.42 |
| Financial assets | | | |
| (i) Trade receivables | 168.80 | 172.99 | 229.84 |
| (ii) Cash and cash equivalents | 399.62 | 132.26 | 265.72 |
| (iii) Bank balances other than cash and cash equivalents | 5.71 | 28.06 | 5.10 |
| (iv) Loans | 141.57 | 128.13 | 95.80 |
| (v) Other financial assets | 106.06 | 36.38 | 0.58 |
| Other current assets | 201.58 | 213.15 | 243.36 |
| **Total current assets** | **1,645.31** | **1,431.84** | **1,389.82** |
| | | | |
| **Total assets** | **16,684.07** | **18,835.76** | **18,074.90** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 1,153.63 | 1,061.67 | 1,061.67 |
| Other equity | (15.90) | (2,952.68) | (1,764.05) |
| **Equity attributable to owners of the Company** | **1,137.73** | **(1,891.01)** | **(702.38)** |
| Non-controlling interests | (419.15) | (391.14) | (509.61) |
| **Total equity** | **718.58** | **(2,282.15)** | **(1,211.99)** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 3,593.65 | 3,402.17 | 3,324.84 |
| (ii) Lease liabilities | 7,936.96 | 11,759.04 | 11,240.91 |
| (iii) Other financial liabilities | 49.30 | 52.82 | 33.72 |
| Provisions | 169.15 | 115.73 | 138.05 |
| Other non-current liabilities | 9.74 | 10.49 | 6.90 |
| **Total non-current liabilities** | **11,758.80** | **15,340.25** | **14,744.42** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 211.10 | 904.56 | 676.93 |
| (ii) Lease liabilities | 787.38 | 1,122.83 | 1,105.74 |
| (iii) Trade payables | | | |
| (a) total outstanding dues of micro enterprises and small enterprises | 150.53 | 20.91 | 23.64 |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | 1,468.47 | 1,610.98 | 1,344.54 |
| (iv) Other financial liabilities | 1,305.94 | 1,896.91 | 1,179.27 |
| | | | |
| Other current liabilities | 193.48 | 170.44 | 177.27 |
| Provisions | 82.94 | 44.15 | 32.26 |
| Current tax liabilities (net) | 6.85 | 6.88 | 2.82 |
| **Total current liabilities** | **4,206.69** | **5,777.66** | **4,542.47** |
| | | | |
| **Total equity and liabilities** | **16,684.07** | **18,835.76** | **18,074.90** |

## Restated Consolidated Statement of Profit and Loss

*(INR in millions, except for share data and if otherwise stated)*

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 11,348.38 | 15,163.86 | 13,105.98 |
| Other income | 640.57 | 186.55 | 130.85 |
| **Total income** | **11,988.95** | **15,350.41** | **13,236.83** |
| **Expenses** | | | |
| Cost of materials consumed | 3,386.93 | 4,487.18 | 3,772.90 |
| Purchases of stock-in-trade | 59.67 | 116.78 | 115.76 |
| Employee benefits expense | 1,543.32 | 2,254.85 | 1,915.73 |
| Finance costs | 1,528.03 | 1,584.37 | 1,356.04 |
| Depreciation and amortisation expense | 2,294.53 | 2,233.14 | 2,028.26 |
| Impairment of non-financial assets | 480.05 | 38.77 | 247.53 |
| Other expenses | 4,089.18 | 5,750.21 | 4,511.97 |
| **Total expenses** | **13,381.71** | **16,465.30** | **13,948.19** |
| **Loss before exceptional items and tax** | **(1,392.76)** | **(1,114.89)** | **(711.36)** |
| Exceptional items | (568.84) | (345.78) | (131.48) |
| **Loss before tax** | **(823.92)** | **(769.11)** | **(579.88)** |
| **Tax expense** | | | |
| Current tax | 9.75 | 13.48 | 8.53 |
| Deferred tax expense/(credit) | (20.43) | 4.93 | 4.49 |
| **Total tax expense** | (10.68) | 18.41 | 13.02 |
| **Loss for the year from continuing operations** | **(813.24)** | **(787.52)** | **(592.90)** |
| Profit/(loss) before tax from discontinued operations | 183.37 | (426.66) | (348.28) |
| Tax expense of discontinued operations | - | - | 0.26 |
| Profit/(loss) for the year from discontinued operations | 183.37 | (426.66) | (348.54) |
| **Loss for the year** | **(629.87)** | **(1,214.18)** | **(941.44)** |
| **Other comprehensive income/(expenses) - Continuing operations** | | | |
| Items that will not to be reclassified to profit or loss | | | |
| Remeasurements of defined benefit plans | (12.94) | 3.73 | (9.55) |
| Income tax relating to above mentioned item | (0.14) | (0.34) | 0.39 |
| **Other comprehensive income/(loss) not to be reclassified to profit or loss** | **(13.08)** | **3.39** | **(9.16)** |
| Items that will be reclassified to profit or loss | | | |
| Exchange difference in translating financial statements of foreign operations | 124.14 | 156.95 | (17.02) |
| Exchange differences on translation of discontinued operations | (58.86) | (17.76) | (5.30) |
| **Other comprehensive income/(loss) to be reclassified to profit or loss** | **65.28** | **139.19** | **(22.32)** |
| **Other comprehensive income/(loss) for the year** | **52.20** | **142.58** | **(31.48)** |
| **Total comprehensive loss for the year** | **(577.67)** | **(1,071.60)** | **(972.92)** |
| **Loss attributable to:** | | | |
| Owners of the Company | (552.08) | (1,216.73) | (792.26) |
| Non controlling interest | (77.79) | 2.55 | (149.17) |
| **Loss for the year** | **(629.87)** | **(1,214.18)** | **(941.44)** |
| **Other comprehensive income/(loss) attributable to:** | | | |
| Owners of the Company | 9.61 | 106.98 | (16.62) |
| Non controlling interest | 42.59 | 35.60 | (14.86) |
| **Other comprehensive income/(loss) for the year** | **52.20** | **142.58** | **(31.48)** |
| Owners of the Company | (542.47) | (1,109.75) | (808.89) |
| Non controlling interest | (35.20) | 38.15 | (164.03) |
| **Total comprehensive loss for the year** | **(577.67)** | **(1,071.60)** | **(972.92)** |
| **Loss per equity share** | | | |
| **Continuing operations** | | | |
| Basic (INR) | (0.67) | (0.74) | (0.42) |
| Diluted (INR) | (0.67) | (0.74) | (0.42) |
| **Discontinued operation** | | | |
| Basic (INR) | 0.17 | (0.40) | (0.33) |
| Diluted (INR) | 0.17 | (0.40) | (0.33) |

## Restated Consolidated Statement of Cash Flow

*(INR in millions, except for share data and if otherwise stated)*

| | | For the year ended March 31, 2021 | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|---|---|
| **A.** | **Cash flows from operating activities** | | | |
| | **Profit/(loss) before tax** | | | |
| | Continuing operations | (823.92) | (769.11) | (579.88) |
| | Discontinued operations | 183.37 | (426.66) | (348.28) |
| | **Adjustments for:** | | | |
| | Depreciation and amortisation expense | 2,356.94 | 2,467.04 | 2,257.32 |
| | Impairment loss of non-financial assets | 529.90 | 38.77 | 247.53 |
| | Liabilities no longer required written back | (43.09) | (28.97) | (12.79) |
| | Loss on disposal of property plant and equipment | 87.38 | 187.67 | 11.49 |
| | Bad debts and advances written off | - | 0.13 | 0.69 |
| | Loss allowance | 12.36 | 27.04 | 6.38 |
| | Unrealised foreign exchange (gain)/loss | (19.63) | 108.09 | (1.23) |
| | Finance costs | 1,621.75 | 1,687.91 | 1,421.17 |
| | Derivatives at fair value through profit and loss | (6.75) | 8.62 | 5.36 |
| | Employee stock option scheme expenses/(reversal) | 22.62 | (12.18) | 2.53 |
| | Interest income | (103.95) | (93.47) | (73.55) |
| | Gain on termination of leases | (611.39) | (365.66) | (131.48) |
| | Gain on modification of leases | (52.71) | (18.84) | - |
| | Gain on net investment in finance leases | - | (18.76) | (42.07) |
| | Rent concession (refer note 36 A (iii)) | (1,158.89) | - | - |
| | **Operating profit before working capital changes** | **1,993.98** | **2,791.62** | **2,763.18** |
| | Adjustments for changes in: | | | |
| | - trade receivables | 4.19 | 29.31 | (52.87) |
| | - inventories | 126.01 | (171.45) | (103.10) |
| | - loans, other financial assets, and other assets | 163.94 | (67.64) | (3.00) |
| | - trade payables, other financial liabilities and other liabilities | 102.60 | 433.13 | 176.26 |
| | **Cash generated from operating activities** | **2,390.72** | **3,014.97** | **2,780.47** |
| | Income tax refund/(paid) (net) | 4.85 | (7.81) | (2.85) |
| | **Net cash generated from operating activities** | **2,395.57** | **3,007.16** | **2,777.62** |
| | | | | |
| **B.** | **Cash flows from investing activities** | | | |
| | Payment for acquisition of stores under business combination | (2,300.00) | - | (288.29) |
| | Payment for property, plant and equipment and other intangible assets other than above | (1,373.37) | (999.09) | (1,422.56) |
| | Proceeds from sale of property plant and equipment | 43.94 | 10.95 | 15.69 |
| | Deposits made with banks | - | (22.96) | (176.01) |
| | Proceeds from maturity of deposits | 22.35 | 21.10 | 179.13 |
| | Proceeds from transfer of business | 13.60 | - | - |
| | Interest received | 7.52 | 15.71 | 15.30 |
| | **Net cash used in investing activities** | **(3,585.96)** | **(974.29)** | **(1,676.74)** |
| | | | | |
| **C.** | **Cash flows from financing activities** | | | |
| | Proceeds from issue of equity share capital | 3,476.43 | - | - |
| | Proceeds from long term borrowings | 2,355.86 | 800.00 | 1,921.78 |
| | Repayment of long term borrowings | (2,401.08) | (651.19) | (619.36) |
| | (Repayment of)/proceeds from cash credit facilities from banks (net) | (693.46) | 227.63 | (249.54) |
| | Payment of lease liabilities- principal | - | (1,043.52) | (981.25) |
| | Payment of lease liabilities- interest | (825.69) | (1,123.90) | (1,038.40) |
| | Interest paid | (492.24) | (435.17) | (338.27) |
| | **Net cash (used in)/generated from financing activities** | **1,419.82** | **(2,226.15)** | **(1,305.04)** |
| | | | | |
| **D.** | **Effect of foreign currency fluctuation arising out of consolidation** | **37.93** | **59.81** | **26.86** |
| | **Net decrease in cash and cash equivalents during the year (A+B+C+D)** | **267.36** | **(133.47)** | **(177.29)** |
| | **Effect of exchange rate changes on cash and cash equivalent held in foreign currency** | **-** | **0.01** | **(0.02)** |
| | | | | |
| **E** | **Cash and cash equivalents at the beginning of the year** | **132.26** | **265.72** | **443.03** |

| | | For the year ended March 31, 2021 | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|---|---|
| | | | | |
| **F** | **Cash and cash equivalents as at the end of the year** (refer note 12) | **399.62** | **132.26** | **265.72** |

**Notes:**

1. *The Consolidated Cash Flow Statement has been prepared in accordance with 'Indirect method' as set out in the Ind AS - 7 on 'Statement of Cash Flows', as notified under Section 133 of the Companies Act, 2013, read with the relevant rules thereunder.*
2. *Significant non-cash transactions: Acquisition of right-of-use assets and investment properties (refer note 36 and 37 of the Restated Consolidated Financial Statements).*

## GENERAL INFORMATION

Our Company was originally incorporated as 'Universal Ice Creams Private Limited' at New Delhi as a private limited company under the Companies Act, 1956, pursuant to the certificate of incorporation dated December 13, 1991 issued by the RoC. Subsequently, the name of our Company was changed to 'Devyani International Private Limited' and a fresh certificate of incorporation dated June 7, 2000, was issued by the RoC. Thereafter, our Company was converted into a public limited company and consequently the name of our Company was changed to 'Devyani International Limited' and a fresh certificate of incorporation dated May 9, 2005 was issued by the RoC.

For details in relation to the changes in the registered office of our Company, see "*History and Certain Corporate Matters*" beginning on page 166.

**Corporate Identity Number**: U15135DL1991PLC046758

**Company Registration Number**: 46758

**Registered Office of our Company**

F-2/7, Okhla Industrial Area, Phase-I
New Delhi 110 020, India

**Corporate Office of our Company**

Plot No. 18, Sector-35
Gurugram 122 004
Haryana, India

**Address of the Registrar of Companies**

Our Company is registered with the RoC, situated at the following address:

The Registrar of Companies, Delhi and Haryana at New Delhi
4th Floor, IFCI Tower
61, Nehru Place
New Delhi 110 019, India

**Board of Directors of our Company**

Details regarding our Board as on the date of this Prospectus are set forth below:

| Name | Designation | DIN | Address |
|---|---|---|---|
| Ravi Kant Jaipuria | Non-executive Director and Chairman | 00003668 | 7A, Aurangzeb Road, Delhi 110 011 |
| Varun Jaipuria | Non-executive Director | 02465412 | 7A, Aurangzeb Road, Delhi 110 011 |
| Raj Pal Gandhi | Non-executive Director | 00003649 | C-15/10, DLF Phase 1, Chakarpur (74), Gurugram 122 002 |
| Virag Joshi | Whole-time Director (President & CEO) | 01821240 | Flat No. D-810, 8th Floor, Mahagun Morpheus, Block Ferrara, Plot No. E-4, Sector 50, Noida 201 301 |
| Manish Dawar | Whole-time Director and Chief Financial Officer | 00319476 | H.no.-d-502, Lagoon Apartments, Ambience Island, NH-8, Nathupur (67) DlfQe, Galleria DLF-IV, Gurgaon 122 002 |
| Ravi Gupta | Independent Director | 00023487 | B-41, Kailash Colony, Greater Kailash, South Delhi, Delhi 110 048 |
| Rashmi Dhariwal | Independent Director | 00337814 | Khasra No. 1523, Aashray Farm, Near Shiv Mandir, Asola, Fatehpur Beri, Fatah Pur Beri, South Delhi, Delhi 110 074 |
| Naresh Trehan | Independent Director | 00012148 | B-4, Maharani Bagh, Delhi 110 065 |
| Girish Kumar Ahuja | Independent Director | 00446339 | A-53, Kailash Colony, S.O. South Delhi, Delhi 110 048 |
| Pradeep Khushalchand Sardana | Independent Director | 00682961 | S-05B, Windsor Court, DLF Phase-4, Galleria DLF-IV, Farrukhnagar, Gurgaon 122 009 |

For further details of our Directors, see "*Our Management*" beginning on page 176.

**Filing**

A copy of the Draft Red Herring Prospectus has been filed electronically on the SEBI's online portal and emailed at cfddil@sebi.gov.in.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 has been filed with the Registrar of Companies and a copy of the Prospectus has been filed under Section 26 of the Companies Act, 2013 with the Registrar of Companies at its office located at the Registrar of Companies, Delhi and Haryana, 4th Floor, IFCI Tower, 61, Nehru Place, New Delhi 110 019, India.

**Company Secretary and Compliance Officer**

Anil Dwivedi is our Company Secretary and Compliance Officer. His contact details are set forth below:

**Anil Dwivedi**
Company Secretary and Compliance Officer
Plot No. 18, Sector-35
Gurugram 122 004
Haryana, India
Tel: +91 124 4786 000
E-mail: companysecretary@dil-rjcorp.com

**Lead Managers**

**Kotak Mahindra Capital Company Limited**
1st Floor, 27 BKC
Plot No. 27, 'G' Block
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Maharashtra, India
Tel: +91 22 4336 0000
E-mail: dil.ipo@kotak.com
Investor Grievance E-mail: kmccredressal@kotak.com
Website: www.investmentbank.kotak.com
Contact Person: Ganesh Rane
SEBI Registration No.: INM000008704

**CLSA India Private Limited**
8/F, Dalamal House
Nariman Point
Mumbai 400 021
Maharashtra, India
Tel: +91 22 6650 5050
E-mail: devyani.ipo@clsa.com
Investor Grievance E-mail:
investor.helpdesk@clsa.com
Website: www.india.clsa.com
Contact Person: Rahul Choudhary
SEBI Registration No.: INM000010619

**Edelweiss Financial Services Limited**
6th Floor, Edelweiss House
Off C.S.T. Road, Kalina
Mumbai 400 098
Maharashtra, India
Tel: +91 22 4009 4400
E-mail: dil.ipo@edelweissfin.com
Investor Grievance E-mail: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Malay Shah/ Nikhil Joshi
SEBI Registration No.: INM0000010650

**Motilal Oswal Investment Advisors Limited**
Motilal Oswal Tower, Rahimtullah, Sayani Road,
Opposite Parel ST Depot, Prabhadevi
Mumbai 400 025
Maharashtra, India
Tel: +91 22 7193 4380
E-mail: devyani.ipo@motilaloswal.com
Website: www.motilaloswalgroup.com
Investor Grievance E-mail:
moiaplredressal@motilaloswal.com
Contact Person: Subodh Mallya
SEBI Registration No.: INM000011005

**Legal Advisors to the Offer**

***Legal Counsel to our Company as to Indian Law***

**Cyril Amarchand Mangaldas**
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: +91 22 2496 4455

***Legal Counsel to the Lead Managers as to Indian Law***

**Shardul Amarchand Mangaldas & Co**
Amarchand Towers
216, Okhla Industrial Estate, Phase III
New Delhi 110 020, India
Tel: +91 11 4159 0700

***International Legal Counsel to the Lead Managers as to International Law***

**Hogan Lovells Lee & Lee**
50 Collyer Quay
#10-01 OUE Bayfront
Singapore 049321
+65 6538 0900

***Legal counsel to Dunearn as to Indian law***

**J. Sagar Associates**
Vakils House, 18 Sprott Road
Ballard Estate, Mumbai 400 001
Maharashtra, India
Tel: +91 22 4341 8600

**Registrar to the Offer**

**Link Intime India Private Limited**
C 101, 247 Park
L.B.S. Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: +91 22 49186200
E-mail: devyani.ipo@linkintime.co.in
Website: www.linkintime.co.in
Investor Grievance E-mail: devyani.ipo@linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

**Joint Statutory Auditors to our Company**

**APAS & Co. LLP, Chartered Accountants**
*(formerly known as APAS & Co., Chartered Accountants*)
606, 6th Floor, PP City Center
Road No. 44, Pitampura
New Delhi 110 034, India
Tel: +91 11 4905 8720
E-mail: Sumit.Kathuria@apas-delhi.in
Peer Review number: 011735
Firm Registration number: 000340C/C400308

**Walker Chandiok & Co LLP, Chartered Accountants**
21st Floor, DLF Square
Jacaranda Marg, DLF Phase II
Gurugram 122 002
Haryana, India
Tel: +91 124 462 8000
E-mail: Nitin.Toshniwal@WalkerChandiok.in
Peer Review number: 011707
Firm Registration number: 001076N/N500013

**Changes in Auditors**

Except as disclosed below, there has been no change in the auditors of our Company during the three years preceding the date of this Prospectus.

| Name of the Auditor(s) | Date of change | Reasons for change |
|---|---|---|
| **B S R & Co LLP, Chartered Accountants**<br>Building No. 10<br>12th Floor, Tower-C<br>DLF Cyber City, Phase-II<br>Gurugram -122 002, India<br>Tel: +91 124 719 1000<br>E-mail: kkapur@bsraffiliates.com<br>Peer Review number: 011748<br>Firm Registration number: 101248W/W-100022 | January 24, 2020 | Resignation as a joint statutory auditor |
| **Walker Chandiok & Co LLP, Chartered Accountants**<br>21st Floor, DLF Square<br>Jacaranda Marg, DLF Phase II<br>Gurugram 122 002<br>Haryana, India<br>Tel: +91 124 462 8000<br>E-mail: Nitin.Toshniwal@WalkerChandiok.in<br>Peer Review number: 011707<br>Firm Registration number: 001076N/N500013 | February 28, 2020* | Appointment as a joint statutory auditor |

* *Appointed as joint statutory auditor for the audit of financial statements for the Financial Year 2020 and appointed with effect from September 24, 2020 to hold office till the AGM to be held in year 2025.*

**Bankers to the Offer**

***Escrow Collection Bank, Refund bank, Public Offer Bank and Sponsor Bank***

**Axis Bank Limited**
Ground Floor, UGF/C Unit 2G
Building no.10, Tower C
DLF Cyber City, DLF Phase III
Gurgaon 122002, Haryana, India
Tel: +91 98716 65434
E-mail: dlfcybercity.branchhead@axisbank.com
Website: www.axisbank.com
Contact Person: Subhankar Bal
SEBI Registration No.: INBI00000017

**Bankers to our Company**

**Axis Bank Limited**
DLF City Gurgaon Branch, GL 005 to 008
Cross Point, DLF Phase IV
Gurugram, Haryana - 122009, India
Tel: 0124 4696591
E-mail: dlfgurgaon.branchhead@axisbank.com
Website: www.axisbank.com
Contact Person: Navin Kumar Srivastava

**RBL Bank Limited**
Upper Ground Floor, Hansalaya Building
15 Barakhamba Road
New Delhi - 110 001, India
Tel: +91 11 4936 5500
E-mail: yasir.rizvi@rblbank.com
Website: www.rblbank.com
Contact Person: Yasir Rizvi

**YES Bank Limited**
48, Nyaya Marg
Chanakyapuri,
New Delhi 110 021, India
Tel: +91 981 113 2138
E-mail: tanmay.biswas@yesbank.in
Website: www.yesbank.in
Contact Person: Tanmay Biswas

**HDFC Bank Limited**
2nd Floor, Vatika Atrium, A Block
Golf Course Road, Sector 53
Gurugram - 122 002
Haryana, India
Tel: +91 956 961 4718
E-mail: anuj.sood49@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Anuj Sood

**ICICI Bank Limited**

**IndusInd Bank Limited**

NBCC Place, Bhishma Pitamah Marg
Pragati Vihar
New Delhi, India
Tel: 011 4221 8483
E-mail: anshul.shrivastava@icicibank.com
Website: www.icicibank.com
Contact Person: Anshul Kumar

Building 10-B,
DLF Cyber city
Gurgaon - 122 002
Haryana, India
Tel: 0124 47494500
E-mail: ccs.debk@indusind.com; roopak.jain@indusind.com
Website: www.indusind.com
Contact Person: Roopak Jain; Satish Kumar Gupta

**Syndicate Members**

**Kotak Securities Limited**
4th Floor, 12BKC G Block,
Bandra Kurla Complex Bandra (East),
Mumbai 400 051, Maharashtra, India
Tel: +91 22 6218 5470
E-mail: umesh.gupta@kotak.com
Website: www.kotak.com
Contact Person: Umesh Gupta
SEBI Registration No.: INZ000200137

**Edelweiss Securities Limited**
Edelweiss House
Off CST Road, Kalina
Mumbai 400 098, Maharashtra, India
Tel: +91 22 4063 5569
E-mail: dil.ipo@edelweissfin.com
Website: www.edelweissfin.com
Contact person: Prakash Boricha
SEBI registration number: INZ000166136

**Motilal Oswal Financial Services Limited**
Motilal Oswal Tower, Rahimtullah, Sayani Road
Opposite Parel ST Depot, Prabhadevi
Mumbai 400 025, Maharashtra, India
Tel: +91 22 7193 4200 / +91 22 7193 4263
E-mail: santosh.patil@motilaloswal.com; ipo@motilaloswal.com, devyani.ipo@motilaloswal.com
Website: www.motilaloswalgroup.com
Contact Person: Santosh Patil
SEBI Registration No.: BSE/NSE INZ000158836

**Inter-se Allocation of Responsibilities among the Lead Managers**

The following table sets forth the inter-se allocation of responsibilities for various activities among the Lead Managers:

| Sr. No | Activity | Responsibility | Co-ordinator |
|---|---|---|---|
| 1. | Due diligence of our Company's operations/ management/ business plans/ legal. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus and abridged prospectus and application form. The GCBRLMs and the BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing of the same and drafting and approval of all statutory advertisements | GCBRLMs and BRLM | Kotak |
| 2. | Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments | GCBRLMs and BRLM | Kotak |
| 3. | Appointment of Intermediaries - Registrar to the Offer, Advertising Agency, Printers, Banker(s) to the Offer, Monitoring Agency and other intermediaries, including coordination of all agreements to be entered into with such intermediaries | GCBRLMs and BRLM | Motilal Oswal |
| 4. | Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report | GCBRLMs and BRLM | Edelweiss |

| Sr. No | Activity | Responsibility | Co-ordinator |
|---|---|---|---|
| 5. | International institutional marketing including; allocation of investors for meetings and finalize roadshow schedules | GCBRLMs and BRLM | CLSA |
| 6. | Domestic institutional marketing including banks/ mutual funds and allocation of investors for meetings and finalising road show schedules | GCBRLMs and BRLM | Kotak |
| 7. | Non-institutional marketing of the Offer, which will cover, inter alia, formulating marketing strategies for Non-institutional Investors & finalize media and public relations strategy | GCBRLMs and BRLM | Motilal Oswal |
| 8. | Retail marketing of the Offer, which will cover, *inter alia*,<br>• Finalising media, marketing, public relations strategy and publicity budget including list of frequently asked questions at retail road shows<br>• finalising centres for holding conferences for brokers, investors, etc.;<br>• finalising collection centres; and<br>• follow-up on distribution of publicity and offer material including form, the RHP/Prospectus and deciding on the quantum of the Offer material | GCBRLMs and BRLM | Edelweiss |
| 9. | Preparation of road show presentation and frequently asked questions | GCBRLMs and BRLM | CLSA |
| 10. | Coordination with Stock-Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit, anchor coordination and intimation of anchor allocation. | GCBRLMs and BRLM | Edelweiss |
| 11. | Managing the book and finalization of pricing in consultation with the Company | GCBRLMs and BRLM | CLSA |
| 12. | Post-Offer activities, which shall involve essential follow-up steps including anchor coordination, follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising our Company about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable.<br><br>Coordinating with Stock Exchanges and SEBI for release of 1% security deposit post closure of the Offer and submission of all post Offer reports to SEBI. | GCBRLMs and BRLM | Edelweiss |

**IPO Grading**

No credit rating agency registered with SEBI has been appointed for grading the Offer.

**Monitoring Agency**

Our Company has appointed Axis Bank Limited as the monitoring agency in accordance with Regulation 41 of SEBI ICDR Regulations. Their contact details are as follows:

**Axis Bank Limited**
Ground Floor, UGF/C Unit 2G
Building no.10, Tower C
DLF Cyber City, DLF Phase III
Gurgaon 122002, Haryana, India
Tel: +91 98716 65434
E-mail: dlfcybercity.branchhead@axisbank.com
Website: www.axisbank.com
Contact Person: Subhankar Bal
SEBI Registration No.: INBI00000017

For details, see "*Objects of the Offer – Monitoring of utilization of funds*" on page 100.

**Appraising Entity**

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

**Credit Rating**

As this is an Offer of Equity Shares, credit rating is not required.

**Trustees**

As this is an Offer of Equity Shares, the appointment of trustees is not required.

**Green Shoe Option**

No green shoe option is contemplated under the Offer.

**Designated Intermediaries**

**Self-Certified Syndicate Banks**

The list of SCSBs notified by SEBI for the ASBA process is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Bidder (other than a RIB using the UPI Mechanism), not bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, or at such other websites as may be prescribed by SEBI from time to time.

**SCSBs and mobile applications enabled for UPI Mechanism**

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, Retail Individual Investors Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time.

**Syndicate SCSB Branches**

In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 as updated from time to time.

**Registered Brokers**

Bidders can submit ASBA Forms in the Offer using the stock broker network of the stock exchange, i.e. through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at https://www.bseindia.com/ and https://www.nseindia.com, as updated from time to time.

**Registrar and Share Transfer Agents**

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at https://www.bseindia.com/Static/PublicIssues/RtaDp.aspx and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

**Collecting Depository Participants**

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of the Stock Exchanges at https://www.bseindia.com/Static/PublicIssues/RtaDp.aspx and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

**Expert to the Offer**

Except as disclosed below, our Company has not obtained any expert opinions:

Our Company has received written consent from our Joint Statutory Auditors, APAS & Co. LLP, Chartered Accountants, and Walker Chandiok & Co LLP, Chartered Accountants, to include their names in this Prospectus as required under Section 26(1) of the Companies Act read with SEBI ICDR Regulations and as "expert" as defined under Section 2(38) of the Companies Act to the extent and in their capacity as an auditor and in respect of the (i) examination report dated July 20, 2021 on the Restated Consolidated Financial Statements, (ii) the examination report dated July 20, 2021 on the Pro-forma Financial Information and, (iii) the reports each dated July 21, 2021 on the statement of special direct tax benefits and statement of special indirect tax benefits, respectively; and such consents have not been withdrawn as on the date of this Prospectus. However, the term "expert" and the consent thereof shall not be construed to mean an expert or consent within the meaning as defined under the U.S. Securities Act.

**Book Building Process**

Book building, in the context of the Offer, refers to the process of collection of Bids from bidders on the basis of the Red Herring Prospectus and the Bid Cum Application Forms and the Revision Forms within the Price Band, which has been decided by our Company and the Selling Shareholders in consultation with the Lead Managers, and which was advertised in all editions of Financial Express and all editions of Jansatta (which are widely circulated English daily newspapers and Hindi daily newspapers, Hindi also being the regional language of New Delhi, where our Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date and was made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price has been determined by our Company and the Selling Shareholders in consultation with the Lead Managers after the Bid/Offer Closing Date. For details, see "*Offer Procedure*" beginning on page 396.

**All Bidders (other than Anchor Investors) participated in this Offer mandatorily through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs. In addition to this, the RIBs participated through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors were not permitted to participate in the Offer through the ASBA process.**

**In terms of the SEBI ICDR Regulations, QIBs and Non-Institutional Investors were not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of the number of Equity Shares or the Bid Amount) at any stage. RIBs and Eligible Employees Bidding in the Employee Reservation Portion were permitted to revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until Bid/ Offer Closing Date. Anchor Investors were not allowed to withdraw their Bids after the Anchor Investor Bidding Date. Except for Allocation to RIBs and the Anchor Investors, Allocation in the Offer was on a proportionate basis. Further, allocation to Anchor Investors was on a discretionary basis.**

For further details, see "*Terms of the Offer*" "*Offer Structure*" and "*Offer Procedure*" on pages 388, 393 and 396, respectively.

**The process of Book Building under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.**

**Underwriting Agreement**

Our Company and the Selling Shareholders have entered into an Underwriting Agreement with the Underwriters and the Registrar for the Equity Shares proposed to be offered through the Offer. The Underwriting Agreement is dated August 9, 2021. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

| Name, address, telephone number and e-mail address of the Underwriters | Indicative Number of Equity Shares to be Underwritten | Amount Underwritten (in ₹ million) |
|---|---|---|
| **Kotak Mahindra Capital Company Limited**<br>1st Floor, 27 BKC, Plot No. C-27, 'G' Block<br>Bandra Kurla Complex, Bandra (East)<br>Mumbai 400 051, Maharashtra, India | 12,866,914 | 1,158.02 |

| Name, address, telephone number and e-mail address of the Underwriters | Indicative Number of Equity Shares to be Underwritten | Amount Underwritten (in ₹ million) |
|---|---|---|
| **Tel**: +91 22 4336 0000<br>**E-mail**: dil.ipo@kotak.com | | |
| **CLSA India Private Limited**<br>8/F Dalamal House, Nariman Point<br>Mumbai 400 021, Maharashtra, India<br>**Tel**: +91 22 6650 5050<br>**E-mail**: devyani.ipo@clsa.com | 12,867,013 | 1,158.03 |
| **Edelweiss Financial Services Limited**<br>6th Floor, Edelweiss House, Off C.S.T. Road, Kalina<br>Mumbai 400 098, Maharashtra, India<br>**Tel**: +91 22 4009 4400<br>**E-mail**: dil.ipo@edelweissfin.com | 12,866,913 | 1,158.02 |
| **Motilal Oswal Investment Advisors Limited**<br>Motilal Oswal Tower, Rahimtullah, Sayani Road<br>Opposite Parel ST Depot, Prabhadevi,<br>Mumbai 400025, Maharashtra, India<br>**Tel**: +91 22 7193 4380<br>**E-mail**: devyani.ipo@motilaloswal.com | 12,866,913 | 1,158.02 |
| **Kotak Securities Limited**<br>4th Floor, 12BKC G Block,<br>Bandra Kurla Complex Bandra (East),<br>Mumbai 400 051, Maharashtra, India<br>**Tel**: +91 22 6218 5470<br>**E-mail**: umesh.gupta@kotak.com | 100 | 0.01 |
| **Edelweiss Securities Limited**<br>Edelweiss House, Off CST Road, Kalina<br>Mumbai 400 098, Maharashtra, India<br>**Tel**: +91 22 4063 5569<br>**E-mail**: dil.ipo@edelweissfin.com | 100 | 0.01 |
| **Motilal Oswal Financial Services Limited**<br>Motilal Oswal Tower, Rahimtullah, Sayani Road<br>Opposite Parel ST Depot, Prabhadevi<br>Mumbai 400 025, Maharashtra, India<br>**Tel**: +91 22 7193 4200 / +91 22 7193 4263<br>**E-mail**: santosh.patil@motilaloswal.com;<br>ipo@motilaloswal.com;<br>devyani.ipo@motilaloswal.com | 100 | 0.01 |

In the opinion of our Board of Directors, the resources of the aforementioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The aforementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. Our IPO Committee, at its meeting held on August 9, 2021, approved the acceptance and entering into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure purchasers for or purchase the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.

## CAPITAL STRUCTURE

The share capital of our Company as at the date of this Prospectus is set forth below:

*(in ₹, except share data)*

| | | Aggregate value at face value | Aggregate value at Offer Price |
|---|---|---|---|
| **A** | **AUTHORISED SHARE CAPITAL**(1) | | |
| | 5,000,000,000 Equity Shares | 5,000,000,000 | |
| | | | |
| **B** | **ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER** | | |
| | 1,153,634,990 Equity Shares | 1,153,634,990 | 103,827,143,100 |
| | | | |
| **C** | **PRESENT OFFER IN TERMS OF THIS PROSPECTUS** | | |
| | Offer of 204,222,218* Equity Shares aggregating up to 18,380 million (2)(3) | 204,222,218 | |
| | *of which* | | |
| | Fresh Issue of 48,888,888* Equity Shares aggregating up to 4,400 million(2) | 48,888,888 | |
| | Offer for Sale of 155,333,330* Equity Shares aggregating up to 13,980 million (3) | 155,333,330 | |
| | *Which includes:* | | |
| | Employee Reservation Portion of 550,000* Equity Shares aggregating up to ₹ 49.50 million | 550,000 | |
| | Net Offer of 203,672,218* Equity Shares | 203,672,218 | 18,330,499,620 |
| | | | |
| **D** | **ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER** | | |
| | 1,202,523,878* Equity Shares | 1,202,523,878 | |
| | | | |
| **E** | **SECURITIES PREMIUM ACCOUNT** | | |
| | Before the Offer | | 8,126.54 million |
| | After the Offer | | 12,325.84 million |

** Subject to finalisation of the Basis of Allotment.*

*(1) For details in relation to the changes in the authorised share capital of our Company, see "History and Certain Corporate Matters – Amendments to our Memorandum of Association" on page 166.*

*(2) The Offer has been authorised by a resolution of our Board of Directors at their meeting held on February 17, 2021 read with resolutions passed on May 13, 2021 and July 20, 2021, and Fresh Issue has been approved pursuant to a special resolution passed by our shareholders at their meeting held on March 17, 2021.*

*(3) The Investor Selling Shareholder has specifically confirmed that the Dunearn Offered Shares are eligible to be offered for sale in the Offer in accordance with the SEBI ICDR Regulations. Further, the Promoter Selling Shareholder has specifically confirmed that the RJ Corp Offered Shares are eligible to be offered for sale in the Offer in accordance with the SEBI ICDR Regulations. For details of authorisations for the Offer for Sale, see "Other Regulatory and Statutory Disclosures" on page 371.*

### Notes to the Capital Structure

### I. Equity Share capital history of our Company

(a) The history of the Equity Share capital of our Company is set forth below:

| Date of allotment of equity shares | Number of equity shares allotted | Face value per equity share (in ₹) | Issue price per equity share (in ₹) | Nature of allotment | Nature of consideration | Cumulative number of equity shares | Cumulative paid-up equity share capital |
|---|---|---|---|---|---|---|---|
| December 15, 1991 | 200 | 10 | 10 | Initial subscription to the Memorandum of Association(1) | Cash | 200 | 2,000 |
| April 15, 1992 | 6,300 | 10 | 10 | Further issue(2) | Cash | 6,500 | 65,000 |
| October 20, 1997 | 1,243,500 | 10 | 10 | Further issue(3) | Cash | 1,250,000 | 12,500,000 |
| March 31, 1998 | 750,000 | 10 | 10 | Further issue(4) | Cash | 2,000,000 | 20,000,000 |
| July 10, 2000 | 180,000 | 10 | 150 | Further issue(5) | Cash | 2,180,000 | 21,800,000 |
| August 8, 2000 | 20,000 | 10 | 150 | Further issue(6) | Cash | 2,200,000 | 22,000,000 |
| August 2, 2001 | 250,000 | 10 | 150 | Further issue(7) | Cash | 2,450,000 | 24,500,000 |
| February 28, 2002 | 4,900,000 | 10 | - | Bonus issue(8) | - | 7,350,000 | 73,500,000 |
| April 29, 2003 | 6 | 10 | 10 | Allotment pursuant to scheme of amalgamation between Specialty Restaurants Private Limited and the Company(9) | - | 7,350,006 | 73,500,060 |

| Date of allotment of equity shares | Number of equity shares allotted | Face value per equity share (in ₹) | Issue price per equity share (in ₹) | Nature of allotment | Nature of consideration | Cumulative number of equity shares | Cumulative paid-up equity share capital |
|---|---|---|---|---|---|---|---|
| December 22, 2003 | 400,000 | 10 | 200 | Further issue(10) | Cash | 7,750,006 | 77,500,060 |
| February 28, 2006 | 220,000 | 10 | 400 | Preferential allotment(11) | Cash | 7,970,006 | 79,700,060 |
| March 1, 2006 | 1,000 | 10 | 400 | Preferential allotment(12) | Cash | 7,971,006 | 79,710,060 |
| March 30, 2006 | 340 | 10 | 400 | Preferential allotment(13) | Cash | 7,971,346 | 79,713,460 |
| May 30, 2008 | 189,497 | 10 | 60 | Rights issue(14) | Cash | 8,160,843 | 81,608,430 |
| September 30, 2010 | 1,839,157 | 10 | 200 | Further issue(15) | Cash | 10,000,000 | 100,000,000 |
| May 5, 2011 | 33,000,000 | 10 | - | Bonus issue(16) | - | 43,000,000 | 430,000,000 |
| May 13, 2011 | 3,550,000 | 10 | 279.27 | Preferential allotment(17) | Cash | 46,550,000 | 465,500,000 |
| January 20, 2012 | 46,550,000 | 10 | - | Bonus issue(18) | - | 93,100,000 | 931,000,000 |
| October 10, 2014 | 6,533,333 | 10 | 306.12 | Preferential allotment(19) | Cash | 99,633,333 | 996,333,330 |
| December 26, 2014 | 6,533,333 | 10 | 306.12 | Preferential allotment(20) | Cash | 106,166,666 | 1,061,666,660 |
| April 30, 2020 | 2,077,178 | 10 | 433.28 | Preferential allotment (21) | Cash | 108,243,844 | 1,082,438,440 |
| July 3, 2020 | 1,292,466 | 10 | 433.28 | Preferential allotment(22) | Cash | 109,536,310 | 1,095,363,100 |
| October 22, 2020 | 1,938,689 | 10 | 433.28 | Preferential allotment(23) | Cash | 111,474,999 | 1,114,749,990 |
| March 19, 2021 | 2,200,000 | 10 | 433.28 | Preferential allotment(24) | Cash | 113,674,999 | 1,136,749,990 |
| March 22, 2021 | 107,000 | 10 | 433.28 | Preferential allotment(25) | Cash | 113,781,999 | 1,137,819,990 |
| March 22, 2021 | 1,557,500 | 10 | 111.70 | Allotment pursuant to ESOP 2011(26) | Cash | 115,339,499 | 1,153,394,990 |
| March 24, 2021 | 24,000 | 10 | 111.70 | Allotment pursuant to ESOP 2011 (27) | Cash | 115,363,499 | 1,153,634,990 |
| March 25, 2021 | Pursuant to a resolution passed by our Board and the Shareholders in the meeting each held on March 17, 2021, our Company has sub-divided its authorised share capital, such that 125,000,000 equity shares of face value of ₹ 10 each aggregating to ₹ 1,250,000,000 were sub-divided as 1,250,000,000 Equity Shares of ₹ 1 each aggregating to ₹ 1,250,000,000. Therefore, the cumulative number of Equity Shares pursuant to the sub-division was 1,153,634,990 Equity Shares and cumulative paid-up Equity Share capital of the Company is ₹ 1,153,634,990. | | | | | | |

*(1) Allotment of 100 equity shares each to C.L. Jaipuria and Vivek Gupta pursuant to subscription to the Memorandum of Association.*

*(2) Allotment of 2,300 equity shares to Ravi Kant Jaipuria, Karta, for and on behalf of Ravi Kant Jaipuria and Sons (HUF), 1,000 equity shares to Rajputana Stores (Jaipur) Private Ltd and 3,000 equity shares to Dhara Jaipuria.*

*(3) Allotment of 300,000 equity shares to Expert Traders (P) Ltd., 50,000 Equity Shares to Jai Constructions Private. Ltd., 300,000 equity shares to Devyani Foods Ltd., 297,000 equity shares to Dhara Jaipuria and 296,500 equity shares to Ravi Kant Jaipuria, Karta, for and on behalf of Ravi Kant Jaipuria and Sons (HUF).*

*(4) Allotment of 150,000 equity shares to Devyani Foods Ltd, 200,000 equity shares to Sellwell Foods & Beverages Private Ltd, and 400,000 equity shares to Ratnakar Foods & Beverages Private Ltd.*

*(5) Allotment of 120,000 equity shares to Miller Traders Limited, 20,000 equity shares to Credible Nivesh Limited, and 40,000 equity shares to Mercurial Finest Limited.*

*(6) Allotment of 20,000 equity shares to Mercurial Finvest Limited.*

*(7) Allotment of 100,000 equity shares to Rajputana Stores (Jaipur) Private Limited, 100,000 equity shares to Agra Beverages Corporation Limited, and 50,000 equity shares to Arctic Drinks Private Limited.*

*(8) Bonus issue of 7,000 equity shares to Ravi Kant Jaipuria and Sons (HUF), 543,000 equity shares to Dhara Jaipuria, 945,000 equity shares to Agra Beverages Corporation Limited, 100,000 equity shares to Jai Construction Private Limited, 730,000 equity shares to Devyani Overseas Private Limited, 1,565,000 equity shares to Arctic Drinks Private Limited, 800,000 equity shares to Rajputana Stores (Jaipur) Private Limited, 10,000 equity shares to Devyani Foods Limited and 200,000 equity shares to Universal Restaurants Private Limited in the ratio of 2:1.*

*(9) Allotment of 3 equity shares to Ravi Kant Jaipuria and Sons (HUF) and 3 equity shares to Dhara Jaipuria as per exchange ratio mentioned in the scheme of amalgamation between Specialty Restaurants Private Limited and the Company.*

*(10) Allotment of 225,000 equity shares to Devyani Foods Private Limited and 175,000 equity shares to Arctic Drinks Private Limited.*

*(11) Allotment of 220,000 equity shares to Saaya Corp Limited.*

*(12) Allotment of 1,000 equity shares to Saaya Corp Limited.*

*(13) Allotment of 340 equity shares to Saaya Corp Limited.*

*(14) Allotment of 188,497 equity shares to Ravi Kant Jaipuria and Sons (HUF) and 1,000 equity shares to DJ Agri Industries Private Limited.*

*(15) Allotment of 1,839,157 equity shares to Devyani Enterprises Private Ltd.*

*(16) Bonus issue of 656,700 equity shares to R.K. Jaipuria and Sons HUF, 2,687,860 equity shares to Varun Jaipuria, 11,301,368 equity shares to Devyani Enterprises Private Ltd., 5,204,100 equity shares to Devyani Overseas Private Ltd., 12,416,250 equity shares to RJ Corp, 7,30,422 equity shares to Universal Dairy Products Private Ltd., and 3,300 equity shares to DJ Agri Industries Private Limited in the ration of 3.3:1.*

*(17) Allotment of 3,550,000 equity shares to IDBI Trusteeship Services Limited (India Advantage Fund S3 I).*

*(18) Bonus issue of 855,700 equity shares to R.K. Jaipuria and Sons (HUF), 3,502,363 equity shares to Varun Jaipuria, 13,376,025 equity shares to Devyani Enterprises Private Ltd., 6,781,100 equity shares to Devyani Overseas Private Ltd., 16,178,750 equity*

*shares to RJ Corp, 951,762 equity shares to Universal Dairy Products Private Ltd, 4,300 equity shares to D.J. Agri Industries Private Ltd. and 4,900,000 equity shares to IDBI Trusteeship Services Limited in the ratio of 1:1.*

(19) *Allotment of 6,533,333 equity shares to Dunearn.*
(20) *Allotment of 6,533,333 equity shares to Dunearn.*
(21) *Allotment of 2,077,178 equity shares to Yum India.*
(22) *Allotment of 1,292,466 equity shares to Yum India.*
(23) *Allotment of 1,938,689 equity shares to Yum India.*
(24) *Allotment of 2,200,000 equity shares to RJ Corp.*
(25) *Allotment of 50,000 equity shares to Satyanarayan Sharma, 20,000 equity shares to Saurabh Agarwal 15,000 equity shares to Himanshu Bhardwaj, 6,000 equity shares to Lalit Kumar Singh, 5,000 equity shares to Deshansh Arora, 5,000 equity shares to Rashmi Gupta, 4,000 equity shares to Ankit Sarin and 2,000 equity shares to Sanjay Gulati.*
(26) *Allotment of 1,000,000 equity shares to Virag Joshi, 300,000 equity shares to Raj Pal Gandhi, 40,000 equity shares to Sarabjit Singh, 32,000 equity shares to Rajat Luthra, 36,000 equity shares to Neeraj Rahul, 18,000 equity shares to Harsh Raghav, 36,000 equity shares to Arun Sharma, 18,000 equity shares to Pradeep Jain, 18000 equity shares to Shyam Babu Ghimire, 16,000 equity shares to Pravesh Kumar Malhotra, 18,000 equity shares to Saroj Kumar Sahoo, 18,000 equity shares to Deepak Mahendru and 7,500 equity shares to Ankit Sarin.*
(27) *Allotment of 24,000 equity shares to Manish Mehra.*

1. **Equity Shares issued through bonus issue or for consideration other than cash or out of revaluation reserves**

Except as disclosed below, our Company has not issued Equity Shares through bonus issue or for consideration other than cash or out of revaluation reserves:

| Date of allotment | Number of equity shares allotted | Face value per equity share (₹) | Issue price per equity share (₹) | Reason for allotment | Benefits accrued to our Company |
|---|---|---|---|---|---|
| February 28, 2002 | 4,900,000 | 10 | - | Bonus issue in the ratio of 2:1(1) | - |
| May 5, 2011 | 33,000,000 | 10 | - | Bonus issue in the ratio of 3.3:1(2) | - |
| January 20, 2012 | 46,550,000 | 10 | - | Bonus issue in the ratio of 1:1(3) | - |

(1) *Bonus issue of 7,000 equity shares to Ravi Kant Jaipuria and Sons (HUF), 543,000 equity shares to Dhara Jaipuria, 945,000 Equity Shares to Agra Beverages Corporation Limited, 100,000 equity shares to Jai Construction Private Limited, 730,000 equity shares to Devyani Overseas Private Limited, 1,565,000 equity shares to Arctic Drinks Private Limited, 800,000 equity shares to Rajputana Stores (Jaipur) Private Limited, 10,000 equity shares to Devyani Foods Limited and 200,000 equity shares to Universal Restaurants Private Limited in the ratio of 2:1.*

(2) *Bonus issue of 656,700 equity shares to R.K. Jaipuria and Sons HUF, 2,687,860 equity shares to Varun Jaipuria, 11,301,368 equity shares to Devyani Enterprises Pvt. Ltd., 5,204,100 equity shares to Devyani Overseas Pvt. Ltd., 12,416,250 equity shares to RJ Corp., 7,30,422 equity shares to Universal Dairy Products Pvt. Ltd., and 3,300 equity shares to DJ Agri Industries Private Limited in the ration of 3.3:1.*

(3) *Bonus issue of 855,700 equity shares to R.K. Jaipuria and Sons (HUF), 3,502,363 equity shares to Varun Jaipuria, 13,376,025 equity shares to Devyani Enterprises Pvt. Ltd., 6,781,100 equity shares to Devyani Overseas Pvt. Ltd., 16,178,750 equity shares to RJ Corp, 951,762 equity shares to Universal Dairy Products Pvt. Ltd, 4,300 equity shares to D.J. Agri Industries Pvt. Ltd. and 4,900,000 equity shares to IDBI Trusteeship Services Limited in the ratio of 1:1.*

2. Our Company does not have any preference share capital as on the date of this Prospectus.

3. **Issue of Equity Shares under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act, 2013**

Except for the allotment of 6 equity shares bearing face value of ₹ 10 each on April 29, 2003, details of which are set forth above in "– *Notes to the Capital Structure – Equity Share Capital History of our Company*", our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act, 2013.

4. **Issue of Equity Shares under employee stock option schemes**

Except for the issue of equity shares bearing face value of ₹ 10 each pursuant to the exercise of options which have been granted pursuant to the ESOP Schemes, our Company has not issued any Equity Shares under employee stock option schemes. For further details in relation to the ESOP Schemes of our Company, see "– *Notes to the Capital Structure – Equity Share Capital History of our Company*" and " – *Notes to the Capital Structure – Employee Stock Option Plans of our Company*" on pages 78 and 90, respectively.

5. **Equity Shares issued in the preceding one year below the Offer Price**

Details of issue of Equity Shares at a price which may be lower than the Offer Price, including allotments made to our Promoter, during a period of one year preceding the date of this Prospectus are set forth in the table below.

| Date of allotment of equity shares | Number of equity shares allotted | Face value per equity share (in ₹) | Issue price per equity share (in ₹) | Names of allottees | Nature of consideration | Reason of allotment |
|---|---|---|---|---|---|---|
| October 22, 2020 | 1,938,689 | 10 | 433.28 | Yum India | Cash | Preferential allotment pursuant to the Yum India SSA |
| March 19, 2021 | 2,200,000 | 10 | 433.28 | RJ Corp | Cash | Private Placement cum Preferential allotment |
| March 22, 2021 | 107,000 | 10 | 433.28 | Satyanarayan Sharma, Himanshu Bhardwaj, Lalit Kumar Singh, Deshansh Arora, Rashmi Gupta, Sanjay Gulati, Saurabh Agarwal and Ankit Sarin | Cash | Private Placement cum Preferential allotment |
| March 22, 2021 | 1,557,500 | 10 | 111.70 | Virag Joshi, Raj Pal Gandhi, Sarabjit Singh, Rajat Luthra, Neeraj Rahul, Harsh Raghav, Arun Sharma, Pradeep Jain, Shyam Babu Ghimire, Pravesh Kumar Malhotra, Saroj Kumar Sahoo, Deepak Mahendru and Ankit Sarin | Cash | Allotment pursuant to ESOP 2011 |
| March 24, 2021 | 24,000 | 10 | 111.70 | Manish Mehra | Cash | Allotment pursuant to ESOP 2011 |

6. **Shareholding Pattern of our Company**

The table below presents the shareholding pattern of our Company as on the date of filing of this Prospectus:

| Category (I) | Category of shareholder (II) | Number of shareholders (III) | Number of fully paid up equity shares held (IV) | Number of Partly paid-up equity shares held (V) | Number of shares underlying Depository Receipts (VI) | Total number of shares held (VII) =(IV)+(V)+ (VI) | Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | | Number of shares Underlying Outstanding convertible securities (including Warrants) (X) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of Locked in shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of equity shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Number of Voting Rights | | | Total as a % of (A+B + C) | | | Number (a) | As a % of total Shares held (b) | Number (a) | As a % of total Shares held (b) | |
| | | | | | | | | Class e.g.: Equity Shares | Class e.g.: Others | Total | | | | | | | | |
| **(A)** | **Promoter and Promoter Group** | 3 | 846,561,690 | - | - | 846,561,690 | 73.38 | 846,561,690 | - | 846,561,690 | 73.38 | - | - | | - | | - | 846,561,690 |
| **(B)** | **Public** | 38 | 307,073,300 | - | - | 307,073,300 | 26.62 | 307,073,300 | - | 307,073,300 | 26.62 | - | - | | - | | - | 307,073,300 |
| **(C)** | **Non Promoter-Non Public** | - | - | - | - | - | - | - | - | - | - | - | - | | - | | - | - |
| **(C1)** | **Shares underlying depository receipts** | - | - | - | - | - | - | - | - | - | - | - | - | | - | | - | - |
| **(C2)** | **Shares held by employee trusts** | - | - | - | - | - | - | - | - | - | - | - | - | | - | | - | - |
| | **Total** | 41* | **1,153,634,990** | **-** | **-** | **1,153,634,990** | **100.00** | **1,153,634,990** | **-** | **1,153,634,990** | **100.00** | **-** | **-** | | **-** | | **-** | **1,153,634,990** |

* *Pursuant to an order dated June 8, 2020 issued by National Company Law Tribunal, New Delhi, DJ Agri Industries Private Limited merged with RJ Corp. However, the name of DJ Agri Industries Private Limited is reflecting in the latest beneficiary position statements of our Company as a Shareholder, as on the date of Draft Red Herring Prospectus. Therefore, the table set out above does not include DJ Agri Industries Private Limited as a shareholder. For details, see "Risk Factors – Our Company and Corporate Promoter have faced certain issues with share transfer agents and registrar in the past in relation to transfer and credit of certain equity shares of our Company and some of our corporate records are not traceable or rectifiable" on page 49.*

7. **Details of equity shareholding of the major shareholders of our Company:**

a) Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as on the date of this Prospectus:

| S. No. | Name of the shareholder | Pre-Offer | |
|---|---|---|---|
| | | Number of Equity Shares on a fully diluted basis | Percentage of the Equity Share capital on a fully diluted basis (%) |
| 1. | RJ Corp | 804,821,970 | 69.31 |
| 2. | Dunearn | 163,333,330 | 14.07 |
| 3. | Yum India | 53,083,330 | 4.57 |
| 4. | Varun Jaipuria | 39,625,617 | 3.41 |
| 5. | Khandwala Finstock Private Limited | 22,000,000 | 1.89 |
| 6. | Sabre Investment Consultants LLP | 17,643,866 | 1.52 |
| | **Total** | **1,100,508,113** | **94.77** |

b) Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as of 10 days prior to the date of this Prospectus:

| S. No. | Name of the shareholder | Pre-Offer | |
|---|---|---|---|
| | | Number of Equity Shares on a fully diluted basis | Percentage of the Equity Share capital on a fully diluted basis (%) |
| 1. | RJ Corp | 804,821,970 | 69.31 |
| 2. | Dunearn | 163,333,330 | 14.07 |
| 3. | Yum India | 53,083,330 | 4.57 |
| 4. | Varun Jaipuria | 39,625,617 | 3.41 |
| 5. | Khandwala Finstock Private Limited | 22,000,000 | 1.89 |
| 6. | Sabre Investment Consultants LLP | 17,643,866 | 1.52 |
| | **Total** | **1,100,508,113** | **94.77** |

c) Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as of one year prior to the date of this Prospectus:

| S. No. | Name of the Shareholder | Pre-Offer | |
|---|---|---|---|
| | | Number of equity shares on a fully diluted basis | Percentage of the equity share capital on a fully diluted basis (%) |
| 1. | RJ Corp | 81,117,197 | 72.74 |
| 2. | Dunearn | 16,333,333 | 14.65 |
| 3. | Varun Jaipuria | 7,004,726 | 6.28 |
| 4. | Yum India | 3,369,644 | 3.02 |
| 5. | Ravi Kant Jaipuria and Sons (HUF) | 1,711,390 | 1.53 |
| | **Total** | **109,536,290** | **98.22** |

d) Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share Capital of our Company, as of two years prior to the date of this Prospectus:

| | Name of the Shareholder | Pre-Offer | |
|---|---|---|---|
| | | Number of equity shares on a fully diluted basis | Percentage of the equity share capital on a fully diluted basis (%) |
| 1. | RJ Corp | 81,108,607 | 74.73 |
| 2. | Dunearn | 16,333,333 | 15.05 |
| 3. | Varun Jaipuria | 7,004,726 | 6.45 |
| 4. | Ravi Kant Jaipuria and Sons (HUF) | 1,711,390 | 1.58 |
| | **Total** | **106,158,056** | **97.81** |

8. **History of the Equity Share capital held by our Promoters**

As on the date of this Prospectus, our Promoters hold an aggregate of 846,561,690 Equity Shares having face value of ₹ 1 each, constituting 73.38% of the issued, subscribed and paid-up Equity Share capital of our Company. The details regarding our Promoters' shareholding is set forth below.

*a) Build-up of Promoters' Equity shareholding in our Company*

The build-up of the Equity shareholding of our Promoters since incorporation of our Company is set forth below.

| Date of allotment/ transfer | Nature of transaction | Number of Equity Shares allotted/ transferred | Nature of consideration | Face value per Equity Share (₹) | Issue price/ Transfer price per Equity Share (₹) | Percentage of the pre-Offer capital (%) | Percentage of the post-Offer capital (%) |
|---|---|---|---|---|---|---|---|
| ***Ravi Kant Jaipuria*** | | | | | | | |
| February 26, 2021 | Transfer from Ravi Kant Jaipuria and Sons (HUF) pursuant to dissolution of Ravi Kant Jaipuria and Sons (HUF) | 1,711,390 | - | 10 | - | 1.48 | 1.42 |
| March 25, 2021 | Pursuant to resolutions passed by our Board and the Shareholders in the meeting each held on March 17, 2021, our Company has sub-divided its authorised share capital, such that 125,000,000 equity shares of face value of ₹ 10 each aggregating to ₹ 1,250,000,000 were sub-divided as 1,250,000,000 Equity Shares of ₹ 1 each aggregating to ₹ 1,250,000,000. Therefore, the cumulative number of Equity Shares held by Ravi Kant Jaipuria pursuant to the sub-division was 17,113,900 Equity Shares. | | | | | | |
| April 26, 2021 | Transfer from Devyani Jaipuria | 100 | Cash | 1 | 43.33 | Negligible | Negligible |
| April 29, 2021 | Transfer from Dhara Jaipuria | 100 | Cash | 1 | 43.33 | Negligible | Negligible |
| July 30, 2021 | Transfer to S.R. Foundation | (8,333,333) | Cash | 1 | 90 | (0.72) | (0.69) |
| July 30, 2021 | Transfer to Dharampal Satyapal Limited | (2,777,777) | Cash | 1 | 90 | (0.24) | (0.23) |
| July 30, 2021 | Transfer to DLF Urva Real Estate Developers and Services Private Limited | (1,666,666) | Cash | 1 | 90 | (0.14) | (0.14) |
| July 30, 2021 | Transfer to Vinod Kumar Gupta | (1,388,888) | Cash | 1 | 90 | (0.12) | (0.12) |
| July 30, 2021 | Transfer to Ingenuity Designs LLP | (833,333) | Cash | 1 | 90 | (0.07) | (0.07) |
| **Sub-total (A)** | | **2,114,103** | | | | | |
| ***Varun Jaipuria*** | | | | | | | |
| December 24, 2009 | Transfer from Dhara Jaipuria as a gift | 814,503 | - | 10 | - | 0.71 | 0.68 |
| May 5, 2011 | Bonus issue in the ratio of 3.3:1 | 2,687,860 | - | 10 | - | 2.33 | 2.24 |
| January 20, 2012 | Bonus issue in the ratio of 1:1 | 3,502,363 | - | 10 | - | 3.03 | 2.91 |
| March 25, 2021 | Pursuant to resolutions passed by our Board and the Shareholders in the meeting each held on March 17, 2021, our Company has sub-divided its authorised share capital, such that 125,000,000 equity shares of face value of ₹ 10 each aggregating to ₹ 1,250,000,000 were sub-divided as 1,250,000,000 Equity Shares of ₹ 1 each aggregating to ₹ 1,250,000,000. Therefore, the cumulative number of Equity Shares held by Varun Jaipuria pursuant to the sub-division was 70,047,260 Equity Shares. | | | | | | |
| May 19, 2021 | Transfer to Sabre Investment Consultants LLP | (11,536,374) | Cash | 1 | 73.68 | (1.00) | (0.96) |
| May 28, 2021 | Transfer to Sabre Investment Consultants LLP | (6,107,492) | Cash | 1 | 73.68 | (0.53) | (0.51) |
| July 30, 2021 | Transfer to Rishabh Relan | (522,222) | Cash | 1 | 90 | (0.04) | (0.04) |

| Date of allotment/ transfer | Nature of transaction | Number of Equity Shares allotted/ transferred | Nature of consideration | Face value per Equity Share (₹) | Issue price/ Transfer price per Equity Share (₹) | Percentage of the pre-Offer capital (%) | Percentage of the post-Offer capital (%) |
|---|---|---|---|---|---|---|---|
| July 30, 2021 | Transfer to Pranav Relan | (522,222) | Cash | 1 | 90 | (0.04) | (0.04) |
| July 30, 2021 | Transfer to Ayush Relan | (522,222) | Cash | 1 | 90 | (0.04) | (0.04) |
| July 30, 2021 | Transfer to Rohit Relan | (100,000) | Cash | 1 | 90 | (0.01) | (0.01) |
| July 30, 2021 | Transfer to IIFL Special Opportunities Fund - Series 7 | (11,111,111 ) | Cash | 1 | 90 | (0.96) | (0.92) |
| **Sub-total (B)** | | **39,625,617** | | | | | |
| ***RJ Corp*** | | | | | | | |
| October 31, 1997 | Transfer from Sellwell Foods and Beverages Private Limited | 200,000 | Cash | 10 | 10 | 0.17 | 0.17 |
| November 15, 1997 | Transfer from Devyani Foods Limited | 150,000 | Cash | 10 | 10 | 0.13 | 0.12 |
| December 9, 1997 | Transfer from Ratnakar Foods and Beverages Private Limited | 400,000 | Cash | 10 | 10 | 0.35 | 0.33 |
| August 2, 2001 | Allotment | 50,000 | Cash | 10 | 150 | 0.04 | 0.04 |
| November 30, 2001 | Transfer to Agra Beverages Corporation Limited | (12,500) | Cash | 10 | 10 | (0.01) | (0.01) |
| November 30, 2001 | Transfer to Devyani Foods Limited | (5,000) | Cash | 10 | 10 | Negligible | Negligible |
| February 28, 2002 | Bonus issue in the ratio of 2:1 | 1,565,000 | - | 10 | - | 1.36 | 1.30 |
| March 24, 2003 | Transfer from Devyani Foods Private Limited | 5,000 | Cash | 10 | 10 | Negligible | Negligible |
| December 22, 2003 | Allotment | 175,000 | Cash | 10 | 200 | 0.15 | 0.15 |
| April 24, 2004 | Transfer from Devyani Foods Private Limited | 185,000 | Cash | 10 | 31 | 0.16 | 0.15 |
| January 10, 2007 | Transfer to Devyani Enterprises Private Limited | (150,000) | Cash | 10 | 46 | (0.13) | (0.12) |
| April 7, 2008 | Transfer from Devyani Exim Private Limited pursuant to merger of Devyani Exim Private Limited with RJ Corp(1) | 1,200,000 | Other than cash | 10 | - | 1.04 | 1.00 |
| May 5, 2011 | Bonus issue in the ratio of 3.3:1 | 12,416,250 | - | 10 | - | 10.76 | 10.33 |
| January 20, 2012 | Bonus issue in the ratio of 1:1 | 16,178,750 | - | 10 | - | 14.02 | 13.45 |
| September 7, 2017 | Transfer from Universal Dairy Products Private Limited pursuant to merger of Universal Dairy Products Private Limited with RJ Corp(2) | 1,903,524 | Other than cash | 10 | - | 1.65 | 1.58 |
| September 7, 2017 | Transfer from Devyani Enterprises Private Limited pursuant to merger of Devyani Enterprises Private Limited with RJ Corp(2) | 26,752,050(3) | Other than cash | 10 | - | 23.19 | 22.25 |
| September 7, 2017 | Transfer from Devyani Overseas Private Limited pursuant to merger of Devyani | 13,562,200(4) | Other than cash | 10 | - | 11.76 | 11.28 |

| Date of allotment/ transfer | Nature of transaction | Number of Equity Shares allotted/ transferred | Nature of consideration | Face value per Equity Share (₹) | Issue price/ Transfer price per Equity Share (₹) | Percentage of the pre-Offer capital (%) | Percentage of the post-Offer capital (%) |
|---|---|---|---|---|---|---|---|
| | Overseas Private Limited with RJ Corp(2) | | | | | | |
| March 22, 2018 | Transfer from IDBI Trusteeship Services Limited | 3,228,280 | Cash | 10 | 232.32 | 2.80 | 2.68 |
| March 31, 2018 | Transfer from IDBI Trusteeship Services Limited | 3,305,053 | Cash | 10 | 233.66 | 2.86 | 2.75 |
| June 30, 2020 | Transfer from DJ Agri Industries Private Limited pursuant to merger of DJ Agri Private Limited with RJ Corp(5) | 8,590 | Other than cash | 10 | - | Negligible | Negligible |
| March 18, 2021 | Transfer to Khandwala Finstock Private Limited | (2,200,000) | Cash | 10 | 433.28 | (1.90) | (1.83) |
| March 19, 2021 | Allotment | 2,200,000 | Cash | 10 | 433.28 | 1.90 | 1.83 |
| March 25, 2021 | Pursuant to resolutions passed by our Board and the Shareholders in the meeting each held on March 17, 2021, our Company has sub-divided its authorised share capital, such that 125,000,000 equity shares of face value of ₹ 10 each aggregating to ₹ 1,250,000,000 were sub-divided as 1,250,000,000 Equity Shares of ₹ 1 each aggregating to ₹ 1,250,000,000. Therefore, the cumulative number of Equity Shares held by RJ Corp pursuant to the sub-division was 811,171,970 Equity Shares. | | | | | | |
| March 30, 2021 | Transfer to Manju Dawar | (1,200,000) | Cash | 1 | 43.33 | (0.10) | (0.10) |
| March 30, 2021 | Transfer to Capital India Corp LLP | (4,500,000) | Cash | 1 | 43.33 | (0.39) | (0.37) |
| March 30, 2021 | Transfer to Raghav Gupta | (650,000) | Cash | 1 | 43.33 | (0.06) | (0.05) |
| **Sub-total (C)** | | 804,821,970 | | | | | |
| **Total (A+B+C)** | | **846,561,690** | | | | | |

(1) *The merger was given effect to from April 1, 2007 by way of an order dated February 27, 2008 issued by High Court of Delhi, New Delhi which was filed with the Registrar of Companies on April 7, 2008.*

(2) *The merger was given effect to from April 1, 2016 by way of an order dated September 1, 2017 issued by National Company Law Tribunal, New Delhi which was filed with the Registrar of Companies on September 7, 2017.*

(3) *24,302,030 equity shares were transferred on October 13, 2017 and 2,450,020 equity shares were transferred on March 3, 2021.*

(4) *1,410,988 equity shares were transferred on October 13, 2017, 10,107,502 equity shares were transferred on May 15, 2018 and 2,043,710 equity shares were transferred on March 3, 2021.*

(5) *The merger was given effect to from April 1, 2019 by way of an order dated June 8, 2020 issued by National Company Law Tribunal, New Delhi which was filed with the Registrar of Companies on June 30, 2020.*

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of allotment of such Equity Shares. As of the date of this Prospectus, none of the Equity Shares held by our Promoters are subject to any pledge.

b) *Shareholding of our Promoters and Promoter Group*

The details of shareholding of our Promoters as on the date of this Prospectus are set forth below:

| S. No. | Name of the shareholder | Pre-Offer Number of Equity Shares | Percentage of the Pre-Offer Equity Share Capital (%) | Post-Offer Number of Equity Shares | Percentage of the Post-Offer Equity Share Capital (%) |
|---|---|---|---|---|---|
| 1. | Ravi Kant Jaipuria# | 2,114,103 | 0.18 | 2,114,103 | 0.17 |
| 2. | Varun Jaipuria# | 39,625,617 | 3.43 | 39,625,617 | 3.30 |
| 3. | RJ Corp* | 804,821,970 | 69.76 | 714,821,970 | 59.44 |
| **Total** | | **846,561,690** | **73.38** | **756,561,690** | **62.91** |

\# *Ravi Kant Jaipuria and Varun Jaipuria are also directors of our Corporate Promoter, RJ Corp.*

* *Also the Selling Shareholder.*

None of the members of our Promoter Group hold any Equity Shares as on date of this Prospectus.

c) *Details of Promoters' Contribution and Lock-in*

In accordance with Regulation 14 and Regulation 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters (assuming exercise of vested options, if any, under the ESOP Schemes), shall be locked in for a period of three years from the date of Allotment and the shareholding of our Promoters in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of one year from the date of Allotment.

The details of the Equity Shares held by our Promoters, which shall be locked-in for a period of three years from the date of Allotment are set forth below.

| Name of Promoter | Number of Equity Shares locked-in(1)(2) | Date of allotment/ transfer* | Nature of transaction | Face value (₹) | Issue/ Acquisition price per Equity Share (₹) | Percentage of pre-Offer paid-up Equity Share capital | Percentage of post-Offer paid-up Equity Share Capital |
|---|---|---|---|---|---|---|---|
| RJ Corp | 43,437,500 | May 5, 2011 | Bonus issue in the ratio of 1:3.3 | 1 | - | 3.77 | 3.61 |
| | 161,787,500 | January 20, 2012 | Bonus issue in the ratio of 1:1 | 1 | - | 14.02 | 13.45 |
| | 35,279,776 | September 7, 2017 | Transfer from Devyani Enterprises Private Limited pursuant to merger of Devyani Enterprises Private Limited with RJ Corp | 1 | 0.42 | 3.06 | 2.93 |
| **Total** | **240,504,776** | | | | | **20.85** | **20.00** |

* *Subject to finalisation of Basis of Allotment*
(1) *For a period of three years from the date of Allotment*
(2) *All Equity Shares were fully paid-up at the time of allotment/transfer*

Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution in terms of Regulation 15 of the SEBI ICDR Regulations. For details of the build-up of the share capital held by our Promoters, see " – *History of the Equity Share Capital held by our Promoters*" on pages 84 – 86.

In this connection, we confirm the following:

(i) The Equity Shares offered for Promoters' contribution do not include (a) Equity Shares acquired in the three immediately preceding years for consideration other than cash and revaluation of assets or capitalisation of intangible assets was involved in such transaction; (b) Equity Shares that have resulted from bonus issue by utilisation of revaluation reserves or unrealised profits of our Company or resulted from bonus issue against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;

(ii) The Promoters' contribution does not include any Equity Shares acquired during the immediately preceding year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;

(iii) Our Company has not been formed by the conversion of a partnership firm or a limited liability partnership firm into a Company;

(iv) The Equity Shares held by the Promoters and offered for Promoters' contribution are not subject to any pledge; and

(v) All the Equity Shares held by the Promoters are held in dematerialised form.

*d) Details of Equity Shares locked-in for one year:*

In addition to 20% of the fully diluted post-Offer shareholding of our Company held by our Promoters and locked-in for three years as specified above, in terms of Regulation 16(b) and Regulation 17 of the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital of our Company will be locked-in for a period of one year from the date of Allotment, except for (i) the Equity Shares sold pursuant to the Offer for Sale; (ii) any Equity Shares allotted to the employees (whether currently an employee or not) of our Company under the ESOP Schemes, as applicable; and (iii) any Equity Shares held by a VCF or Category I AIF or Category II AIF or FVCI, as applicable, provided that such Equity Shares shall be locked in for a period of at least one year from the date of purchase by such shareholders. Further, any unsold portion of the Equity Shares offered pursuant to the Offer for Sale will be locked-in as required under the SEBI ICDR Regulations.

In terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by the Promoters, which are locked-in may be transferred to and amongst the members of the Promoter Group or to any new promoter or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations, as applicable.

Our Promoters have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Promoter's contribution from the date of filing of this Prospectus, until the expiry of the lock-in specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

The Equity Shares held by the Promoters which are locked-in may be pledged only with scheduled commercial banks or public financial institutions or Systemically Important NBFCs or housing finance companies, as collateral security for loans granted by such banks or public financial institutions or Systemically Important NBFCs or housing finance companies in terms of Regulation 21 of the SEBI ICDR Regulations.

However, the relevant lock in period shall continue post the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer the Equity Shares till the relevant lock in period has expired in terms of the SEBI ICDR Regulations.

In terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Regulations.

Any unsubscribed portion of the Offered Shares would also be locked-in as required under the SEBI ICDR Regulations.

*e)* *Lock-in of the Equity Shares to be Allotted, if any, to the Anchor Investors*

Any Equity Shares allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

9. Except for the issue of any Equity Shares pursuant to exercise of options granted under ESOP Schemes, our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or otherwise.

10. As on the date of filing of this Prospectus, the total number of shareholders of our Company is 41. For details, see "*Risk Factors – Our Company and Corporate Promoter have faced certain issues with share transfer agents and registrar in the past in relation to transfer and credit of certain equity shares of our Company and some of our corporate records are not traceable or rectifiable*" and " *– Notes to the Capital Structure – Shareholding Pattern of our Company*" on pages 49 and 82, respectively.

11. Except as disclosed below, our Promoters, any member of our Promoter Group, any of the directors of RJ Corp, any of the Directors of our Company or any of their relatives have not purchased or sold any securities of our Company during the period of six months immediately preceding the date of this Prospectus.

| Name | Promoter/Members of the Promoter Group/Director of Promoter/Directors/Relatives of Directors | Sale/Purchase/Allotment | Number of Equity Shares | Face value per Equity Share (In ₹) | Issue Price per Equity Share (In ₹) | Date of sale/ purchase/ allotment |
|---|---|---|---|---|---|---|
| ***Promoter*** | | | | | | |
| Ravi Kant Jaipuria | Promoter and director of the Corporate Promoter and Director of our Company | Purchase (Transfer pursuant to dissolution of Ravi Kant Jaipuria and Sons HUF) | 1,711,390 | 10 | - | February 26, 2021 |

| Name | Promoter/Members of the Promoter Group/Director of Promoter/Directors/Relatives of Directors | Sale/Purchase/Allotment | Number of Equity Shares | Face value per Equity Share (In ₹) | Issue Price per Equity Share (In ₹) | Date of sale/ purchase/ allotment |
|---|---|---|---|---|---|---|
| RJ Corp | Promoter | Sale | 2,200,000 | 10 | 433.28 | March 18, 2021 |
| RJ Corp | Promoter | Allotment pursuant to preferential allotment | 2,200,000 | 10 | 433.28 | March 19, 2021 |
| Pursuant to resolutions passed by our Board and the Shareholders in the meeting each held on March 17, 2021, our Company has sub-divided its authorised share capital, such that 125,000,000 equity shares of face value of ₹ 10 each aggregating to ₹ 1,250,000,000 were sub-divided as 1,250,000,000 Equity Shares of ₹ 1 each aggregating to ₹ 1,250,000,000. | | | | | | |
| RJ Corp | Promoter | Sale | 1,200,000 | 1 | 43.33 | March 30, 2021 |
| RJ Corp | Promoter | Sale | 4,500,000 | 1 | 43.33 | March 30, 2021 |
| RJ Corp | Promoter | Sale | 650,000 | 1 | 43.33 | March 30, 2021 |
| Ravi Kant Jaipuria | Promoter and director of the Corporate Promoter and Director of our Company | Purchase | 100 | 1 | 43.33 | April 26, 2021 |
| Ravi Kant Jaipuria | Promoter and director of the Corporate Promoter and Director of our Company | Purchase | 100 | 1 | 43.33 | April 29, 2021 |
| Varun Jaipuria | Promoter and Director of our Company | Sale | 11,536,374 | 1 | 73.68 | May 19, 2021 |
| Varun Jaipuria | Promoter and Director of our Company | Sale | 6,107,492 | 1 | 73.68 | May 28, 2021 |
| Ravi Kant Jaipuria | Promoter and Director of our Company | Sale | 14,999,997 | 1 | 90 | July 30, 2021 |
| Varun Jaipuria | Promoter and Director of our Company | Sale | 12,777,777 | 1 | 90 | July 30, 2021 |
| ***Members of the Promoter Group*** | | | | | | |
| Devyani Jaipuria | Member of the Promoter Group | Sale | 100 | 1 | 43.33 | April 26, 2021 |
| Dhara Jaipuria | Member of the Promoter Group | Sale | 100 | 1 | 43.33 | April 29, 2021 |
| ***Directors*** | | | | | | |
| Virag Joshi | Whole-time Director (President & CEO) | Allotment pursuant to ESOP 2011 | 1,000,000 | 10 | 111.70 | March 22, 2021 |
| Raj Pal Gandhi | Non-executive Director and director of the Corporate Promoter | Allotment pursuant to ESOP 2011 | 300,000 | 10 | 111.70 | March 22, 2021 |
| ***Relatives of Directors*** | | | | | | |
| Manju Dawar | Spouse of Whole-time Director and Chief Financial Officer, Manish Dawar | Purchase | 1,200,000 | 1 | 43.33 | March 30, 2021 |

12. There have been no financing arrangements whereby members of our Promoter Group, any of the directors of RJ Corp, our Directors and their relatives have financed the purchase by any other person of securities of our Company (other than in the normal course of the business of the relevant financing entity) during a period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus.

13. Neither our Company, nor any of our Directors have entered into any buy-back arrangements for purchase of Equity Shares from any person. Further, the Lead Managers have not made any buy-back arrangements for purchase of Equity Shares from any person.

14. As on the date of this Prospectus, the Lead Managers and their respective associates (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares.

15. All Equity Shares transferred pursuant to the Offer will be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Prospectus.

16. Except for the options granted pursuant to the ESOP Schemes, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into, or which would entitle any person any option to receive Equity Shares as on the date of this Prospectus.

17. Any oversubscription to the extent of 1% of the Offer size can be retained for the purposes of rounding off to the nearest multiple of minimum allotment lot while finalizing the Basis of Allotment.

18. Our Promoters and their respective Promoter Groups have not participated in the Offer, except to the extent of the Offer for Sale.

19. Except for issuance of Equity Shares on exercise of options vested pursuant to the ESOP Schemes, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Prospectus with the SEBI until the Equity Shares have been listed on the Stock Exchanges, or all application monies have been refunded, as the case may be.

20. Our Company shall ensure that there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

21. No person connected with the Offer, including, but not limited to, the members of the Syndicate, our Company, the Directors, Selling Shareholders, members of our Promoter Group and the Promoters, shall offer or make payment of any incentive, direct or indirect, in the nature of discount, commission and allowance, except for fees or commission for services rendered in relation to the Offer, in any manner, whether in cash or kind or services or otherwise, to any Bidder for making a Bid.

22. Our Company ensured that transactions in the Equity Shares by our Promoters and the Promoter Group between the date of filing of the Draft Red Herring Prospectus and the date of closure of the Offer were intimated to the Stock Exchanges within 24 hours of such transaction.

23. **Employee Stock Option Plans of our Company**

**ESOP 2011**

Our Company, pursuant to the resolutions passed by our Board in its meeting dated September 20, 2011 and December 20, 2011 and our Shareholders in its meeting dated December 20, 2011, adopted the ESOP 2011, which was subsequently amended on May 18, 2012 and on March 17, 2021. As on the date of this Prospectus, there are no outstanding options which are to be granted under ESOP 2011. The ESOP 2011 is in compliance with the SEBI SBEB Regulations read with the circular bearing reference number CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 issued by SEBI.

The details of ESOP 2011, as certified by M/s O.P. Bagla & Co LLP, Chartered Accountants, through a certificate dated July 24, 2021 are as follows:

| **Particulars** | **Details** | | | |
|---|---|---|---|---|
| | **Financial Year 2019** | **Financial Year 2020** | **Financial Year 2021** | **For the period from April 1, 2021 till the date of this Prospectus** |
| Option granted during the year/period. | NIL | NIL | NIL | NIL |
| | Cumulative options outstanding as on the date of this Prospectus: 360,000 | | | |
| Options vested | - | - | 16,175,000 | - |
| Options exercised | NIL | NIL | 15,815,000 | NIL |
| | Cumulative options exercised as on the date of this Prospectus: 15,815,000 | | | |
| Options forfeited/ lapsed/ cancelled | 120,000 | NIL | 2,420,000 | NIL |
| Options outstanding (including vested and unvested options) at the end of the year/period | 18,595,000 | 18,595,000 | 360,000 | 360,000 |
| Exercise price of options - weighted average exercise price per option (in ₹) | NA | NA | 11.17 | 11.17 |
| Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) (only for vested options) | Nil | Nil | 16,175,000 | 360,000 |
| Variation in terms of options | No variation | No variation | The vesting of options has been modified pursuant to shareholders approval dated March 17, 2021. | No variation |
| Money realised by exercise of options (in ₹ million) | NA | NA | 17.665 | NIL |
| Total number of options in force (excluding options not granted) | 18,595,000 | 18,595,000 | 360,000 | 360,000 |
| **Employee wise details of options granted to** | | | | |
| (i) Key Managerial Personnel | Virag Joshi- 10,000,000<br>Rajat Luthra – 320,000 | | | |

| Particulars | Details | | | |
|---|---|---|---|---|
| | | | | |
| (ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year (For Fiscals 2019, 2020, 2021 and for the period from April 1, 2021 to the date of this RHP) | **Name of employee** | | **Total number of options granted in any Financial Year** | |
| | NA | | | |
| (iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant | Virag Joshi- 10,000,000 | | | |
| Fully diluted EPS on a pre-Offer basis pursuant to the issue of Equity Shares on exercise of options calculated in accordance with the applicable accounting standard on 'Earnings per Share' (in ₹) from continuing operations.<br><br>Post spilt of equity shares from restated financials | **Financial Year 2019** | **Financial Year 2020** | **Financial Year 2021** | **For the period from April 1, 2021 till the date of this Prospectus** |
| | (0.42)* | (0.74)* | (0.67)* | NA |
| | *For the years ended 31 March, 2021, 31 March, 2020 and 31 March, 2019, the outstanding potential equity shares had an anti-dilutive effect on LPS, hence there was no dilution of LPS. | | | |
| Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if the Company had used fair value of options and impact of this difference on profits and EPS of the Company | Not applicable because the company has accounted employee compensation in books using the fair value of options. | | | |
| Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option | Black – Scholes- Merton Method | | | |
| | **Financial Year 2019** | **Financial Year 2020** | **Financial Year 2021** | **For the period from April 1, 2021 till the date of this Prospectus** |
| - Expected life of options (years) | 8.38-8.63 | 8.38-8.63 | 8.38-8.63 | 8.38-8.63 |
| - Volatility (% p.a.) | 43.02 & 64.20 | 43.02 & 64.20 | 43.02 & 64.20 | 43.02 & 64.20 |
| - Risk Free Rate of Return (%) | 8.50-9.19 | 8.50-9.19 | 8.50-9.19 | 8.50-9.19 |
| - Dividend Yield (% p.a.) | Nil | Nil | Nil | Nil |
| - Exercise price per share (₹) | 11.17 | 11.17 | 11.17 | 11.17 |
| | **Financial Year 2019** | **Financial Year 2020** | **Financial Year 2021** | **For the period from April 1, 2021 till the date of this Prospectus** |
| The weighted average share price on the date of grant (₹) | 93.21 & 151.07 | 93.21 & 151.07 | 93.21 & 151.07 | 93.21 & 151.07 |
| Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI SBEB Regulations in respect of options granted in the last three years | **Financial Year 2019** | **Financial Year 2020** | **Financial Year 2021** | **For the period from April 1, 2021 till the date of this Prospectus** |
| | Not applicable because the company has accounted employee compensation using the fair value of options. | | | |
| Intention of the Key Managerial Personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the Offer (aggregate number of Equity Shares intended to be sold by the holders of options), if any | **Name of employee** | | | **Total number of Equity Shares** |
| | NA | | | NA |
| Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by Directors, senior managerial personnel and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) of the Company | NA | | | |

***Note:*** *All the above numbers and figures are after considering sub-division of equity shares from face value of ₹ 10/- each to ₹ 1/- each effective March 25, 2021 (as approved by the Board of Directors and Shareholders of our Company in their respective meetings held on March 17, 2021), unless otherwise mentioned.*

### ESOP 2018

Our Company, pursuant to the resolutions passed by our Board on April 6, 2018 and our Shareholders on September 21, 2018, adopted the ESOP 2018. Further, the ESOP 2018 was amended pursuant to resolution passed at the board meeting and the shareholders' meeting each held on March 17, 2021. As on the date of this Prospectus, there are no outstanding options which are to be granted under ESOP 2018. The ESOP 2018 is in compliance with the SEBI SBEB Regulations read with the circular bearing reference number CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 issued by SEBI.

The details of ESOP 2018, as certified by M/s O.P. Bagla & Co LLP, Chartered Accountants, through a certificate dated July 24, 2021 are as follows:

| Particulars | Details | | | |
|---|---|---|---|---|
| | **Financial Year 2019** | **Financial Year 2020** | **Financial Year 2021** | **For the period from April 1, 2021 till the date of this Prospectus** |
| Option granted during the year/period. | 5,060,000 | NIL | NIL | NIL |
| | Cumulative options granted as on the date of this Prospectus: 1,020,000 | | | |
| Options vested | NA | NIL | NIL | NIL |
| Options exercised | NA | NIL | NIL | NIL |
| | Cumulative options exercised as on the date of this Prospectus: NIL | | | |
| Options forfeited/ lapsed/ cancelled | NA | 3,800,000 | 240,000 | NIL |
| Options outstanding (including vested and unvested options) at the end of the year/period | 5,060,000 | 1,260,000 | 1,020,000 | 1,020,000 |
| Exercise price of options - weighted average exercise price per option (in ₹) | 30.612 | 30.612 | 30.612 | 30.612 |
| Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) (only for vested options) | Nil | Nil | Nil | Nil |
| Variation in terms of options | No variation | No variation | The vesting of options has been modified pursuant to shareholders approval dated March 17, 2021. | No variation |
| Money realised by exercise of options (in ₹ million) | NA | NIL | NIL | NIL |
| Total number of options in force (excluding options not granted) | 5,060,000 | 1,260,000 | 1,020,000 | 1,020,000 |
| **Employee wise details of options granted to** | | | | |
| (i) Key Managerial Personnel | Amitabh Negi – 240,000 | | | |
| (ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year (For Fiscals 2019, 2020, 2021 and for the period from April 1, 2021 to the date of this RHP) | **Name of employee** | | **Total number of options granted in any Financial Year** | |
| | Rahul Shinde | | 2,500,000* | |
| | Ravi Shankar Gupta | | 1,000,000* | |
| | Ajit Roy | | 300,000* | |
| | * These options were granted in Fiscal 2019 and have lapsed in Fiscal 2020 | | | |
| (iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant | NA | | | |
| Fully diluted EPS on a pre-Offer basis pursuant to the issue of Equity Shares on exercise of options calculated in accordance with the applicable accounting standard on 'Earnings per Share' (in ₹) from continuing operations. | **Financial Year 2019** | **Financial Year 2020** | **Financial Year 2021** | **For the period from April 1, 2021 till the date of Prospectus** |
| Post spilt of equity shares from restated financials | (0.42)* | (0.74)* | (0.67)* | NA |
| | *For the years ended 31 March 2021, 31 March 2020 and 31 March 2019, the outstanding potential equity shares had an anti-dilutive effect on LPS, hence there was no dilution of LPS. | | | |
| Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if the Company had used fair value of options and impact of this difference on profits and EPS of the Company | Not applicable because the company has accounted employee compensation in books using the fair value of options. | | | |

| Particulars | Details | | | |
|---|---|---|---|---|
| Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option | Black –Scholes-Merton Formula | | | |
| | **Financial Year 2019** | **Financial Year 2020** | **Financial Year 2021** | **For the period from April 1, 2021 till the date of this Prospectus** |
| - Expected life of options (years) | 4.75-6.75 | 4.75-6.75 | 4.75-6.75 | 4.75-6.75 |
| - Volatility (% p.a.) | 35.27-35.77 | 35.27-35.77 | 35.27-35.77 | 35.27-35.77 |
| - Risk Free Rate of Return (%) | 8.06 -8.11 | 8.06 -8.11 | 8.06 -8.11 | 8.06 -8.11 |
| - Dividend Yield (% p.a.) | Nil | Nil | Nil | Nil |
| - Exercise price per share (₹) | 30.612 | 30.612 | 30.612 | 30.612 |
| | **Financial Year 2019** | **Financial Year 2020** | **Financial Year 2021** | **For the period from April 1, 2021 till the date of this Prospectus** |
| The weighted average share price on the date of grant (₹) | 26.90 | 26.90 | 26.90 | 26.90 |
| Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI SBEB Regulations in respect of options granted in the last three years | **Financial Year 2019** | **Financial Year 2020** | **Financial Year 2021** | **For the period from April 1, 2021 till the date of this Prospectus** |
| | Not applicable because the company has accounted employee compensation in books using the fair value of options. | | | |
| Intention of the Key Managerial Personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the Offer (aggregate number of Equity Shares intended to be sold by the holders of options), if any | **Name of employee** | | | **Total number of Equity Shares** |
| | No options have been vested till date. | | | NA |
| Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by Directors, senior managerial personnel and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) of the Company | NA | | | |

***Note:*** *All the above numbers and figures are after considering sub-division of equity shares from face value of ₹ 10/- each to ₹ 1/- each effective March 25, 2021 (as approved by the Board of Directors and Shareholders of our Company in their respective meetings held on March 17, 2021), unless otherwise mentioned.*

**ESOP 2021**

Our Company, pursuant to the resolutions passed by our Board and Shareholders on March 17, 2021, adopted the ESOP 2021. The ESOP 2021 is in compliance with the SEBI SBEB Regulations read with the circular bearing reference number CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 issued by SEBI.

The details of ESOP 2021, as certified by M/s O.P. Bagla & Co LLP, Chartered Accountants, through a certificate dated July 24, 2021 are as follows:

| Particulars | Details | | | |
|---|---|---|---|---|
| | **Financial Year 2019** | **Financial Year 2020** | **Financial Year 2021** | **For the period from April 1, 2021 till the date of this Prospectus** |
| Option granted during the year/period. | NA | NA | 7,200,000 | NIL |
| | Cumulative options granted as on the date of this Prospectus: 7,200,000 | | | |
| Options vested | NA | NA | Nil | Nil |
| Options exercised | NA | NA | Nil | Nil |
| | Cumulative options exercised as on the date of this Prospectus: Nil | | | |
| Options forfeited/ lapsed/ cancelled | NA | NA | Nil | 1,000,000 |
| Options outstanding (including vested and unvested options) at the end of the year/period | NA | NA | 7,200,000 | 6,200,000 |
| Exercise price of options - weighted average exercise price per option (in ₹) | NA | NA | 43.328 | 43.328 |
| Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) (only for vested options) | NA | NA | Nil | Nil |
| Variation in terms of options | NA | NA | Nil | Nil |
| Money realised by exercise of options (in ₹ million) | NA | NA | Nil | Nil |
| Total number of options in force (excluding options not granted) | NA | NA | 7,200,000 | 6,200,000 |
| **Employee wise details of options granted to** | | | | |
| (i) Key Managerial Personnel | Manish Dawar- 3,600,000<br>Rajat Luthra – 500,000<br>Anil Dwivedi- 40,000 | | | |
| (ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year (For Fiscals 2019, 2020, 2021 and for the period from April 1, 2021 to the date of this RHP) | Venu Madhav – 10,00,000*<br>* These options were granted in Fiscal 2021 and have lapsed in June 2021. | | | |
| (iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant | NA | | | |
| Fully diluted EPS on a pre-Offer basis pursuant to the issue of Equity Shares on exercise of options calculated in accordance with the applicable accounting standard on 'Earnings per Share' (in ₹) from continuing operations.<br>Post spilt of equity shares from restated financials | **Financial Year 2019** | **Financial Year 2020** | **Financial Year 2021** | **For the period from April 1, 2021 till the date of Prospectus** |
| | (0.42)* | (0.74)* | (0.67)* | NA |
| | *For the years ended 31 March 2021, 31 March 2020 and 31 March 2019, the outstanding potential equity shares had an anti-dilutive effect on LPS, hence there was no dilution of LPS. | | | |
| Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if the Company had used fair value of options and impact of this difference on profits and EPS of the Company | Not applicable because the company has accounted employee compensation in books using the fair value of options. | | | |
| Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option | Black – Scholes – Merton Formula | | | |
| | **Financial Year 2019** | **Financial Year 2020** | **Financial Year 2021** | **For the period from April 1, 2021 till the date of this Prospectus** |
| - Expected life of options (years) | NA | NA | 3.50 -6.50 | 3.50 -6.50 |
| - Volatility (% p.a.) | NA | NA | 45.60 – 50.50 | 45.60 – 50.50 |
| - Risk Free Rate of Return (%) | NA | NA | 5.39 – 6.31 | 5.39 – 6.31 |

| Particulars | Details | | | |
|---|---|---|---|---|
| - Dividend Yield (% p.a.) | NA | NA | Nil | Nil |
| - Exercise price per share (₹) | NA | NA | 43.328 | 43.328 |
| | **Financial Year 2019** | **Financial Year 2020** | **Financial Year 2021** | **For the period from April 1, 2021 till the date of this Prospectus** |
| The weighted average share price on the date of grant (₹) | NA | NA | 43.30 | 43.30 |
| Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI SBEB Regulations in respect of options granted in the last three years | **Financial Year 2019** | **Financial Year 2020** | **Financial Year 2021** | **For the period from April 1, 2021 till the date of this Prospectus** |
| | Not applicable because the company has accounted employee compensation in books using the fair value of options. | | | |
| Intention of the Key Managerial Personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the Offer (aggregate number of Equity Shares intended to be sold by the holders of options), if any | **Name of employee** | | | **Total number of Equity Shares** |
| | No options have been vested till date. | | | NA |
| Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by Directors, senior managerial personnel and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) of the Company | NA | | | |

***Note:*** *All the above numbers and figures are after considering sub-division of equity shares from face value of ₹ 10/- each to ₹ 1/- each effective March 25, 2021 (as approved by the Board of Directors and Shareholders of our Company in their respective meetings held on March 17, 2021), unless otherwise mentioned.*

## OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue by our Company and Offer for Sale by the Selling Shareholders.

**Offer for Sale**

The Offer comprises of a Fresh Issue of 48,888,888* Equity Shares aggregating up to ₹ 4,400 million by our Company and an Offer for Sale of 155,333,330* Equity Shares aggregating up to ₹ 13,980 million, comprising 65,333,330* Equity Shares by Dunearn aggregating up to ₹ 5,880 million and 90,000,000* Equity Shares by RJ Corp aggregating up to ₹ 8,100 million. For details, see "*Summary of this Prospectus*" and "*The Offer*" on pages 20 and 62, respectively.

** Subject to finalisation of the Basis of Allotment*

The Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale after deducting their proportion of Offer expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds. Except for (a) listing fees, audit fees of the statutory auditors (other than to the extent attributable to the Offer) and expenses in relation to product or corporate advertisements of our Company, i.e., any corporate advertisements consistent with the past practices of our Company (other than expenses in relation to the marketing and advertising undertaken specifically for the Offer) which will be borne by our Company; and (b) fees and expenses in relation to the legal counsel to the Selling Shareholders which shall be borne by the respective Selling Shareholders, all Offer expenses will be shared, upon successful completion of the Offer, between our Company and the Selling Shareholders on a pro-rata basis in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Equity Shares sold by each of the Selling Shareholders in the Offer for Sale, respectively and in accordance with applicable law.

**The Fresh Issue**

***Requirement of funds***

Our Company proposes to utilise the Net Proceeds towards funding of the following objects:

1. Repayment/prepayment of all or certain of our borrowings; and

2. General corporate purposes.

(collectively, referred to herein as the "**Objects**").

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable us (i) to undertake our existing business activities; and (ii) to undertake the activities proposed to be funded from the Net Proceeds. Further, our Company expects to receive the benefits of listing of the Equity Shares, including to enhance our visibility and our brand image among our existing and potential customers.

**Net Proceeds**

The details of the proceeds from the Fresh Issue are summarised in the following table:

| Particulars | Estimated amount (₹ in million) |
|---|---:|
| Gross Proceeds of the Fresh Issue | 4,400 |
| (Less) Offer related expenses in relation to the Fresh Issue[(1)] | (151.81) |
| **Net Proceeds[(1)]** | **4,248.19** |

**Utilisation of Net Proceeds**

The Net Proceeds are proposed to be utilised in accordance with the details provided in the following table:

| Particulars | Amount (₹ in million) |
|---|---:|
| Repayment/prepayment of all or certain of our borrowings | 3,240.00 |
| General corporate purposes[(1)] | 1,008.19 |
| **Total** | **4,248.19** |

[(1)] *The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds.*

**Proposed schedule of implementation and deployment of Net Proceeds**

We propose to deploy the Net Proceeds towards the Objects in accordance with the estimated schedule of implementation and deployment of funds as follows:

*(₹ in million)*

| Particulars | Amount to be funded from the Net Proceeds | Estimated deployment of the Net Proceeds in Fiscal 2022 |
|---|---|---|
| Repayment/prepayment of all or certain borrowings of our Company | 3,240.00 | 3,240.00 |
| General corporate purposes[(1)] | 1,008.19 | 1,008.19 |
| **Total** | **4,248.19** | **4,248.19** |

[(1)] *The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds.*

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan, management estimates, and other commercial and technical factors including interest rates and other charges, and the financing and other agreements entered into by our Company. However, such fund requirements and deployment of funds have not been appraised by any bank, or financial institution. We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market condition, business and strategy, negotiation with lenders, and other external factors such as changes in the business environment and interest or exchange rate fluctuations, which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, subject to compliance with applicable laws.

In the event that the estimated utilization of the Net Proceeds in a scheduled fiscal year is not completely met, due to the reasons stated above, the same shall be utilised in the next fiscal year, as may be determined by our Company, in accordance with applicable laws. If the actual utilisation towards any of the Objects is lower than the proposed deployment such balance will be used towards general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Net Proceeds in accordance with the SEBI ICDR Regulations. For details on risks involved, see "*Risk Factors - Our funding requirements and the proposed deployment of the Net Proceeds are not appraised by any independent agency, which may affect our business and results of operations*" on page 51.

**Means of finance**

The fund requirements for the Objects are proposed to be entirely funded from the Net Proceeds and hence, no amount is proposed to be raised through any other means of finance. Accordingly, we are in compliance with the requirements prescribed under Paragraph 9(C)(1) of Part A of Schedule VIII and Regulation 7(1)(e) of the SEBI ICDR Regulations which require firm arrangements of finance to be made through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Fresh Issue and existing internal accruals. In case of a shortfall in the Net Proceeds or any increase in the actual utilisation of funds earmarked for the Objects, our Company may explore a range of options including utilizing our internal accruals.

**Details of the Objects of the Offer**

**I. Repayment/prepayment of all or certain borrowings of our Company**

Our Company has entered into various financial arrangements with banks, financial institutions and other entities. The loan facilities entered into by our Company and its Subsidiaries include borrowing in the form of, *inter alia*, term loans and working capital facilities. For further details, see *"Financial Indebtedness"* beginning on page 320. As on June 30, 2021, the aggregate outstanding borrowings of our Company (on a consolidated level) is ₹ 5,415.86 million.

Our Company proposes to utilise an estimated amount of ₹ 3,240.00 million from the Net Proceeds towards repayment/ prepayment, of all or a portion of certain borrowings availed by our Company. The repayment/ prepayment, will help reduce our outstanding indebtedness, assist us in maintaining a favourable debt-equity ratio and enable utilisation of some additional amount from our internal accruals for further investment in business growth and expansion. In addition, we believe that since our debt-equity ratio will improve significantly, it will enable us to raise further resources at competitive rates and additional funds / capital in the future to fund potential business development opportunities and plans to grow and expand our business in the future. Given the nature of these borrowings and the terms of repayment/prepayment, the aggregate outstanding borrowing amounts may vary from time to time. Further, the amounts outstanding under these borrowings as well as the sanctioned limits are dependent on several factors and may vary with our business cycle with multiple intermediate repayments, drawdowns and enhancement of sanctioned limits. However, the aggregate amount to be utilised from the Net Proceeds towards repayment/ prepayment of certain borrowings, in part or in full, would not exceed ₹ 3,240.00 million.

The following table sets forth details of certain borrowings availed by our Company, out of which our Company may repay/prepay, all or a portion of, any or all of the borrowings:

| S. No. | Name of the lender | Nature of borrowing | Amount sanctioned as on June 30, 2021 (in ₹ million) | Amount outstanding as on June 30, 2021 (in ₹ million) | Applicable rate of interest as at June 30, 2021 | Tenor | Purpose* | Prepayment penalty/ conditions |
|---|---|---|---|---|---|---|---|---|
| 1. | Axis Bank Limited | Term loan | 550.00 | 550.00 | 7.30% | 60 months | Capital expenditure | Prepayment charges at 2% per annum of the principal amount prepaid except a) if done by written instructions of the lender; (b) made out of internal accruals/ IPO proceeds/ permitted mezzanine debt provided the Company has given 30 days' prior written notice to the lender; and (c) in case, interest reset not acceptable to the Company, prepayment can be done in full or in part subject to a minimum of ₹ 50 million. |
| 2. | IndusInd Bank | Term loan | 1,000.00 | 550.00 | 7.50% | 72 months | Capital expenditure | - |
| | | Term loan | 800.00 | 650.00 | 7.50% | 81 months | Capital expenditure | - |
| | | Term loan | 500.00 | 500.00 | 7.50% | 81 months | Capital expenditure | |
| 3. | RBL Bank Limited | Working Capital Term loan | 892.00 | 892.00 | 6.07% | 60 months | Working capital requirements | - |
| | | Working Capital Term loan | 676.30 | 609.18 | 6.00% | 72 months | Working capital requirements | - |
| 4. | YES Bank Limited | Foreign Currency Term loan | 200.00 | 114.80 | 5.25% | 60 months | Capital expenditure | - |
| | | Foreign Currency Term loan | 200.00 | 98.79 | 5.50% | 60 months | Capital Expenditure | - |
| | **Total** | | **4,818.30** | **3,964.76** | | | | |

* *Pursuant to a report dated July 26, 2021, issued by our Joint Statutory Auditors, they have reported that the amounts drawn-down under the aforementioned borrowings have been utilised towards the purpose for which such borrowings have been sanctioned and were not directly or indirectly routed to any Group Company/Promoter/Promoter Group/associates, as per the procedures performed by them detailed in their report.*

The selection of borrowings proposed to be repaid/ prepaid out of the borrowings provided above, shall be based on various factors including (i) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil such requirements, (ii) receipt of consents for prepayment or waiver from any conditions attached to such prepayment from our respective lenders, (iii) terms and conditions of such consents and waivers, (iv) levy of any prepayment penalties and the quantum thereof, (v) provisions of any law, rules, regulations governing such borrowings, and (vi) other commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan. Payment of interest, prepayment penalty or premium, if any, and other related costs shall be made by us out of the Net Proceeds of the Offer.

In addition to the above, we may, from time to time, enter into further financing arrangements and draw down funds thereunder. In such cases or in case any of the above loans are repaid/prepaid, refinanced or further drawn-down prior to the completion of the Offer, we may utilise Net Proceeds of the Offer towards repayment / prepayment of such additional indebtedness availed by us. In the event our Board deems appropriate, the amount allocated for estimated schedule of deployment of Net Proceeds in Fiscal 2022 may be repaid/ prepaid in part or full by our Company in Fiscal 2023.

There has been no instance of delays, defaults and rescheduling/restructuring of the aforementioned borrowings of the Company other than the moratorium on all the instalments granted by the Reserve Bank of India, pursuant to its notifications dated March 27, 2020 and May 23, 2020 for a period of six months until August 31, 2020.

## II. General corporate purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ 1,008.19 million towards general corporate purposes, subject to such amount not exceeding 25% of the Net Proceeds, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise Net Proceeds include strategic initiatives, funding growth opportunities, fuel growth engines for our brands, including acquisitions and meeting exigencies, brand building, meeting expenses incurred by our Company in the ordinary course of business, as may be applicable.

In addition to the above, our Company may utilise the Net Proceeds towards other expenditure considered expedient and as approved periodically by our Board, subject to compliance with necessary provisions of the Companies Act. The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Company's management shall have flexibility in utilising surplus amounts, if any.

**Offer Expenses**

The total expenses of the Offer are estimated to be approximately ₹ 640.95 million.

The Offer related expenses primarily include fees payable to the Lead Managers and legal counsels, fees payable to the Auditors, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, RTAs, CDPs, SCSBs' fees, Sponsor Bank's fees, Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

Except for (a) listing fees, audit fees of the statutory auditors (other than to the extent attributable to the Offer) and expenses in relation to product or corporate advertisements of our Company, i.e., any corporate advertisements consistent with the past practices of our Company (other than expenses in relation to the marketing and advertising undertaken specifically for the Offer) which will be borne by our Company; and (b) fees and expenses in relation to the legal counsel to the Selling Shareholders which shall be borne by the respective Selling Shareholders, all Offer expenses will be shared, upon successful completion of the Offer, between our Company and the Selling Shareholders on a pro-rata basis in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Equity Shares sold by each of the Selling Shareholders in the Offer for Sale, respectively and in accordance with applicable law. Any such Offer expenses paid by our Company on behalf of the Selling Shareholders in the first instance will be reimbursed to our Company, by the Selling Shareholders to the extent of its respective proportion of Offer related expenses upon the successful completion of the Offer. The estimated Offer related expenses are as under:

| Activity | Estimated expenses (in ₹ million) | As a % of the total estimated Offer expenses | As a % of the total Offer size[1] |
|---|---|---|---|
| Lead Managers' fees (including brokerage and selling commission) | 343.03 | 53.5% | 1.87% |
| Commission/processing fee for SCSBs, Sponsor Bank and Bankers to the Offer. Brokerage and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs [1][2][3][4] | 93.54 | 14.6% | 0.51% |
| Fees payable to the Registrar to the Offer | 5.01 | 0.8% | 0.03% |
| Fees payable to the other advisors to the Offer | 17.66 | 2.8% | 0.10% |
| Others | | | |
| - Listing fees, SEBI filing fees, upload fees, BSE & NSE processing fees, book building software fees and other regulatory expenses | 53.27 | 8.3% | 0.29% |
| - Advertising and marketing expenses, Printing and stationery | 38.15 | 6.0% | 0.21% |
| - Fee payable to legal counsels | 36.46 | 5.7% | 0.20% |
| - Miscellaneous | 53.82 | 8.4% | 0.29% |
| **Total estimated Offer expenses** | **640.95** | **100.0%** | **3.49%** |

(1) *Selling commission payable to the SCSBs on the portion for Retail Individual Investors and, Non- Institutional Investors which are directly procured and uploaded by them would be as follows:*

| | |
|---|---|
| *Portion for Retail Individual Investors* | *0.30% of the Amount Allotted* (plus applicable taxes)* |
| *Portion for Non-Institutional Investors* | *0.15% of the Amount Allotted* (plus applicable taxes)* |

** Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

*No additional uploading/processing charges shall be payable to the SCSBs on the applications directly procured by them.*
*The Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.*

*Processing fees payable to the SCSBs of Rs. 10/- per valid application (plus applicable taxes) for processing the Bid cum Application of Retail Individual Investors and Non-Institutional Investors procured from the Syndicate /Sub-Syndicate Members/Registered Brokers /RTAs /CDPs and submitted to SCSBs for blocking.*

(2) ***For Syndicate (including their Sub-Syndicate Members), RTAs and CDPs***

*Brokerages, selling commission and processing/uploading charges on the portion for Retail Individual Investors (using the UPI mechanism), portion for Non-Institutional Investors which are procured by members of Syndicate (including their Sub-Syndicate Members), RTAs and CDPs or for using 3-in-1 type accounts-linked online trading, demat & bank account provided by some of the brokers which are members of Syndicate (including their Sub-Syndicate Members) would be as follows:*

| | |
|---|---|
| *Portion for Retail Individual Bidders** | *0.30% of the Amount Allotted* (plus applicable taxes)* |
| *Portion for Non-Institutional Bidders** | *0.15% of the Amount Allotted* (plus applicable taxes)* |

** Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

*The Selling Commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member.*
*The payment of Selling Commission payable to the sub-brokers / agents of Sub-Syndicate Members are to be handled directly by the respective Sub-Syndicate Member.*

*The Selling Commission payable to the RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.*

*Uploading Charges/ Processing Charges of Rs.30/- per valid application (plus applicable taxes) are applicable only in case of bid uploaded by the members of the Syndicate, RTAs and CDPs:*

- *for applications made by Retail Individual Investors using the UPI Mechanism*

*Uploading Charges/ Processing Charges of Rs.10/- per valid application (plus applicable taxes) are applicable only in case of bid uploaded by the members of the Syndicate, RTAs and CDPs:*

- *for applications made by Retail Individual Investors using 3-in-1 type accounts*
- *for Non-Institutional Bids using Syndicate ASBA mechanism / using 3-in-1 type accounts.*

*The Bidding/uploading charges payable to the Syndicate / Sub-Syndicate Members, RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.*

(3) ***For Registered Brokers***

*Selling commission payable to the registered brokers on the portion for Retail Individual Bidders and Non-Institutional Bidders which are directly procured by the Registered Brokers and submitted to SCSB for processing would be as follows:*

| | |
|---|---|
| *Portion for Retail Individual Bidders & Non-Institutional Bidders* | *₹ 10/- per valid application* (plus applicable taxes)* |

** Based on valid applications*

(4) ***For Sponsor Bank***

*Processing fees for applications made by Retail Individual Investors using the UPI mechanism will be Nil for each valid Bid cum application form*. The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.*

** Based on valid applications.*

## Interim use of Net Proceeds

Pending utilisation of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits in one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934, as may be approved by our Board. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

## Appraising entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

## Bridge financing facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Prospectus, which are proposed to be repaid from the Net Proceeds.

## Monitoring of utilisation of funds

In accordance with Regulation 41 of the SEBI ICDR Regulations, our Company has appointed Axis Bank Limited as the monitoring agency for monitoring the utilisation of Net Proceeds, as the proposed Fresh Issue exceeds ₹ 1,000.00 million. Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in our balance sheet for such fiscals as required under applicable law, specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable fiscals, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds. Our Company will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our

Company. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

**Variation in Objects**

In accordance with Sections 13(8) and 27 of the Companies Act and applicable rules, our Company shall not vary the objects of the Offer without our Company being authorised to do so by the Shareholders by way of a special resolution through postal ballot, video conferencing or other audio visual means in terms of General Circular 14/2020 dated April 8, 2020 issued by MCA read with amendments thereto. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (the "**Notice**") shall specify the prescribed details, including justification for such variation and be published and placed on website of our Company, in accordance with the Companies Act, 2013, read with relevant rules.

The Notice shall simultaneously be published in the newspapers, one in English and one in the vernacular language of the jurisdiction where our Registered Office is situated. Pursuant to Section 13(8) of the Companies Act, 2013, our Promoters or controlling Shareholders will be required to provide an exit opportunity to the Shareholders who do not agree to such proposal to vary the objects, subject to the provisions of the Companies Act, 2013 and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with our Articles of Association, the Companies Act, 2013 and the SEBI ICDR Regulations.

**Other confirmations**

Except to the extent of the proceeds received pursuant to the Offer for Sale, none of our Promoters, Directors, KMPs, Promoter Group or Group Companies will receive any portion of the Offer Proceeds and there are no material existing or anticipated transactions in relation to utilization of the Net Proceeds with our Promoters, Directors, KMPs, Promoter Group or Group Companies.

Further, pursuant to the Offer, the Net Proceeds received by our Company shall only be utilised for repayment/prepayment of borrowings identified by our Company and for general corporate purposes and none of our Promoters, Promoter Group, Group Companies and associates of our Company, as applicable, shall receive a part of or whole Net Proceeds directly or indirectly.

## BASIS FOR OFFER PRICE

The Price Band and the Offer Price has been determined by our Company and the Selling Shareholders, in consultation with the Lead Managers, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 1 each and the Offer Price is 90 times the Face Value. Investors should also see "*Risk Factors*", "*Our Business*", "*Restated Consolidated Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and beginning on pages 27, 125, 205 and 323 respectively, to have an informed view before making an investment decision.

### Qualitative Factors

We believe that some of the qualitative factors and our strengths which form the basis for computing the Offer Price are as follows:

- Portfolio of highly recognized global brands catering to a range of customer preferences;
- Multi-dimensional comprehensive QSR player;
- Presence across key consumption markets with a cluster-based approach;
- Cross brand synergies with operating leverage;
- Disciplined financial approach with focus on cash flows and returns; and
- Distinguished Board and experienced senior management team.

For details, see "*Our Business – Strengths*" on pages 127 – 131.

### Quantitative Factors

Certain information presented below relating to our Company is derived from the Restated Consolidated Financial Statements. For details, see "*Restated Consolidated Financial Statements*" beginning on page 205.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

**A. Basic and Diluted Earnings/Loss Per Share ("EPS") as adjusted for change in capital:**

| Fiscal Year ended | Basic EPS (in ₹) | Diluted EPS (in ₹) | Weight |
|---|---|---|---|
| March 31, 2019 | (0.75) | (0.75) | 1 |
| March 31, 2020 | (1.14) | (1.14) | 2 |
| March 31, 2021 | (0.50) | (0.50) | 3 |
| **Weighted Average** | (0.76) | (0.76) | |

*(i) Basic and diluted earnings/ (loss) per equity share: Basic and diluted earnings/ (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).*

*(ii) The ratios have been computed as below:*

*Basic earnings per share (Rs.) = Restated profit/(loss) after tax attributable to owners of the Company / Weighted average number of shares outstanding during the year for basic EPS*

*Diluted earnings per share (Rs.) = Restated profit/(loss) after tax attributable to owners of the Company / Weighted average number of outstanding during the year for diluted EPS*

*(iii) Weighted Average Number of Shares is the number of shares outstanding at the beginning of the year adjusted by the number of shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.*

*(iv) The weighted average basic and diluted EPS is a product of basic and diluted EPS and respective assigned weight, dividing the resultant by total aggregate weight. Weights applied have been determined by the management of the Company. Weights applied have been determined by the management of the Company, highest weight has been given to latest year, and lowest weight has been assigned to earliest year.*

**B. Price/Earning ("P/E") ratio in relation to the Offer Price of ₹ 90per Equity Share:**

| Particulars | P/E* at the Offer Price (No. of times) |
|---|---|
| Based on basic EPS for Fiscal 2021 | NA |
| Based on diluted EPS for Fiscal 2021 | NA |

**NA since EPS is negative*

**Industry Peer Group P/E ratio**

| Particulars | Industry P/E |
|---|---|
| Highest | 212.66 |

| Particulars | Industry P/E |
|---|---|
| Lowest | N/A |
| Average | 212.66 |

*The industry high and low has been considered from the industry peer set provided later in this section. The industry composite has been calculated as the arithmetic average of P/E for industry peer set disclosed in this section. For further details, see "– Comparison of Accounting Ratios with listed industry peers" on page 103.*

## C. Return on Net Worth ("RoNW")

| Fiscal Year ended | RoNW (%) | Weight |
|---|---|---|
| March 31, 2019 | NA* | 1 |
| March 31, 2020 | NA* | 2 |
| March 31, 2021 | (48.52) | 3 |
| **Weighted Average** | (24.26) | |

** Not applicable since our Company has loss and negative net worth in the relevant periods.*

*Notes:*

*(i) Return on Net Worth = Profit/ (loss) for the period attributable to owners of the Company divided by Net worth as attributable to owners of the Company at the end of the year*

*(ii) "Net worth" is computed as the sum of aggregate of Equity share capital, Securities premium account, Retained earnings, General Reserve, Exchange difference of translation of foreign operations, Employee stock options outstanding account.*

*(iii) The weighted average return on net worth is a product of return on net worth and respective assigned weight dividing the resultant by total aggregate weight. Weights applied have been determined by the management of the Company, highest weight has been given to latest year, and lowest weight has been assigned to earliest year.*

## D. Net Asset Value ("NAV") per Equity Share of face value of ₹ 1 each

| Fiscal year ended | NAV per Equity Share (₹) |
|---|---|
| As on March 31, 2021 | 1.03 |
| After the completion of the Offer at Offer Price# | 4.48^ |

*# On Fresh Issue aggregating up to ₹ 4,400 million and net of Offer expenses.*

*^ Calculated on the basis of number of Equity Shares outstanding post Offer.*

*Notes:*

*(i) Offer Price per Equity Share has been determined on conclusion of the Book Building Process.*

*(ii) Net assets value per equity share (₹): Net worth as attributable to owners of the Company at the end of the year divided by weighted average number of equity shares outstanding during the year.*

## E. Comparison of Accounting Ratios with Listed Industry Peers

The following peer group has been determined on the basis of companies listed on Indian stock exchanges, whose business profile is comparable to our businesses:

| Name of the company | Total income (₹ in million) | Face Value per equity share (₹) | P/E | EPS (Basic) (₹) | EPS (Diluted) (₹) | RoNW (%) | NAV per equity share (basic) (₹) |
|---|---|---|---|---|---|---|---|
| Devyani International Limited* | 11,988.95 | 1 | NA^ | (0.50) | (0.50) | (48.52) | 1.03 |
| **Listed Peers** | | | | | | | |
| Jubilant FoodWorks Limited | 33,849.49 | 10 | 212.66 | 17.55 | 17.55 | 16.16 | 108.12 |
| Westlife Development Limited | 10,303.32 | 2 | NA^ | (6.38) | (6.38) | (20.66) | 30.89 |
| Burger King India Limited | 5,229.32 | 10 | NA^ | (5.47) | (5.47) | (25.82) | 17.59 |

*Source: Financial information for aforementioned listed peers are sourced from the consolidated financial statements for the fiscal year ended March 31, 2021 submitted to stock exchanges by such companies.*

** Financial information for Devyani International Limited is derived from the Restated Consolidated Financial Statements for fiscal year 2021.*

*^ Not applicable since EPS is negative.*

*Notes for listed peers:*

1. *Basic EPS and Diluted EPS refer to the Basic EPS and Diluted EPS sourced from the financial statements of the respective company.*
2. *P/E Ratio has been computed based on the closing market price of equity shares on NSE on August 5, 2021 divided by the Diluted EPS provided under Note 1.*
3. *RoNW is computed as profit after tax for the year attributable to equity holders of the Company divided by closing net worth attributable to equity holders of the Company. Net worth has been computed as sum of equity share capital, other equity (excluding non-controlling interests), as applicable.*
4. *Net Asset Value ("NAV") is computed as the closing net worth divided by the equity shares outstanding as on March 31 of the respective year.*

## F. The Offer Price is 90 times of the face value of the Equity Shares

The Offer Price of ₹ 90 has been determined by our Company and the Selling Shareholders in consultation with the Lead Managers, on the basis of assessment of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the abovementioned information along with "*Risk Factors*", "*Our Business*", "*Restated Consolidated Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 27, 125, 205 and 323, respectively, to have a more informed view. The trading price of Equity Shares could decline due to factors mentioned in "*Risk Factors*" beginning on page 27 and you may lose all or part of your investments.

## STATEMENT OF SPECIAL DIRECT TAX BENEFITS

To,
The Board of Directors
**Devyani International Limited**
Plot No-18, Sector 35,
Gurugram – 122004,
Haryana, India

**Proposed Offering of Equity Shares ("Offer") in India by Devyani International Limited (the "Issuer" / "Company")**

1. This report is issued in accordance with the terms of our engagement letter dated 1 March 2021.

2. The accompanying Statement of Special Tax Benefits available to the Company and its Shareholders (hereinafter referred to as "the Statement") under the Income-tax Act, 1961 (read with Income-tax Rules, circulars, notifications) as amended by the Finance Act, 2021 applicable for the Financial Year 2021-22 relevant to the Assessment Year 2022-23 (hereinafter referred to as the "Income-tax Regulations") for inclusion in the Red Herring Prospectus/Prospectus ('Offer Documents') for the proposed initial public offering of the Company ('Offer'), has been prepared by the management of the Company in connection with the proposed Offer, which we have initialed for identification purposes.

**Management's Responsibility**

3. The preparation of this Statement as of the date of our report which is to be included in the Offer Documents is the responsibility of the management of the Company and has been approved by the Board of Directors of the Company at its meeting held on 20 July 2021 for the purpose set out in paragraph 9 below. The management's responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

**Auditor's Responsibility**

4. Our work has been carried out in accordance with Standards on Auditing, the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India.

5. Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended (the 'ICDR Regulations') and the Companies Act 2013 ('Act'), it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the special tax benefits as of 21 July 2021 available to the Company and the shareholders of the Company, in accordance with the Indian Income-tax Regulations as at the date of our report.

6. It is imperative to note that we have relied upon a representation from the Management of the Company that the Company only has 1 (one) material subsidiary, being RV Enterprizes Pte Ltd, a company incorporated in the Republic of Singapore. Further, we have obtained confirmations from the auditors of RV Enterprizes Pte Ltd with respect to any tax benefits that it receives in Singapore.

7. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the ICDR Regulations in connection with the proposed Offer.

**Inherent Limitations**

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

   Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive.

   The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer.

Further, we give no assurance that the Revenue Authorities / Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

**Opinion**

9. In our opinion, the Statement prepared by the Company presents, in all material respects, the special tax benefits available as of 20 July 2021 to the Company and its shareholders, under the Indian Income-tax Regulations as at the date of our report.

   Considering the matter referred to in paragraph 8 above, we are unable to express any opinion or provide any assurance as to whether:

   (i) The Company or its shareholders will continue to obtain the benefits per the Statement in future; or

   (ii) The conditions prescribed for availing the benefits per the Statement have been / would be met with.

**Restriction on Use**

10. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Offer Documents, prepared in connection with the Offering to be filed by the Company with the Securities and Exchange Board of India and the concerned stock exchanges.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Sujay Paul**
Membership No.: 096314
Partner

UDIN: 21096314AAAADT3781

Place: Noida
Date: 21 July, 2021

For **APAS & Co LLP**
Chartered Accountants
Firm Registration No.: 000340C/C400308

**Sumit Kathuria**
Partner
Membership No. 520078

UDIN: 21520078AAAAHH3900

Place: Gurugram
Date: 21 July, 2021

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO DEVYANI INTERNATIONAL LIMITED (THE "COMPANY"), ITS SHAREHOLDERS**

Outlined below are the special tax benefits available to the Company and its shareholders under the Indian Tax Laws as on the date of the report. These special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the Direct Tax Laws.

**A. Special tax benefits available to the Company in India under the Income-tax Act, 1961 (hereinafter referred to as 'the Act'), as amended by the Finance Act 2021**

**Reduced tax rate on divided earned from foreign subsidiary.**

Per section 115BBD of the Act, any income by way of dividends received from a foreign subsidiary wherein the Company holds at least twenty six percent of the equity share capital is liable to be taxed at a concessional rate of fifteen percent.

Other than the above, there are no other special tax benefits available to the Company.

**B. Special tax benefits available to Material Subsidiary, namely RV Enterprizes Pte Ltd., situated in Singapore.**

RV Enterprizes Pte Ltd is a Singapore based company and a material subsidiary of the Company.

The company has obtained certification from Singapore registered Chartered Accountant and as per the said certification, no special tax benefits are available to RV Enterprizes Pte Ltd, as per the Singapore tax laws.

**C. Special tax benefits available to the shareholders under the Act**

There are no special tax benefits available to the shareholders of the Company.

**Notes:**

1. The Taxation Laws (Amendment) Act, 2019 has introduced section 115BAA wherein domestic companies are entitled to avail a concessional tax rate of 22% (plus applicable surcharge and cess) on fulfillment of certain conditions. The concessional rate of 22% is subject to the company not availing specified tax exemptions/incentives, which inter-alia, include -

   - Deduction u/s 10AA: Tax holiday available to units in a Special Economic Zone.
   - Deductions available under the Chapter VI-A except under section 80JJAA and section 80M.
   - Deduction u/s 32(1)(iia): Additional Depreciation.
   - Deduction u/s 32AD: Investment allowance.
   - Deduction u/s 35AD: Deduction for capital expenditure incurred on specified businesses.
   - Deduction under certain sub-sections/clauses of Section 35: Expenditure on scientific research.
   - Deductions under Chapter VI-A of the Act.
   - Losses & depreciation attributable to the deductions above.

   A company can exercise the option to apply for the concessional tax rate in its return of income filed under section 139(1) of the Act starting from FY 2019-20.

   Further, provisions of Minimum Alternate Tax ('MAT') under section 115JB of the Act shall not be applicable to companies availing this reduced tax rate, thus, any carried forward MAT credit also cannot be claimed.

   At present, the Company has not opted the concessional tax regime under section 115BAA of the Act.

2. The above statement covers only above-mentioned tax laws benefits as per the current income tax law and does not cover any benefit under any other law.

3. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. The shareholders / investors in India or any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

4. No assurance is given that the revenue authorities/courts will concur with the views expressed by us. Our views are purely based on the existing provisions of law and its interpretation and available rulings, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

**For and on behalf of Devyani International Limited**

(Authorized Signatory)

Place: Delhi

Date: July 20, 2021

## STATEMENT OF SPECIAL INDIRECT TAX BENEFITS

To
The Board of Directors
**Devyani International Limited**
Plot No-18, Sector 35,
Gurugram – 122004,
Haryana, India

**Proposed Offering of Equity Shares ("Offer") in India by Devyani International Limited (the "Issuer" / "Company")**

1. This report is issued in accordance with the terms of our engagement letter dated 1 March 2021.

2. The accompanying statement of special tax benefits available to the Company and its Shareholders (hereinafter referred to as "the Statement") under the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 as amended, including the relevant rules, notifications and circulars issued there under, the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20) (collectively referred as "Indirect Tax Regulations") as on the signing date, for inclusion in the Red Herring Prospectus/Prospectus (Offer Documents) for the proposed initial public offering of the Company ("Offer") has been prepared by the management of the Company in connection with the proposed Offer, which we have initialed for identification purposes.

**Management's Responsibility**

3. The preparation of this Statement as of the date of our report which is to be included in the Offer Documents is the responsibility of the management of the Company and has been approved by the Board of Directors of the Company at its meeting held on 20 July 2021 for the purpose set out in paragraph 9 below. The management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

**Auditor's Responsibility**

4. Our work has been carried out in accordance with Standards on Auditing, the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India.

5. Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended (the 'ICDR Regulations') and the Companies Act 2013 ('Act'), it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the special tax benefits available to the Company and the shareholders of the Company, in accordance with the Indirect Tax Regulations as at the date of our report.

6. It is imperative to note that we have relied upon a representation from the Management of the Company that the Company is having only one material subsidiary i.e., RV Enterprizes Pte. Ltd. based out in Singapore. Further, we have relied on the certificate issued by a third party practicing Chartered Accountant regarding availability of special tax benefits to the material subsidiary as per the Singapore tax laws.

7. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the Regulations in connection with the Offering.

**Inherent Limitations**

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

   Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive.

   The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer.

Further, we give no assurance that the Revenue Authorities/ Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

**Opinion**

9. In our opinion, the Statement prepared by the Company presents, in all material respects, the special tax benefits available as of 20 July 2021, to the Company and its shareholders, in accordance with the Indirect Tax Regulations as at the date of our report.

   Considering the matter referred to in paragraph 5 above, we are unable to express any opinion or provide any assurance as to whether:

   (i) The Company or its shareholders will continue to obtain the benefits per the Statement in future; or
   (ii) The conditions prescribed for availing the benefits per the Statement have been/ would be met with.

**Restriction on Use**

10. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Offer Documents, prepared in connection with the Offering to be filed by the Company with the Securities and Exchange Board of India and the concerned stock exchanges.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Sujay Paul**
Membership No.: 096314
Partner

UDIN: 21096314AAAADU9633

Place: Noida
Date: 21 July, 2021

For **APAS & Co LLP**
Chartered Accountants
Firm Registration No.: 000340C/C400308

**Sumit Kathuria**
Partner
Membership No. 520078

UDIN: 215200078AAAAHI9383

Place: Gurugram
Date: 21 July, 2021

**Statement of Special Tax Benefits available to Devyani International Limited and its Shareholders**

Benefits available to Devyani International Limited ('the Company') and the Shareholders of the Company under the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Custom Act, 1962, Customs Tariff Act, 1975 as amended, including the relevant rules, notifications and circulars issued there under, the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20) are as under (collectively referred as "Indirect Tax Regulations").

1. **Benefits under the Central Goods and Services Act, 2017, respective State Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (read with relevant Rules prescribed thereunder)**

   The Company is primarily engaged in business of operating quick service restaurants for brands such as Pizza Hut, KFC, Costa, Vaango etc. and retail stores for TWG Tea. Further, the Company is also engaged in export of goods and services and the only special tax benefit which the Company is availing, is exporting these goods and services without payment of tax under a Letter of Undertaking ('LUT').

   Apart from the above, none of any special Indirect tax benefits are available to the Company under the Indirect Tax Regulations in India.

2. **Special Tax Benefits available to the Material Subsidiary of the Company i.e., RV Enterprizes Pte. Ltd.**

   RV Enterprizes Pte. Ltd. is a Private Company Limited by shares, incorporated on 24 March 2009 in Singapore. The Company's principal activity is wholesale trade of a variety of goods.

   The Company is not availing any special Indirect tax benefits under the Singapore Tax laws.

3. **Special Tax Benefits for shareholders of Devyani International Limited**

   The shareholders of the Company are not eligible to special tax benefits under the provisions of the Central Goods and Services Act 2017 (read with Central Goods and Services Tax Rules, circulars, notifications), respective State Goods and Services Tax Act, 2017 (read with respective State Goods and Services Tax Rules, circulars, notifications), Integrated Goods and Services Tax Act, 2017 (read with Integrated Goods and Services Tax Rules, circulars, notifications), The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20), Customs Act, 1962 (read with Custom Rules, circulars, notifications) and Customs Tariff Act, 1975 (read with Custom Tariff Rules, circulars, notifications) (collectively referred as "Indirect Tax Regulations").

**Notes:**

1. These special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Acts. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.

2. The special tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences aid the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer.

3. The Statement has been prepared on the basis that the shares of the Company are listed on a recognized stock exchange in India and the Company will be issuing shares.

4. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:

   i. the Company or its shareholders will continue to obtain these benefits in future;
   ii. the conditions prescribed for availing the benefits have been/ would be met with; and
   iii. the revenue authorities/courts will concur with the view expressed herein.

5. The above views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

**For and on behalf of Devyani International Limited**

(Authorised Signatory)

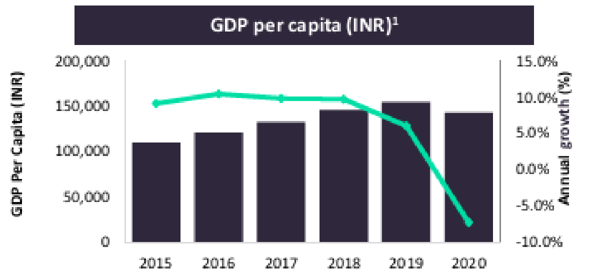
Place: Delhi
Date: July 20, 2021

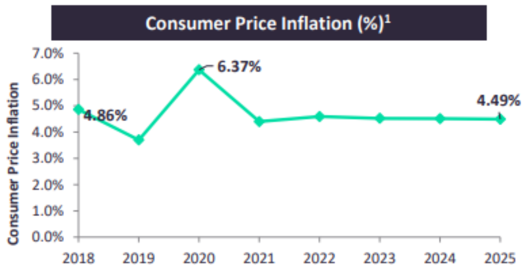
## SECTION IV: ABOUT OUR COMPANY

## INDUSTRY OVERVIEW

*Unless otherwise indicated, the information in this section is obtained or extracted from "India – The Future of Foodservice to 2025" dated March 2021 (the "**GlobalData Report**") prepared and released by GlobalData Plc, and exclusively commissioned and paid for by our Company in connection with the Offer. GlobalData was appointed on April 26, 2021 for commissioning the report. Neither we nor any other person connected with the Issue have independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. Unless otherwise indicated, financial, operational, industry and other related information included herein with respect to any particular year refers to such information for the relevant calendar year.*

### MACROECONOMIC OVERVIEW




*1. Source: GlobalData Intelligence Center, Macroeconomic Indicators*

### Macroeconomic Highlights

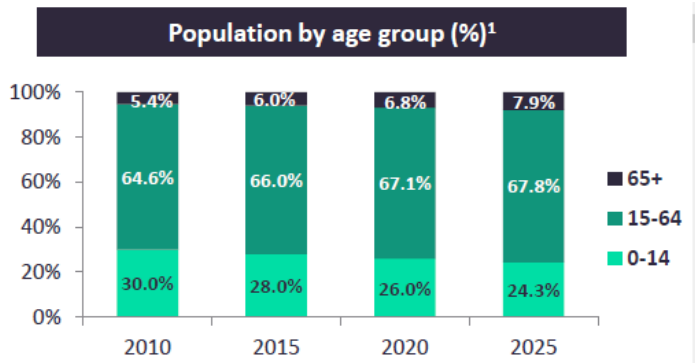
India's real GDP contracted by 8.7% in 2020 on the back of a COVID-19 induced economic crisis. The Indian economy recorded growth in the six months ended March 31, 2021, following negative growth in the six months ended September 30, 2020. According to the revised estimates of State Bank of India, the projected GDP in the three months ended December 31, 2020 was 0.3%. The restrictions in the first half of 2020 dampened economic activity and the sharp rise in unemployment exacerbated the decline in household consumption. The number of COVID-19 cases grew sharply in April and May 2020, and to slow down the spread of the virus, the Indian government imposed a number of social distancing measures that were partially effective in controlling the spread of infections. However, the collateral damage of the economic lockdown has been high. Further, to address the Covid-19 pandemic in India, the government declared a special economic and comprehensive package worth ₹20 trillion (equivalent to 10% of India's GDP) under Atmanirbhar Bharat.

The services sector is considered the key growth engine of the Indian economy. Key segments of this sector are hotels and restaurants; transport, storage, and communication; financing, insurance, real estate, and business services; and community, social, and personal services. Services output registered a sharp decline in 2020, due to the major services sub-sectors such as tourism, travel, restaurants, and others, having faced a complete halt during the lockdown period of March–May 2020.

Consumer price inflation in India increased to 6.4% in 2020 from 3.7% in 2019. In 2020, the lockdown due to COVID-19 created a disruption in demand and supply. Higher unemployment reduced demand for non-essential goods and services, whereas supply chain constraints have had an upward push on food prices.

### Demographic Highlights

India is the second most populous country in the world following China. In 2020, the country's population stood at 1,331.0 million and it is expected to grow to 1,399.1 million by 2025. India has a large working age population, and it is set to expand in the coming years. The median age of the population was 28.7 years in 2020, according to the CIA World Factbook.




*1. Source: GlobalData Intelligence Center, Macroeconomic Indicators*

The rate of urbanization has improved over the last few years in India. The urban population grew from 30.9% in 2010 to 34.9% in 2020. The rural population declined from 69.1% of the total population in 2010 to 65.1% in 2020.

**PROFIT SECTOR METRICS – INDIA FOOD SERVICES**

***The food service profit sector in India is expected to register a robust growth in coming years, on the back of growing delivery ecosystem.***

| Measure | 2015 | 2020 | 2025 | CAGR 2015-2020 | CAGR 2020-2025 |
|---|---|---|---|---|---|
| Value INR (million)<br>*(US$ million)* | 7,601,363<br>*(118,490)* | 8,366,607<br>*(117,458)* | 17,220,267<br>*(219,391)* | 1.9%<br>*(-0.2%)* | 15.5%<br>*(13.3%)* |
| Transactions (million) | 96,908 | 109,125 | 152,340 | 2.4% | 6.9% |
| Outlets | 3,417,225 | 3,660,188 | 4,553,680 | 1.4% | 4.5% |

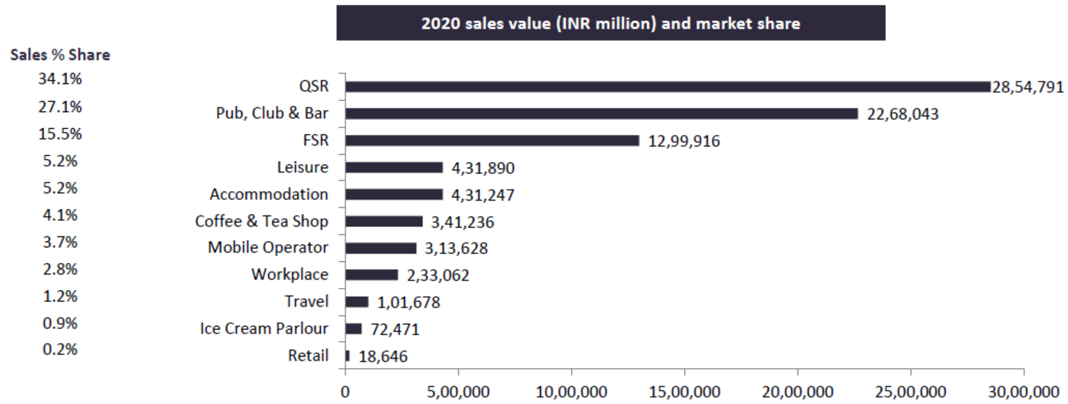
The Indian food services profit sector generated a total revenue of ₹8,366.6 billion (US$117.5 billion) in 2020, growing at a CAGR of 1.9% from ₹7,601.4 billion (US$118.5 billion) in 2015. Growth was mainly driven by the rise in the number of transactions, which grew at a CAGR of 2.4%, during the same period. Increased deliveries, a higher demand for eating out, urbanization, and an increased exposure to different food types have played a significant role in the growth of transactions, especially in 2020, due to COVID-19.

The number of transactions is expected to grow by an even higher rate of 6.9% in the period between 2020 and 2025. While both dine-in and take-away/ delivery transactions are expected to grow during this period, deliveries are projected to grow at a higher rate compared to dine-ins. For instance, in the ice-cream parlour channel, take-away is projected to grow by a robust CAGR of 40.6%, compared to 6.9% for dine-ins, from 2020 to 2025. Concurrently, food delivery applications, such as Zomato and Swiggy, are expected to play an even more prominent role during the forecast period, and the pandemic has amplified their role in the ecosystem.

The number of outlets is expected to grow at a CAGR of 4.5% in the period between 2020 and 2025. Growth in the quick service restaurant ("**QSR**") channel, supported by urbanization and increasing exposure of the youth to these food types, is expected to play a key role in the overall growth of the foodservice industry. The total foodservice revenue is expected to grow to ₹17,220.3 billion (US$219.4 billion) in 2025, registering a strong CAGR of 15.5% from 2020 to 2025.

**India Food Services Profit Sector: Value and Share by Channel**

***QSR, pub, club and bar and FSR lead the India food service profit sector***

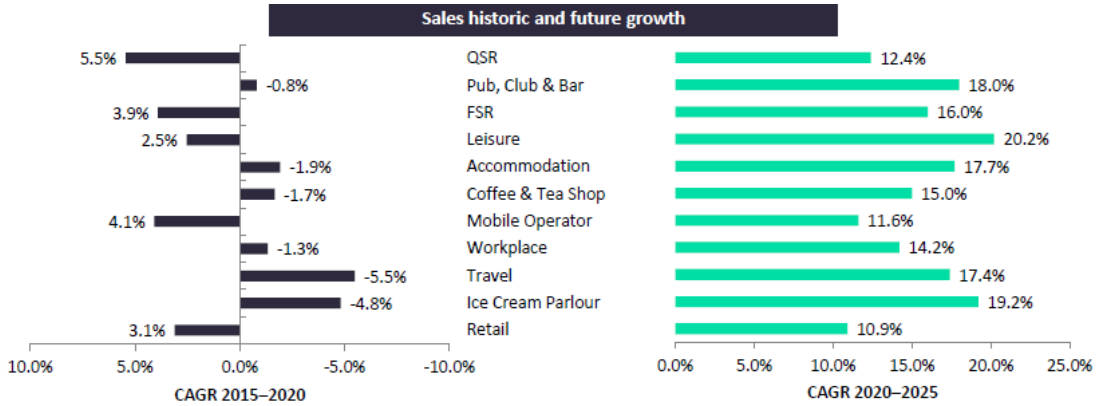


In 2020, the QSR channel made the largest contribution to the foodservice industry, with a sales share of 34.1%. This was followed by pub, club, and bar, and full-service restaurants, with market shares of 27.1% and 15.5% respectively. Rapid urbanization and the rising number of commercial spaces for consumers to have a quick bite amid their work or shopping schedules played an important role in the growth of quick-service restaurants. Busier lifestyles and less time for eating habits have made QSR channels more relevant.

Quick service restaurants' large market share can be attributed to their large number of transactions and a significantly higher number of outlets compared to other channels. In 2020, QSRs contributed more than half the number of transactions and the number of outlets among all foodservice channels.

**<u>India Food Services Profit Sector: Value Growth by Channel</u>**

***All channels are expected to grow at robust rates in coming years, owing to the post pandemic economic rebound***

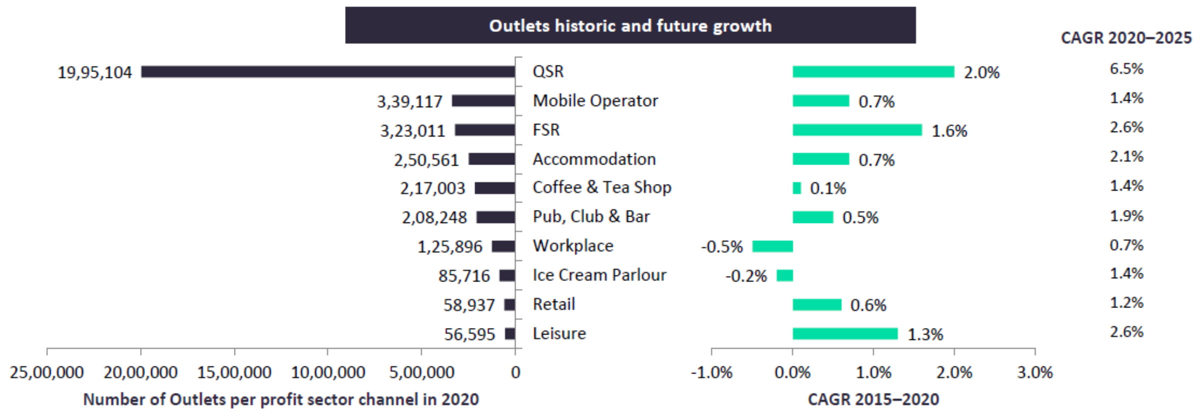



Historically, the QSR channel recorded the fastest growth among all foodservice channels, at a CAGR of 5.5% from 2015 to 2020. Their ability to provide affordable meals, with a quick service time, helped them register significant growth during this period. Global chains, such as KFC, McDonald's, and Burger King, have invested in expanding their presence in the market. Dependence on take-away for a large part of its sales helped the channel during 2020, amid the pandemic. The channel is expected to continue to grow at a robust rate in the coming years as well.

Mobile operators and full-service restaurants ("**FSR**") also registered significant growth rates during the review period. Pub, club, and bar channels declined in value historically. This decline was mainly in 2020, as lockdown restrictions affected the channel substantially. Take-away and deliveries could not help the channel, as they did for other channels, and hence the overall sales value declined by a CAGR of 0.8% between 2015 and 2020.

**<u>India Food Services Profit Sector: Outlets and Growth by Channel</u>**

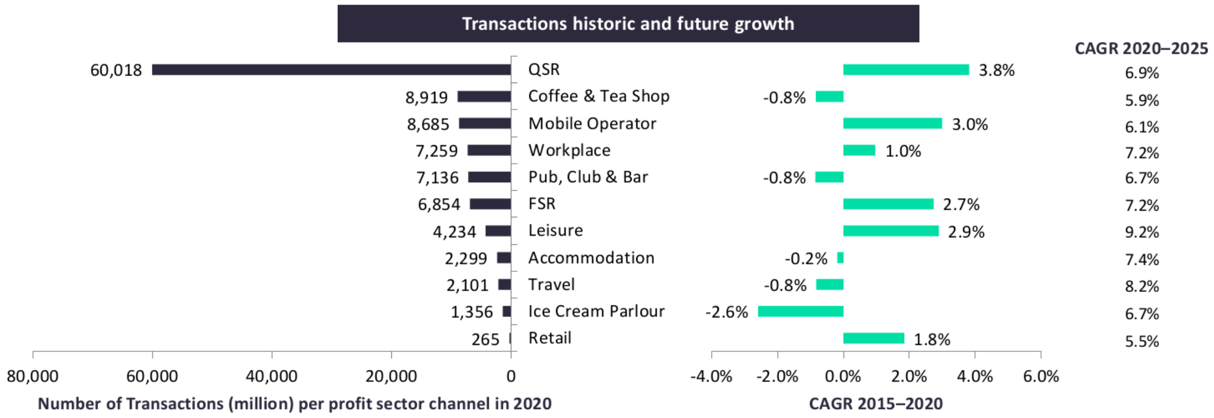
***The quick service restaurant channel grew the highest among all foodservice channels.***




The QSR channel leads the industry in terms of the number of outlets in 2020, at an outlet count of 1,995,104. The total number of outlets in the channel grew by a CAGR of 2% between 2015 and 2020; the rate is the highest among all foodservice channels. The QSR channel is expected to lead the foodservice industry in terms of growth in the number of outlets between 2020 and 2025, at an expected CAGR of 6.5%. The number of outlets in the full-service restaurant channel is also expected to grow, albeit at a lower rate.

**<u>India Food Services Profit Sector: Transactions and Growth by Channel</u>**

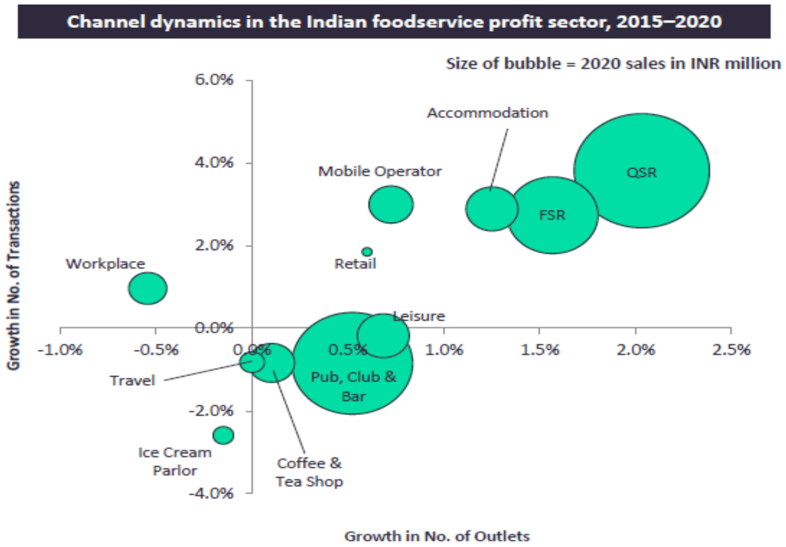
***Quick Service restaurants led the food service profit sector in terms of the number of transactions in 2020***




The QSR channel leads the foodservice industry in terms of the number of transactions as well. A large number of transactions in the channel can be attributed to its affordability, short service time, and wide presence in terms of outlets. Further, apart from dining-in, consumers can also easily carry around their meals offered at these restaurants, such as burgers. Between 2020 and 2025, the QSR channel is projected to grow at a CAGR of 6.9%.

**India Food Services Profit Sector: Channel Historic and Future Growth Dynamics**

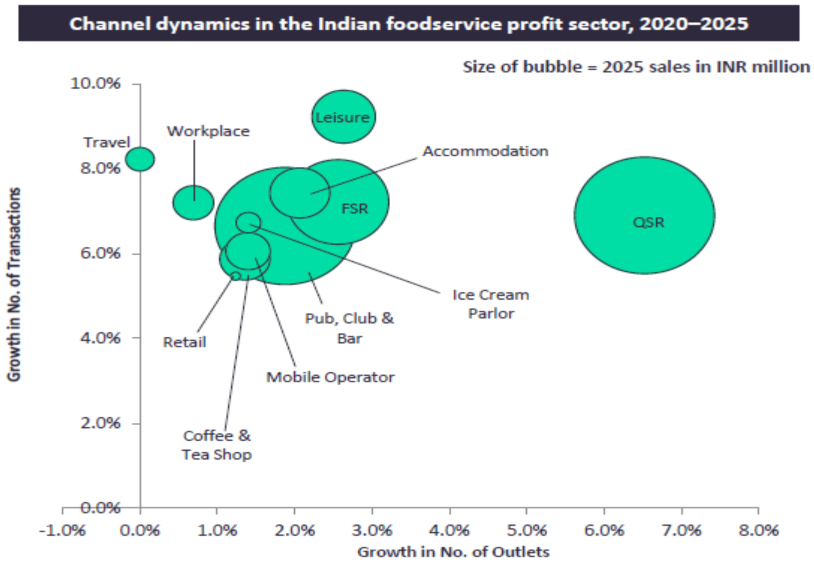
***Pub, club & bar saw the biggest drop on footfall due to the pandemic***




Due to COVID-19 led closures of restaurant and cafés, transactions across all the channels declined in 2020. With no social gatherings, and stricter social distancing norms in place, nightclubs, pub, club and bar channels witnessed a significant decline in footfall during the review period.

The travel foodservice segment is one of the biggest casualties of the coronavirus outbreak in 2020. The channel recorded low revenues, forcing consolidation and closure of small and medium-scale establishments.

***All the channels are expected to post positive growth in during the forecast period as economy shows sign of recovery.***



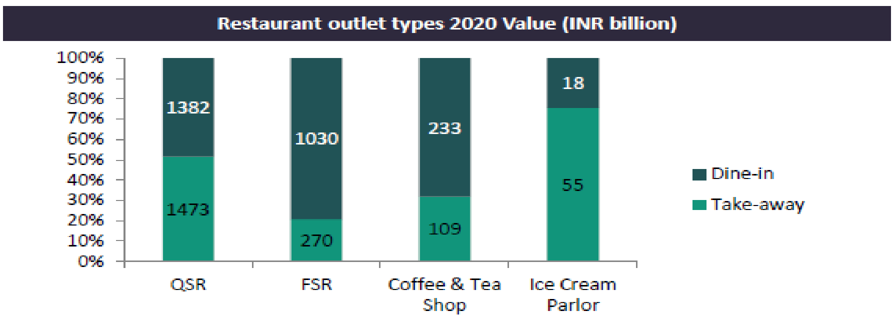

Outlet and transaction growth rates across all the foodservice profit sector channels are forecast to accelerate by 2025. However, the forecasts for growth measures will depend on the economic recovery in India over the next few years.

However, revival of the channels will also pose many challenges due to decreased manpower, government, and supplier concern, demand fall, lack of funding, higher fixed costs, and rentals. All these factors will propel the industry to adopt drastic operational changes in the near future.

QSR is expected to continue to lead the profit sector in terms of outlet growth, at an expected CAGR of 6.5% during 2020 to 2025.

**Restaurant Outlet – Type Growth Dynamics**

***As most restaurant facilities were closed or restricted during lockdown, takeaway segment grew rapidly in 2020.***




**Restaurant outlet types value growth**

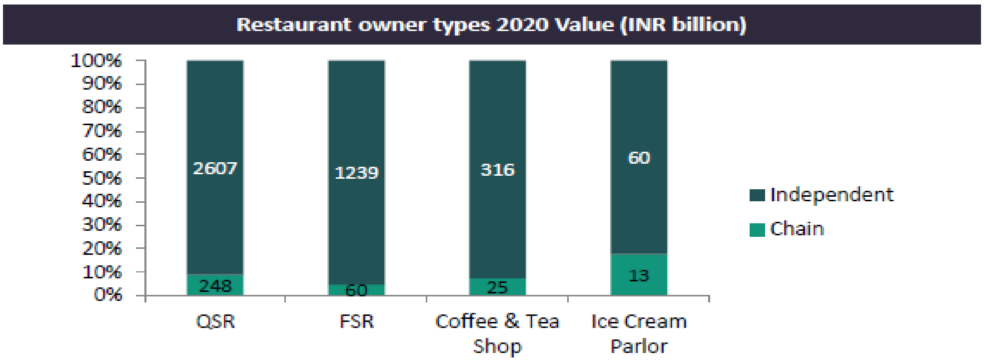
| | CAGR 2020–2025 | |
|---|---|---|
| **Channel** | **Dine-in** | **Take-away** |
| Quick-service restaurant | 14.0% | 10.9% |
| Full-service restaurant | 17.1% | 11.3% |
| Coffee and tea shop | 18.1% | 7.1% |
| Ice cream parlor | 40.6% | 6.9% |

The pandemic accelerated the growth of online food ordering through food delivery apps, as consumers turned to online platforms to avoid spreading or being infected by the virus in public places.

Besides the pandemic, increasing internet and mobile penetration in India and the advent of food delivery apps are also key factors leading consumers away from traditional dine-in experiences and towards convenience-driven options. A new addition to the mobile app ordering trend is 'cloud kitchen', where food is prepared only for take away and the restaurant exists only inside a mobile app.

While health concerns may have prompted the initial adoption of online ordering, continued use of online food delivery platforms will be driven by its speed and ease. However, future growth is expected to be driven by dine-transactions, as some of the converted takeaway occasions are expected to shift back to dine-in, thereby losing some gain that takeaway benefited from during 2020.

***Restaurant channels are forecast to see faster growth in chain operator than independent***




**Restaurant owner types value growth**

| | CAGR 2020–2025 | |
|---|---|---|
| **Channel** | **Chain** | **Independent** |
| Quick-service restaurant | 14.8% | 12.2% |
| Full-service restaurant | 18.4% | 15.9% |
| Coffee and tea shop | 17.8% | 14.8% |
| Ice cream parlor | 21.2% | 18.7% |

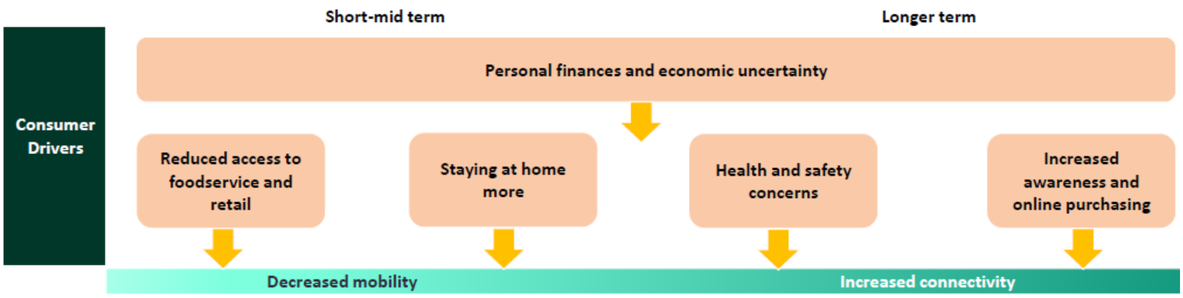
All restaurant channels in India are dominated by independent operators.

Although both chains and independents were affected by the pandemic, as the country was under a lockdown, chains with deep pockets were quick to adjust to the new normal. The chains were able to minimize their losses, mainly by developing their digital capabilities during the pandemic period. Moreover, in order to survive chains also offered significant discounts and promotions compared to independent outlets. Often the promotions were shared with the digital aggregator they are partnered with.

All restaurant channels are expected to see slightly faster growth in chain operator revenue than independent operator revenue up to 2025. Increased growth in chained operators reflects growing consolidation in the foodservice sector. It is due to the on-going economic upheaval, where the greater opportunity lies in consolidation and economies of scale.

## COVID-19: IMPACT ON THE INDIAN FOODSERVICE MARKET

***Key drivers of change in consumer behaviour due to COVID-19***




***New expectations, ways of working force the food service profit sector to adapt***

| COVID-19 | Food | Production | Delivery | Experience | Digital/ Technology |
|---|---|---|---|---|---|
| Pre COVID | Strong street food culture, infusing western food with local flavors | Method: Efficient, consistent, seamless | Channel: Takeaway /Online – an additional avenue, small share, incremental growth | Offer: Enjoyable, Fun, Unique, Socializing via Dine-in Location: Malls, Popular, High footfalls etc. | Role: Enabler, Convenience, Ease |
| Post-COVID | Safety and hygiene, healthy eating, authentic local delicacies | Explore the use of "dark kitchens" or "ghost kitchens" to reduce operating costs | Develop a D2C strategy independently or in collaboration with delivery partners | Recreate the restaurant/brand experience within the home to enhance quality perceptions, Convenience | Contactless payment, Social media activation |

## Covid-19 Impact on Major Foodservice Channels

***Quick service restaurants were more resilient compared to other channels in 2021.***

| | Quick Service Restaurant | Full Service Restaurant | Coffee & Tea Shop | Pubs, Clubs, and Bars |
|---|---|---|---|---|
| Initial impact (Until H1) | The initial lockdown restrictions on outlets and spread of COVID-19 among delivery personnel hampered QSR revenues significantly during the first half. | FSRs were hit significantly by initial strict lockdown measures and consumers' reluctance to dine-out. Decline in disposable incomes also played a key role, owing to FSR's high average transaction value. | Lockdown restrictions hampered these outlets' revenues like other channels. However, as consumers visit these outlets not just their products, but also for ambience, home deliveries were not of much help. | Strict restrictions on these outlets hampered their businesses. Furthermore, deliveries and take-aways weren't of much help in the pub, club, and bar channel, as in other channels. |
| Subsequent impact (Until H2) | Relatively higher dependence on takeaway transactions, compared to other channels, helped QSRs recover during H2. Contactless dine-ins introduced by key players also were instrumental. | FSRs recovered to some extent as typical dine-in restaurants as well adopted food deliveries. Even fine-dining venues, such as Taj, started offering their dishes at consumers' doorstep. | Owing to WFH policies of offices and reluctance of people to socialize, these outlets were slow to recover. Socializing is a key driver of transactions in these channels. | These outlets remained shut for a significant part of H2. Even when they opened there were restrictions, such as prohibition of new year parties, which were aimed at preventing large social gatherings. |
| Outlook 2021 | Quick service restaurants will see a better recovery compared to other channels, owing to their better suitability for take-aways. Investments of operators in expansion and technology will also drive the growth. | Home dining will play a crucial role in recovery. FSR operators will invest significantly in hygiene, safety, and packaging. Paucity of manpower and tighter budgets for rentals will push operators to trim their dine-in operations. | Recovery of income levels of consumers, which is expected to drive their impulse spending, will help the channel. Also, rise in work from anywhere culture is also likely to bring more income to these outlets. | Demand from urban consumers, especially young professionals willing to party and socialize, will drive the recovery in 2021. Craft spirits will grow in demand from young, high income individuals. |

Significant negative impact | Moderate negative impact | No impact | Moderate positive impact | Significant positive impact

Consumers are increasingly relied on meal delivery as a substitute for eating out, and hygiene has become a primary purchase consideration for consumers as a result of the pandemic. This concern extends to the packaging of products.

## Adapting to Evolving Consumer Preference

***An overview of some of the key players are as follows:***

- *Yum's Contactless Ordering*

KFC, in May 2020, introduced contactless takeaways from its restaurants. Consumers have been able to place an order that is prepaid on the KFC application, mSite, and website and walk in. In June 2020, Pizza Hut adopted contactless dine-ins in its stores. Consumers began accessing menus using QR codes, along with making payments digitally.

- *Domino's Vegan Launch*

In December 2020, Domino's introduced 'The Unthinkable Pizza', a plant-protein based Pizza. According to the company, the pizza is 100% vegetarian but mimics the sensory properties of chicken. This launch is in line with the company's attempt to cater to evolving trends across the world. Though veganism is still niche, with just 6% of Indian respondents following this diet, 59% of respondents stated that they find plant-based alternatives for poultry to be very/ somewhat appealing. Moreover, as many as 60% of survey respondents specified that they would be encouraged to follow a plant-based alternatives for 'health' factors.

- *Barbeque Nation's Meal-in-box*

In 2020, adapting to the new normal, Barbeque nation launched "Barbeque in a Box", by partnering with Swiggy and Zomato to deliver a specially curated meal box at doorstep or takeaway from any outlet.

- *Chai Point's Vending Machines*

Chai Point announced the launch of its contactless vending machine business as the need for hygiene and social distancing takes center stage amid the pandemic. Chai Point intends to cover both beverages and packaged snacks through its vending business.

- *Social's DIY Meal Kits*

Restaurants are aiming to provide consumers at home an experience that is closer to dining at a restaurant. By offering DIY kits, which contain food ingredients and cooking instructions, restaurants are enabling consumers to recreate their signature dishes at home. These offerings are aimed at attracting consumers who seek a change from eating food from home-delivered plastic/ cardboard packages. Several operators, such as, Rebel Food, Smoke House Deli, ITC Hotels, O Pedro, 1441 Pizzeria, The Sassy Spoon, SOCIAL, Sequel, Le15, Impresario Handmade Restaurants, in India have adopted this strategy.

- *Cloud Kitchen*

With the growing demand of online orders for food, India has been witnessing a rise in kitchens that are designed for processing deliveries only, without any separate dine-in space. Amid the pandemic, when people are refraining from dining in and are increasingly preferring home delivery of food, cloud kitchens' demand has been accelerating.

***Foodservice COVID-19 strategies***

*Short-term strategies*

- Focus on menu items that are made of ingredients with higher nutritional value and immunity boosting properties. Attracting consumers who have turned more health conscious is the key.

- Enhance take-away and drive-thru capabilities. Consumers are likely to stay reluctant to dine-in over the next few months.

- Embrace technology by launching own, dedicated mobile applications.

- Contactless menus and payments. Focus on enabling consumers to scan QR codes to access online menus and pay through digital wallets.

- Expansion of geographical reach. Focus on including more regions and increase the radius of delivery to reach more customers.

- Streamlining of menus and continued innovation in key areas. Innovations such as meat-replacements will help in gaining consumers.

- Reduce the number of tables to ensure social distancing.

*Long-term strategies*

- Explore new dine-in experiences. Masque, a fine-dining restaurant in Mumbai, launched an initiative called 'tailgate experience', wherein consumers can book slots through WhatsApp and the food is served while they remain seated in their cars safely.

- Make contactless processes an integral part of operations. Focus on contactless deliveries and dine-in services to attract consumers who got habituated to such services during the pandemic. All major brands including KFC, Pizza Hut, and Domino's are already focusing on contactless deliveries, even in dine-in transactions.

- Focus on maintaining superior safety measures. Even after the pandemic, consumers, who have become highly conscious about safety and hygiene, will seek these factors in a restaurant.

- Aim at opening dark/cloud kitchens to expand footprint at a lower cost. Many operators including, The Speciality Kitchen, The biriyani House are planning to enter the cloud kitchen model.

- Partnerships with food-delivery providers. Food-delivery providers, such as Swiggy and Zomato, will play an even more important role in the future, as a large share of consumers will continue to prefer the convenience of home deliveries.

## INDIA FOOD SERVICES PROFIT SECTOR - QUICK SERVICE RESTAURANTS

***Growth Dynamics: QSR chains have witnessed significant growth in the recent times.***

| Measure | 2015 | 2020 | 2025 | CAGR 2015-2020 | CAGR 2020-2025 |
|---|---|---|---|---|---|
| Value INR (millions) *(US$ millions)* | 2,189,238 (34,126) | 2,854,791 (40,078) | 5,130,616 (65,365) | 5.5% (3.3%) | 12.4% (10.3%) |
| Transactions (millions) | 49,789 | 60,018 | 83,781 | 3.8% | 6.9% |
| Average transaction INR *(US$)* | 43.97 (0.69) | 47.57 (0.67) | 61.24 (0.78) | 1.6% (-0.5%) | 5.2% (3.2%) |

Indian QSR channel grew by a CAGR of 5.5% to amount to ₹ 2,854.8 billion (US$ 40.1 billion) in 2020 from ₹ 2,189.2 billion (US$ 34.1 billion) in 2015. While the number of transactions grew by 3.8%, number of outlets grew by 2%. Home deliveries played a key role in pushing the number of transactions. The sales value of the QSR channel is forecast to rise at a CAGR of 12.4% between 2020 and 2025, a significant rebound compared to the review period. Economic recovery and greater investments from western fast food chains is expected to drive the growth.

***QSR growth dynamics highlights***

The quick-service restaurant channel has been rapidly growing in popularity in India, owing to factors such as rise in literacy, exposure to media, increase in disposable incomes, and easier and greater availability. Affordability has also been a key factor.

Western fast-food chains are gaining Indian consumers by understanding consumer demands and customizing their menus to match Indian taste palates. As a result, value sales of quick-service restaurants grew by a CAGR of 5.5% and amounted to ₹2,854.8 billion (US$40.1 billion) in 2020 from ₹2,189.2 billion (US$34.1 billion) in 2015. The number of outlets increased by 2%, while the number of transactions increased by 3.8% over the same period. Over the forecast period between 2020 and 2025, the value sales of quick-service restaurants is expected to grow at an even higher pace of 12.4%, indicating a steep rebound in these outlets post the pandemic.

The year 2020 saw significant changes in the business operations of quick-service restaurants.

Contactless dining experiences and takeaways were adopted by restaurants, with the help of technology. For instance, Pizza Hut, when it opened restaurants during the ‘unlock’ phase of the pandemic, enabled consumers to order using QR codes on their tables, through which they could order online. The channel is also focused on modifying their menus according to changing global trends and Indian eating habits.

**<u>QSR: Key Players</u>**

Domino's Pizza Inc., Yum! Brands, Inc., McDonald's Corporation, Doctor's Associates Inc., Restaurant Brands International are the key players in the Indian QSR industry.

***KFC India and Pizza Hut India:***

*Contactless takeaways and dine-ins were adopted amid the pandemic*

Being among the first international chains that entered the Indian QSR industry in 1996, the KFC brand is associated with its vibrant, contemporary store designs, and signature menu items. In line with the growing Indian economy, the chain’s expansion has been rapid. In 2020, KFC operated 395 outlets in the country. KFC outlets are predominantly found in urban locations and are often attached to major shopping centers. KFC’s core offerings of fried chicken products with select herbs and spices are a unique offering in the Indian QSR industry, as there is no other recognized international chain of restaurants that has successfully been able to introduce fried chicken products in India.

Like KFC, Pizza Hut also made its entry into the Indian market in Bangalore. Over years, with Indian consumers becoming increasingly attracted to these western fast foods, Pizza Hut grew significantly. In 2020, it operated 430 outlets in the country. Pizza Hut’s constant menu innovations and affordable pizza offerings make it a strong competitor in the Indian QSR industry, driving consumption of pizza as a regular meal rather than an occasional/ celebratory meal opportunity.

Devyani International Limited is the largest franchisee of Yum Brands in India and is amongst the largest operators of chain quick service restaurants in India. Jointly, Pizza Hut, KFC, and Taco Bell – three trademarks of Yum! Brands Inc. operated 857 outlets in 2020. The number fell significantly, compared to 967 in 2019, owing to the pandemic.

| Year | Number of Outlets |
|---|---|
| **2017** | **735** |
| **2018** | **844** |

| Year | Number of Outlets |
| --- | --- |
| **2019** | **967** |
| **2020** | **857** |

In 2020, these brands introduced significant changes in their business operations to suit the circumstances amid the pandemic. For instance, in June 2020, Pizza Hut adopted contactless dine-ins in its stores. Consumers began accessing menus using QR codes, along with making payments digitally. KFC also, in May 2020, introduced contactless takeaways from its restaurants. In response to COVID-19 pandemic, KFC and Pizza Hut were among the earliest brands in India to roll out contactless delivery and consumers have been able to place an order that is prepaid on the KFC application, mSite, and website and walk into a KFC outlet to pick up the order.

***Domino's Pizza***

In 1996, Jubilant Foodworks was incorporated with its chain of operations as Domino's Pizza in India. The company has since expanded its network to 1,264 Domino's Pizza chains, spread across the country. It has an established reputation for delivering pizzas within 30 minutes. Each store's area is mapped to find the fastest delivery route. Moreover, unlike branches located in most developed countries, Indian locations, often do not have a sole focus on delivery and have large seating areas, particularly in smaller cities, where eating out is a family event.

***McDonald's***

*McDonald's plans to depend on technology and menu innovations to attract consumers on its path to recovery*

McDonald's entered the Indian market in 1996, opening its first location in central Delhi. The chain has since expanded to most major Indian cities. During the second quarter of 2019, McDonald's India announced the acquisition of full ownership of Connaught Plaza restaurants. McDonald's has been introducing menu items that are more suited for Indian taste palates, such as double patty burgers, dosa masala burger, and chicken McGrill. McDonald's India – North and East introduced 'Masala Chai' (masala tea) and chicken strips in October 2020. The focus has also been on constantly innovating with packaging. While the pandemic hampered McDonald's sales in the second quarter of 2020, its sales witnessed a sharp rebound in the third quarter of 2020, driven by on-the-go consumption, take-aways, deliveries, and drive-thru transactions. As part of its 2021 strategy, the company plans to include more items that attract Indian consumers. The focus is on introducing more technological innovations, to make the business more relevant in the post-COVID-19 era.

***Subway India***

*Subway's number of outlets declined in 2020 amid the pandemic.*

Subway first entered the Indian market in 2001, opening its first outlet in Delhi. As of 2020, there were 555 Subway locations in India. Subway has expanded across the country through a network of local franchisees. These franchisees are however far larger than those in developed markets and control entire regions of the country. The Subway product offering in India is broadly the same as in the chain's core markets, with freshly made sandwiches assembled in front of the customer. Subway has partnered with delivery networks in India's largest cities to target convenience-seeking workers. Moreover, in collaboration with delivery networks such as Zomato, FoodPanda, and Swiggy, the company has experienced remarkable sales addressing a larger base of consumers, the trend is expected to continue over the forecast period.

***Burger King***

Burger King offers various types of foods, including burgers, wraps, and peri peri fries. The flagship offering of the company is its whopper. Among non-alcoholic beverages, it offers coffee, latte, thick shake, iced tea, and carbonated beverages. In order to match Indian tastes, the company included vegetarian, chicken, and egg burgers, unlike its western counterpart, where beef and sausages form a significant part of the menu.

**QSR: Outlook**

The QSR channel is expected to witness a significant rebound in the future.

*Drivers*

Rapid urbanization and proliferation of internet and scarcity of time for meals owing to busier lifestyles played key roles in the growth of popularity of western fast food in India. Concurrently, prominent global fast-food chains have expanded their presence in terms of outlets over this period, increasing the availability of these foods to Indian consumers, persuading them to consume more.

Menu innovations by operators to match Indian taste palates helped their growth immensely. In 2020 particularly, home deliveries drove revenues of these players, amid the pandemic. Much lower footfalls in their venues made them close several of their outlets. Domino's Pizza shut 100 of its outlets in the third quarter of 2020.

*Future Outlook*

The channel is expected to witness a significant rebound in the coming years. Driven by the economic recovery of the country and improvement in the purchasing power of consumers.

Technological capabilities will be a key area of focus of these companies in the short-term. As the pandemic is still ongoing, contactless dining and deliveries will be priorities into 2021 as well. Similar to 2020, the year is likely to see more fast-food outlets adopting QR code-enabled menus.

Menu innovation will be another key growth driver. Given the heightened sense of health awareness among consumers, the companies are expected to decrease calorie and sugar content in their offerings.

Cloud kitchens will see a rapid proliferation in the post-COVID-19 period. These outlets, designed exclusively for deliveries are aimed at attracting transactions from consumers, who are unwilling to visit traditional restaurants. For instance, Wendy's, in partnership with Rebel Foods, intends to open 250 cloud kitchens across the country.

**Conclusion**

The prevalence of home delivery in Indian QSR is expected to continue to grow due to changing lifestyles and changing consumer eating patterns in a post COVID atmosphere. Operators will be forced to modernize and digitize their operations and have an online presence to meet customer demand. The proliferation of cloud kitchens in the future will stand as a witness to the rise in demand for home deliveries and growing reluctance to visit regular dine-in outlets.

**COFFEE & TEA SHOPS**

Coffee and tea shops may serve a mix of food and drink, but the focus and core offering is the provision of coffee or tea for immediate consumption. They will often have seating available for customers, but may also operate from kiosks or mobile units.

The coffee tea shop channel was worth ₹ 341.2 billion in 2020 registering a negative CAGR of -1.7% between 2015 and 2020. The virus outbreak was one of the main reasons for the decline in the channel's value during the review period. The channel represents only 4.1% of the Indian foodservice profit sector value. Indian coffee and tea shop market is expected to grow at a CAGR of 15.0% to reach a valuation of ₹687.4 billion in 2025. Increasing the average transaction price will drive future value growth as key operators compete for quality and innovation rather than price.

Although the channel remains dominated by independent operators, it is more consolidated than QSR and FSR restaurant channels in India, with the top five chain operators holding a combined market share of 4.4% of the channel's total sales value in 2020.

With average transaction prices of the channel currently being the lowest of any foodservice channel, operators can look to add unique and indulgent food and drinks to the menu to gain premium positioning and increase average transaction prices.

***Growth Dynamics***

| Measure | 2015 | 2020 | 2025 | CAGR 2015-2020 | CAGR 2020-2025 |
|---|---|---|---|---|---|
| Value INR (millions)<br>*(US$ millions)* | 370,932<br>*(5,782)* | 341,236<br>*(4,791)* | 687,442<br>*(8,758)* | -1.7%<br>*(-3.7%)* | 15.0%<br>*(12.8%)* |
| Transactions (millions) | 9,302 | 8,919 | 11,863 | -0.8% | 5.9% |
| Average transaction INR<br>*(US$)* | 39.88<br>*(0.62)* | 38.26<br>*(0.54)* | 57.95<br>*(0.74)* | -0.8%<br>*(-2.9%)* | 8.7%<br>*(6.6%)* |
| Outlets | 215,908 | 217,003 | 232,122 | 0.1% | 1.4% |

The revenue generated by coffee and tea shops is relatively small compared to other channels, accounting for just 4.1% of the food services sector's total sales.

According to GlobalData's 2020 Market Pulse Consumer Survey, 38% of surveyed Indian consumers stated that due to the outbreak of COVID-19 they stopped visiting coffee shops/ cafes and a further 23% stated that they are visiting coffee shops/ cafes significantly less frequently than before. This change in consumer behaviour impacted independent coffee and tea shops than chained coffee and tea shops, as they lacked the financial stability to withstand the hostile environment. As such, independent coffee and tea shops also recorded a significantly larger drop in value sales in comparison with chained coffee and tea shops.

Value sales of the coffee and tea shop channel is expected to post a strong CAGR of 15.0% between 2020 and 2025, while the growth in the number of transactions and outlets is set to record a CAGR of 5.9% and 1.4% respectively, in this period. Growth in average transactions is expected to be higher than the outlets and overall transactions. The growing popularity of specialty coffee among millennials, is expected to drive higher average spend as specialty coffee becomes a daily staple for consumers.

***Key Players***

Key players in this segment include Costa Coffee, Chai Point, Barista, Starbucks and Café Coffee Day.

Earlier, Costa Coffee was owned by Whitbread PLC, but with the aim to gain a significant footprint globally in the coffee category, Coca-Cola in August 2018 announced the acquisition of the Costa Coffee brand and completed the 100% acquisition process from Whitbread PLC in January 2019. The UK-based chain was founded in 1971, and the chain entered the Indian market in 2005. Costa Coffee entered the Indian market with an exclusive agreement with Devyani International, an RJ Corp group company.

Costa coffee’s portfolio in India is similar to the brand’s offering in other markets, with an emphasis on core products - coffee and baked goods. Costa Coffee is strategically higher to create a premium brand message and target more affluent, brand-conscious Indian consumers. Costa Coffee is the fifth largest coffee shop operator in India.

***Drivers***

Demand for higher quality tea, coffee, and coffee beans has gained popularity in recent years. As consumers’ expectations of on-premises coffee continues to rise, operators are also offering capsules and roasted coffee products for home consumption. However, due to government imposed lockdown measures, overall sales of the coffee and tea shop channel during the review period have been impacted. Additionally, due to the fear of the virus, an increasing number of consumers are confined to their homes after the lockdown has lifted, which has further affected the channel's sales.

India has largely been a tea drinking country. At the turn of the twentieth century, however, coffee has become a more popular drink. It is now a refreshing and trendy beverage, rather than a traditional drink. The high price point associated with coffee compared to tea has driven the channel's sales.

***Future Outlook – Raising average transaction value is expected to drive the channel’s growth***

Despite its still small size, the channel is expected to have a noticeable impact on foodservice. Coffee chains, both local and foreign, are likely to grow their footprint significantly in coming years. The channel is forecast to experience strong value growth from 2020 to 2025 at a CAGR of 15.0%. Future value growth in the channel is expected to continue by rising average transaction prices and transaction numbers.

The rising demand from the young population, rapid urbanization, business culture, and western lifestyle can be attributed to the coffee and tea shop's future growth. Further, an increase in the number of dual-income families, increasing global exposure, growing media penetration would all lead to the growth of coffee and tea shops in India.

Owing to the dominance of independent operators, chain operators need to focus on their economies of scale, familiarity, and standardized offering further while focusing on using local ingredients and communicating the same with consumers for better engagement.

## OUR BUSINESS

*Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 19 for a discussion of the risks and uncertainties related to those statements and also "Risk Factors", "Restated Consolidated Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 27, 205 and 323, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.*

*Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2019, 2020 and 2021 included herein is derived from the Restated Consolidated Financial Statements, included in this Prospectus, which have been derived from our audited consolidated financial statements and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time, which differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries. For further information, see "Restated Consolidated Financial Statements" on page 205.*

*Unless otherwise indicated or the context otherwise requires, in this section, references to "the Company" or "our Company" are to Devyani International Limited on a standalone basis, and references to "the Group", "we", "us", "our", are to Devyani International Limited on a consolidated basis.*

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "India – The Future of Foodservice to 2025" dated March 2021 (the "GlobalData Report"), prepared and issued by GlobalData, commissioned and paid for by us. GlobalData was appointed on April 26, 2021 for commissioning the report. Further, all information with respect to our operations on the Swiggy and Zomato platforms, as described in this section, is based on consents dated May 5, 2021 and May 10, 2021, received from Swiggy and Zomato, respectively. Also see, "Certain Conventions, Presentation of Financial, Industry and Market Data – Industry and Market Data" on page 17.*

### Overview

We are the largest franchisee of Yum Brands in India and are among the largest operators of chain quick service restaurants ("**QSR**") in India (*Source: GlobalData Report*), on a non-exclusive basis, and operate 655 stores across 155 cities in India, as of March 31, 2021, and 696 stores across 166 cities in India, as of June 30, 2021. Yum! Brands Inc. operates brands such as KFC, Pizza Hut and Taco Bell brands and has presence globally with more than 50,000 restaurants in over 150 countries, as of December 31, 2020[1]. In addition, we are a franchisee for the Costa Coffee brand and stores in India.

Our business is broadly classified into three verticals that includes stores of KFC, Pizza Hut and Costa Coffee operated in India (KFC, Pizza Hut and Costa Coffee referred to as "**Core Brands**", and such business in India referred to as the "**Core Brands Business**"); stores operated outside India primarily comprising KFC and Pizza Hut stores operated in Nepal and Nigeria ("**International Business**"); and certain other operations in the F&B industry, including stores of our own brands such as Vaango and Food Street ("**Other Business**"). Revenue from our Core Brands Business, together with our International Business, represented 83.01%, 82.94% and 94.19% of our revenue from operations in Fiscals 2019, 2020 and 2021, respectively.

We began our relationship with Yum in 1997, when we commenced operations of our first Pizza Hut store in Jaipur. We have subsequently continued to expand our operations with both KFC and Pizza Hut franchises, and as of March 31, 2021, operated 264 KFC stores and 297 Pizza Hut stores across India. We operated 284 KFC stores and 317 Pizza Hut stores in India as of June 30, 2021. In our Core Brands Business, we had an extensive presence in 26 states and three union territories in India as of March 31, 2021 and June 30, 2021. In addition, we are a franchisee of the Costa Coffee brand in India, which is owned by Costa, and operated 44 Costa Coffee stores as of March 31, 2021 and June 30, 2021. We have been consistently expanding our store network over the years. Stores in our Core Brands Business grew at a CAGR of 13.58% from 469 stores as of March 31, 2019 to 605 stores as of March 31, 2021, and had 645 stores as of June 30, 2021. Despite the ongoing COVID-19 pandemic, we have continued to expand our store network and in the six months ended March 31, 2021, we opened 109 stores in our Core Brands Business. Our defined store expansion and development process is focused on high potential locations across towns and cities, airports, high street locations, malls, food courts, hospitals, business hubs and transit areas. We ensure that our new stores are consistent in terms of look and feel across various formats that include dine-in, takeaway and delivery.

We collaborate with Yum across various aspects of our operations for KFC and Pizza Hut for the franchisor's brand protection and management, including product innovation and development, brand strategy and technology initiatives. We also work closely with Yum on advertising, promotion and marketing activities. For Costa Coffee, we retain flexibility over our operations with respect to similar parameters and are supported by Costa in determining our menu, ingredients, suppliers and distributors.

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1 *Source: Yum! Brands Inc. Annual Report (10-K) available at:* https://www.sec.gov/ix?doc=/Archives/edgar/data/1041061/000104106121000012/yum-20201231.htm)

Our value proposition to customers is predicated on the quality of products we offer, the brand recall of the Core Brands we operate, our sustained focus on customer satisfaction and implementation of digital measures to increase efficiency in operations. Raw materials for our operations are sourced from vendors that are pre-approved and meet international safety and quality standards. Our stores are routinely audited and accredited to ensure compliance with global standards. For example, our KFC and Pizza Hut stores are certified by Yum as part of their restaurant operations compliance check. Our service and diverse menu including various value offerings across the Core Brands has led to significant brand recall for these brands.

We attribute our growth over the years to our employees and consider them to be among our key assets. We ensure that employees across our Core Brands Business, International Business and Other Business, undergo training to be able to provide quality customer service and ensure high standards of food safety and quality. Our employee engagement and training processes have led us to being awarded as a "*Great Workplace*" in 2018 and as one of "*India's 100 Best Workplaces for Women 2020*" in 2020 by the Great Place to Work Institute, India.

Following the onset of COVID-19, we have increased our focus on safety by introduction of contactless delivery and takeaway, ensuring greater cleanliness of our stores, additional safety measures such as frequent sanitization and temperature checks. Among measures we adopted to counter the effects of COVID-19 include re-developing our menus to focus on delivery and takeaway options. We also introduced measures to reduce fixed and variable costs and sought rental waivers from store landlords and lessors. We also rationalized certain loss-making stores to ensure that we continue to maintain our profitability position and strong financial performance.

Besides the pandemic, increasing internet and mobile penetration within India and the advent of food delivery apps are key factors to lead consumers away from traditional dine-in experiences and towards convenience-driven options (*Source: GlobalData Report*). We are among the single largest QSR companies in India that is listed on the Swiggy platform, and were among the largest QSR companies in India listed on the Zomato platform in the calendar years 2019 and 2020. The prevalence of home delivery in the Indian QSR industry is expected to continue to grow due to changing lifestyles and changing consumer eating patterns in the post-COVID atmosphere. Operators will need to modernize and digitize their operations and have an online presence to meet customer demand (*Source: GlobalData Report*). We intend to grow our store network to be focused on delivery and takeaway formats while ensuring safety and convenience for customers who prefer to dine-in. We intend to continue to focus on enhancing our operations with the increased adoption of digital and technology measures including implementing artificial intelligence and machine learning measures to ensure greater customer satisfaction.

Our committed senior management team and the experience of our Promoters has also led the growth of our operations. Our corporate Promoter, RJ Corp, is a diversified conglomerate that is focused on F&B sectors. Our individual Promoter, Ravi Kant Jaipuria, also has significant experience in the F&B sector and has been instrumental in the growth of our Company. Our Whole-time Director (President & CEO), Virag Joshi has been a key strategist in expansion of Pizza Hut, KFC and Costa Coffee stores.

The following table sets forth certain key performance indicators for our Core Brands Business in India for the periods indicated:

| **Particulars(1)** | **As of / for the year ended March 31,** | | | **As of / for the three months ended** | |
|---|---|---|---|---|---|
| | **2019** | **2020** | **2021** | **December 31, 2020** | **March 31, 2021** |
| | **(₹ million except percentages and number of stores)** | | | | |
| **Same Store Sales Growth ("SSSG")(2)** | | | | | |
| - KFC | 4.65% | 3.15% | (33.69)% | (13.00)% | 19.62% |
| - Pizza Hut | 4.67% | (3.68)% | (30.25)% | (11.01)% | 13.40% |
| - Costa Coffee | 2.72% | (4.38)% | (61.64)% | (55.92)% | (24.89)% |
| **Stores(3)** | | | | | |
| - KFC | 134 | 172 | 264 | 240 | 264 |
| - Pizza Hut | 268 | 269 | 297 | 273 | 297 |
| - Costa Coffee | 67 | 63 | 44 | 45 | 44 |
| **Total Stores – Core Brands Business** | **469** | **504** | **605** | **558** | **605** |
| **Revenue from operations** | | | | | |
| - KFC | 4,641.14 | 6,091.34 | 6,442.64 | 2,210.53 | 2,540.30 |
| - Pizza Hut | 4,232.88 | 4,174.27 | 2,879.09 | 951.19 | 1,035.90 |
| - Costa Coffee | 902.04 | 819.62 | 213.95 | 76.07 | 85.25 |
| **Total Revenue from Operations – Core Brands Business** | **9,776.06** | **11,085.23** | **9,535.69** | **3,237.79** | **3,661.46** |
| **Gross Margin (4)** | | | | | |
| - KFC | 3,064.27 | 3,949.68 | 4,360.18 | 1,483.96 | 1,768.96 |
| - Pizza Hut | 3,131.39 | 3,125.59 | 2,134.53 | 703.64 | 789.42 |
| - Costa Coffee | 693.59 | 633.95 | 167.98 | 58.50 | 67.75 |

| Particulars[(1)] | As of / for the year ended March 31, | | | As of / for the three months ended | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | December 31, 2020 | March 31, 2021 |
| | (₹ million except percentages and number of stores) | | | | |
| **Total Gross Margin - Core Brands Business** | **6,889.25** | **7,709.23** | **6,662.69** | **2,246.09** | **2,626.13** |
| **Gross Margin [(5)] (%)** | | | | | |
| - KFC | 66.02% | 64.84% | 67.68% | 67.13% | 69.64% |
| - Pizza Hut | 73.98% | 74.88% | 74.14% | 73.97% | 76.21% |
| - Costa Coffee | 76.89% | 77.35% | 78.51% | 76.90% | 79.47% |
| **Total Gross Margin (%) – Core Brands Business** | **70.47%** | **69.55%** | **69.87%** | **69.37%** | **71.72%** |

*Notes:*

*(1) Information is limited to Core Brands Business.*

*(2) Same-Store Sales Growth represents the period-over-period percentage change in net revenue from operations of all stores that have been open prior to the first day of the previous fiscal year and were operational in both fiscal years.*

*(3) Stores refers to the number of stores at the end of the relevant period.*

*(4) Gross Margin is calculated as revenue from operations less (i) cost of materials consumed at the store level; and (ii) purchase of stock-in-trade*

*(5) Gross Margin as a percentage of revenue from operations*

The following table sets forth certain additional information for our Core Brands Business in India for the periods indicated:

| Particulars[(1)] | As of / for the year ended March 31, | | | As of / for the three months ended | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | December 31, 2020 | March 31, 2021 |
| | (₹ million except percentages) | | | | |
| **Brand Contribution [(2)(3)]** | | | | | |
| - KFC | 853.65 | 972.66 | 1,181.70 | 423.16 | 574.64 |
| - Pizza Hut | 655.48 | 438.96 | 372.44 | 153.57 | 156.69 |
| - Costa Coffee | 181.73 | 174.09 | 33.21 | 27.11 | 25.81 |
| **Total Brand Contribution – Core Brands Business** | **1,690.87** | **1,585.71** | **1,587.35** | **603.83** | **757.13** |
| **Brand Contribution –Margin (%) [(4)]** | | | | | |
| - KFC | 18.39% | 15.97% | 18.34% | 19.14% | 22.62% |
| - Pizza Hut | 15.49% | 10.52% | 12.94% | 16.14% | 15.13% |
| - Costa Coffee | 20.15% | 21.24% | 15.52% | 35.63% | 30.27% |
| **Total Brand Contribution Margin - Core Brands Business** | **17.30%** | **14.30%** | **16.65%** | **18.65%** | **20.68%** |

*Notes:*

*(1) Information is limited to the Core Brands Business*

*(2) Brand Contribution is calculated as revenue from operations at the store less (i) cost of materials consumed at the store; (ii) employee benefit expenses of employees at the store; and (iii) other expenses incurred at the store level.*

*(3) Not adjusted for the impact of Ind AS 116. For a reconciliation with Brand Contribution as adjusted for Ind AS 116, see "Management's Discussion and Analysis of Financial Condition and Results of Operation – Non-GAAP Measures" on page 339.*

*(4) Brand Contribution as a percentage of revenue from operations*

For further information on certain KFC stores acquired by our Company from Yum in Fiscals 2019, 2020 and 2021, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Acquisition of KFC Stores and Pro-forma Financial Information*" on page 326.

***Strengths***

***Portfolio of highly recognized global brands catering to a range of customer preferences***

We operate franchises of several highly recognized global QSR brands and are the largest franchise partner for Yum in India. Our Core Brands include: (i) KFC, a global chicken restaurant brand with over 25,000 restaurants in over 140 countries, as of December 31, 2020 (*Source: Yum! Brands Inc. Annual Report (10-K) available at: https://www.sec.gov/ix?doc=/Archives/edgar/data/1041061/000104106121000012/yum-20201231.htm*); (ii) Pizza Hut, the largest restaurant chain in the world specializing in the sale of ready-to-eat pizza products. Pizza Hut operates in the delivery, carryout and casual dining segments around the world with 17,639 restaurants, as of December 31, 2020. (*Source: Yum! Brands Inc. Annual Report (10-K) available at: https://www.sec.gov/ix?doc=/Archives/edgar/data/1041061/000104106121000012/yum-20201231.htm*); and (iii) Costa

Coffee, a global coffee shop chain with over 3,400 coffee shops in 31 countries. We are the non-exclusive sole franchisee for KFC and Pizza Hut in Nepal, and for KFC in Nigeria. We are also a franchisee for Costa Coffee in India. In addition, we own and operate stores of certain other brands that include Vaango, Food Street, Masala Twist, Ile Bar, Amreli, and Ckrussh Juice Bar. Our Core Brands Business as well as our Other Business offers a range of full and limited-service dining experiences not only in terms of cuisine, that includes a variety of offerings such as burgers, pizza, south-Indian food and street food, but also in terms of the format of offerings including dine-in, cafés, take-away, delivery, and drive-thrus. The KFC brand is associated with its vibrant, contemporary store designs, and signature menu items. This has enabled it to grow into an aspirational brand in India with new store and product launches garnering significant attention and interest. Pizza Hut's constant menu innovations and affordable pizza offerings make it a strong competitor in the Indian QSR industry, driving consumption of pizza as a regular meal rather than an occasional/ celebratory meal opportunity (*Source: GlobalData Report*).

We serve a wide range of customers across various price points. For example, for KFC we have worked with Yum to introduce innovative product offerings as well as a distinct value proposition, including '*KFC Happy New Wednesdays*', '*4 Value Burgers starting at ₹ 69*', '*Chicken Buckets starting at ₹ 199*', '*Zinger Tandoori Burger*', '*Chicken Lollipops*' and '*KFC Chizza*'. Our Pizza Hut customers span all age groups and include children, young adults and families. For Costa Coffee, we offer various service formats including stores and kiosks. We believe that the longevity and global recognition of these Core Brands and related quality and value offerings resonate with customers. Our close association with Yum and Costa and our ongoing investment in training, operations and marketing efforts in conjunction with them, has resulted in our Core Brands to further consolidate their leadership position in the QSR industry in India. For KFC and Pizza Hut, we work closely with Yum to recognize and implement measures addressing customer feedback across various parameters including food taste, service and hospitality standards and overall satisfaction. For Costa, we consistently measure delivery of brand standards in stores to facilitate continuous improvement in store performance. We continue to invest in marketing the Core Brands. For KFC and Pizza Hut, we are required to spend 6.00% of our gross revenues per store (excluding applicable taxes), as agreed between Yum and us, for advertising, promotion and marketing activities. We are able to further consolidate our leadership position in the QSR segment in India by leveraging our Core Brands, increasing brand recognition for our Other Business, innovative product offerings, digital offerings, delivery capabilities and robust supply chain management system.

***Multi-dimensional comprehensive QSR player***

We are a multi-dimensional comprehensive QSR player. Our close association with Yum together with our technical, marketing and operational expertise has enabled us to establish ourselves as a comprehensive player in the QSR industry in India with expertise and control in all areas of operations. The QSR channel has been rapidly growing in popularity in India, owing to factors such as rise in literacy, exposure to media, increase in disposable incomes, easier and greater availability and proliferation of internet. The sales value of the QSR channel is forecast to grow at a CAGR of 12.4% between 2020 – 2025. Economic recovery and greater investments from western fast-food chains are expected to drive growth (*Source: GlobalData Report*).

The parameters on which we focus include quality and safety, customer experience, digital adoption, delivery and our people and culture.

*Quality and Safety*. We are firmly committed to providing the highest level of food safety, hygienic food handling and quality product to our customers. Food quality and safety is an integral part of our operations and is accorded the highest priority levels. All our supplies and raw materials for our KFC and Pizza Hut stores are procured from reputed and pre-approved suppliers who adhere to international safety norms. For instance, for our KFC stores we buy traceable chicken from certain FSSAI certified vendors only. Our Costa Coffee stores follow stringent food safety protocols including implementation of quality cards to check food quality while receiving from suppliers and procuring certain supplies. In addition, store operation and compliance audits are routinely undertaken by us or by a third party on our stores to ensure compliance with cleanliness, hospitality, accuracy, maintenance, product quality and service.

*Customer Experience*. Our communication practices are aligned with consumer needs and preferences and are targeted at boosting overall customer experience across all our stores. We continuously look for ways to improve the experience of customers that visit our stores and/ or order our products. We continually invest in refurbishing our stores and improving the ambience of our stores. For customers that prefer to order or adopt an 'on-the-go' approach, we ensure that their ordering and delivery experience is seamless and efficient. We continuously focus on brand recall and customer connect through the extensive marketing campaigns of our Core Brands, including through social media, messaging and packaging of products.

*Digital Adoption*. We have actively adopted tech-enabled enhancements to provide our customers with a personalized and enriched dining experience and to increase our operational efficiency. The digital ordering and payment technologies we have adopted for the brands we operate has allowed us to optimize staffing at our stores and reduce associated costs for ordering and cash management. For example, during the COVID-19 pandemic at KFC stores consumers began accessing menus using QR codes, along with making payments digitally (*Source: GlobalData Report*). We are also focused on applying latest technologies to supply chain management and operations. We have an automated and integrated system where we are connected with various third parties including suppliers, food aggregators, third party riders, payment gateway service providers and messaging service providers. We work with Yum to leverage their technology platform to introduce global best practices as part of our operations.

*Delivery.* We are among the single largest QSR companies in India that is listed on the Swiggy platform and were among the largest QSR companies in India listed on the Zomato platform in the calendar years 2019 and 2020. We also have the non-exclusive right to open and operate delivery-focused Pizza Hut stores in all of India (excluding Tamil Nadu). In response to the COVID-19 pandemic, KFC and Pizza Hut were among the earliest brands in India to roll out contactless delivery in May 2020 and June 2020, respectively (*Source: GlobalData Report*). In May 2020, KFC introduced contactless takeaways from its restaurants. Consumers have been able to place an order that is prepaid on the KFC application, mSite, and website and collect the order. In June 2020, Pizza Hut adopted contactless dine-ins in its stores (*Source: GlobalData Report*). We continue to optimize our delivery services by creating synergies between our stores and delivery services, leveraging our extensive store network to improve operating efficiencies and increase margins. In order to reduce risk of disease transmission while ensuring increase in delivery sales, we have introduced 'kerb-side delivery' where we deliver customers' orders directly to where they are parked within designated regions near our stores. We have deployed an integrated model working with third-party delivery aggregators to increase traffic and have dedicated riders for KFC or Pizza Hut orders originated from our own platform.

*Culture and People*. Our employees are one of our greatest assets and that our transparent and open culture has helped us grow our operations over the years. All our store level employees are trained as per modules provided by the Core Brands or otherwise and undergo various certification processes to improve efficiency and quality of customer service. We ensure diversity and inclusion in our operations and operate stores that are managed only by women and specially abled persons and our riders and delivery personnel include women riders. Our diversity driven measures have led us to be awarded as one of "*India's 100 Best Workplaces for Women 2020*" and as a "*Great Workplace*" in 2018, by the Great Place to Work Institute, India.

***Presence across key consumption markets with a cluster-based approach***

We operated 655 stores across all brands and were present in 26 states and three union territories across 155 cities in India, as of March 31, 2021. We operated 696 stores across all brands and were present in 26 states and three union territories across 166 cities in India, as of June 30, 2021. We have a strong presence in key metro regions of Delhi NCR (comprising Faridabad, Ghaziabad, Gurgaon, Delhi and Noida), Bengaluru, Kolkata, Mumbai and Hyderabad. As of March 31, 2021 and June 30, 2021, we had 304 stores and 323 stores, respectively, of our Core Brands located in these five major metros in India.

In 2020, the quick-service restaurant channel led the industry in terms of the number of transactions and number of outlets. QSRs are expected to lead the foodservice industry in terms of growth in the number of outlets, at a CAGR of 6.5% between 2020 and 2025 (*Source: GlobalData Report*). We have established a standardized and scalable development model for our stores based on our know-how and experience that has led to faster and more cost-effective roll outs. Our expansion model is supported by streamlined store network planning, a robust supply chain network and an efficient staff recruitment and development program. Over the years, we have been consistently increasing the number of our stores both organically and inorganically. Stores in our Core Brands Business increased from 469 stores as of March 31, 2019 to 605 stores as of March 31, 2021, and was 645 stores as of June 30, 2021. Our expansion is driven by our ability to keep our costs low and implement economies of scale through operational leverage.

With our cluster-based expansion approach, we have been able to address demand in high-potential domestic markets. As of March 31, 2021, 76.69% of the stores in our Core Brands Business, i.e. 464 stores were located across 40 key cities in India while 50.25% of the stores in our Core Brands Business, i.e. 304 stores were present across five regions in India, i.e. Bengaluru, Kolkata, Hyderabad, Mumbai and Delhi NCR (comprising Faridabad, Ghaziabad, Gurgaon, Delhi and Noida). As of June 30, 2021, 75.35% of the stores in our Core Brands Business, i.e. 486 stores were located across 40 key cities in India while 50.08% of the stores in our Core Brands Business, i.e. 323 stores were present across five regions in India, i.e. Bengaluru, Kolkata, Hyderabad, Mumbai and Delhi NCR (comprising Faridabad, Ghaziabad, Gurgaon, Delhi and Noida). Our stores are situated in locations that have significant footfalls such as high street locations, shopping malls, food courts, airports, hospitals, business hubs and transit areas. We assess the location of each store on the basis of a number of factors including demographics, footfalls, accessibility, parking, delivery potential, consumption patterns and population density of the local community and availability of other restaurants within the area. Our portfolio of brands in our Other Business also helps us scale up our store network. We consider guest traffic and distance from existing stores under the same brand to minimize sales transfer that may occur from existing stores. Other factors we consider as part of our cluster based approach include retail presence at a particular location and the brand recognition and recall value of our Core Brands. In assessing the expansion of our store network, we target an optimal mix across different formats, including dine-in, delivery, take-away and drive-thrus. Our cluster-based approach allows us to optimize and manage our supply chain and associated costs. For example, we look to open new stores for KFC and Pizza Hut in close proximity to one another that allows us to reduce capital costs incurred during construction of the stores and logistics costs towards supply of raw materials to both stores. More stores in a particular area allows us to capitalize on economies of scale and results in lower operating costs per store and thereby ensuring higher unit-level profitability. In the cities in India that we currently operate KFC stores, we are the only franchisee of Yum to operate KFC stores, with the exception of captive markets (i.e. airports, railway stations) within the cities.

***Cross brand synergies with operating leverage***

We have expanded our operations in the last few years and have opened 72, 50 and 111 stores under our Core Brands Business in Fiscals 2019, 2020 and 2021, respectively. In addition, we acquired 13, 9 and 51 KFC stores from Yum in Fiscals 2019, 2020 and 2021, respectively. We have been able to leverage substantial operating synergies across the brands we operate. According to us, one of the most important aspects of our business that distinguishes us from our competitors is our focus on bringing cost efficiencies at each level.

We have streamlined business processes from conceptualization of our stores to execution of daily operations. Our sourcing, warehousing and distribution of our raw materials is centralized for particular regions and across our Core Brands Business. This reduces the storage space required at our stores, thereby enabling us to minimize our store operating costs, without incurring significant additional expenses at the commissary level. The vehicles we deploy for the delivery of raw materials to our stores are common across the Core Brands Business and also for stores of brands that form part of our Other Business. These vehicles are refrigerated to ensure that the ingredients are supplied in a temperature-controlled environment, which is monitored during transit to ensure quality and minimize wastage. We procure bread and bakery products for stores of our Core Brands from commissaries. Our policy of centralized sourcing from an optimal number of vendors further facilitates cost efficiencies enabling us to reduce our costs. We believe that with our multiple brands taking space in specific locations, this allows us to negotiate competitive lease rentals for our stores. We have an internal review committee comprising members of our senior management that meets frequently to review all new store proposals including aspects such as store location, population in the proposed location, presence of competition, expected sales, expected brand contribution-store level and payback period.

With our wide portfolio of brands and offerings, we are able to launch and operate smaller brands such as Vaango as we benefit from operating leverages derived from operating a wider brand portfolio. We believe we are able to negotiate competitive commercial terms for the locations of stores, leverage the supply chain and warehousing network of our Core Brands. We are also able to obtain competitive rates for raw materials given that we tap a common pool of suppliers and ensure consistency in service and delivery standards that we have gained from operating stores of our Core Brands.

### *Disciplined financial approach with focus on cash flows and returns*

Our revenue from operations was ₹ 13,105.98 million in Fiscal 2019 and increased by 15.70% to ₹ 15,163.86 million in Fiscal 2020. Our revenue from operations was ₹ 11,348.38 million in Fiscal 2021. EBITDA for Fiscal 2019, 2020 and 2021 was ₹ 2,789.62 million, ₹ 2,554.84 million and ₹ 2,269.28 million, respectively. Our EBITDA Margins were 21.29%, 16.85% and 20.00%, respectively, in such periods.

While our SSSG has been impacted on account of COVID-19, we have focused on improving the trend. As part of our commitment to cost containment, we undertake a ROI analysis prior to opening a store to determine the financial feasibility of the store. Our margin profile is supported by our strong Brand Contribution Margins of our Core Brands Business. Our Brand Contribution for our Core Brands Business was ₹ 1,690.87 million, ₹ 1,585.71 million and ₹ 1,587.35 million in Fiscals 2019, 2020 and 2021, respectively. Our SSSG and Brand Contribution for our Core Brands Business is set out below:

| **Particulars(1)** | **Fiscal** | | | **Three Months ended December 31, 2020** | **Three Months ended March 31, 2021** |
|---|---|---|---|---|---|
| | **2019** | **2020** | **2021** | | |
| | **(₹ million except percentages)** | | | | |
| **SSSG(2)** | | | | | |
| - KFC | 4.65% | 3.15% | (33.69)% | (13.00)% | 19.62% |
| - Pizza Hut | 4.67% | (3.68)% | (30.25)% | (11.01)% | 13.40% |
| - Costa Coffee | 2.72% | (4.38)% | (61.64)% | (55.92)% | (24.89)% |
| **Brand Contribution (3)(4) (₹ million)** | | | | | |
| - KFC | 853.65 | 972.66 | 1,181.70 | 423.16 | 574.64 |
| - Pizza Hut | 655.48 | 438.96 | 372.44 | 153.57 | 156.69 |
| - Costa Coffee | 181.73 | 174.09 | 33.21 | 27.11 | 25.81 |
| **Brand Contribution –Core Brands Business** | 1,690.87 | 1,585.71 | 1,587.35 | 603.83 | 757.13 |

*Notes:*

(1) *Information is limited to Core Brands Business.*

(2) *Same-store sales growth represents the period-over-period percentage change in net revenue from operations of all stores that have been open prior to the first day of the previous fiscal year and were operational in both fiscal years.*

(3) *Brand Contribution is calculated as revenue from operations at the store less (i) cost of materials consumed at the store; (ii) employee benefit expenses of employees at the store; and (iii) other expenses incurred at the store level.*

(4) *Not adjusted for the impact of Ind AS 116. For a reconciliation with Brand Contribution as adjusted for Ind AS 116, see "Management's Discussion and Analysis of Financial Condition and Results of Operation – Non-GAAP Measures" on page 339.*

For further information on other operational metrics in relation to our Core Brands Business, see " – *Our Operations – Core Brands Business*" on page 133.

Our net cash generated from operating activities was ₹ 2,395.57 million in Fiscal 2021, indicating support for our continued growth.

***Distinguished Board and experienced senior management team***

Our Board comprises individuals from various fields of finance and business with varied and diverse experience. Ravi Kant Jaipuria, one of our Promoters and Non-Executive Director on our Board, has over three decades of experience in conceptualizing, executing, developing and expanding food, beverages and dairy business in South Asia and Africa. He also has an established reputation as an entrepreneur and business leader and was awarded with the 'Distinguished Entrepreneurship Award' at the PHD Chamber Annual Awards for Excellence 2018. The experience of our Independent Directors helps ensure transparency and accountability in our operations across diverse functional aspects and their inputs enhance quality of our operations.

Our operations are conducted by a well-qualified and experienced management team that has significant experience in all aspects of our business. Each brand, whether owned or otherwise, that we operate has a dedicated team responsible for developing and delivering a superior brand experience. Our management team is led by our Whole-time Director (President & CEO), Virag Joshi, who has been a key strategist in expansion of Pizza Hut, KFC, Costa Coffee stores from a small base of five restaurants in 2002 to over 600 stores in the last 19 years. Our management team also comprises Manish Dawar, Whole-time Director and Chief Financial Officer, Rajat Luthra, CEO – KFC and Amitabh Negi, CEO – Pizza Hut, who have extensive experience in various sectors including FMCG, F&B and hospitality. The strength and quality of our management team and their understanding of the F&B industry enables us to identify and take advantage of strategic market opportunities. Their industry experience has enabled us to anticipate and capitalize on changing market trends, manage and grow our operations.

***Strategies***

***Strategically expand store network of our Core Brands Business***

We intend to continue to seek additional franchise opportunities for our Core Brands Business. In 2021, QSRs are expected to witness a better recovery compared to other channels, owing to their better suitability for takeaways. Investments of operators in expansion and technology will also drive the growth (*Source: GlobalData Report*). We intend to increase our store network by implementing our defined new-store roll out process and our cluster approach and penetration strategy with respect to store location, while aiming to achieve an optimal mix across our different types of restaurant formats in order to drive footfalls and compete effectively. As we expand our store network, we also intend to expand in new areas and markets where there is strong potential for growth.

*KFC and Pizza Hut*

Our focus will continue to remain on increasing sales across the KFC and Pizza Hut brands by opening additional stores. There are significant opportunities to expand within India, and we intend to focus our efforts on increasing our geographic footprint in both existing and new cities to capitalize on the growing market opportunity in India for QSR restaurants. In Fiscals 2019, 2020 and 2021, we opened 60, 46 and 107 new stores of KFC and Pizza Hut. In addition, we acquired 13, 9, and 51 KFC stores from Yum across five states in India in Fiscals 2019, 2020 and 2021, respectively. Under the terms of arrangements entered into between our Company and Yum, we are required to open certain additional number of KFC and Pizza Hut stores in India in the coming years. Our focus for Pizza Hut will be to move toward smaller store formats with a focus on delivery.

*Costa Coffee*

The coffee and tea channel is expected to grow at a CAGR of 15.0% between 2020 and 2025, primarily due to rising average transaction prices and transaction numbers. Future growth in this segment is attributed to rising demand from the young population, rapid urbanization, business culture, and western lifestyle (*Source: GlobalData Report*). We have recently entered into a non-binding Costa Term Sheet, pursuant to which we intend to amend the terms of the Costa IDA. For further information, see " – *Key Agreements – Costa Coffee Arrangements*" on page 157.

Subject to entering into a definitive agreement with Costa International Limited, we intend to develop stores across multi-business formats and explore new store formats including different store designs or service models aimed at addressing the needs of different customers and less capital-intensive models. We also intend to expand our stores in a manner that will ensure a better payback. These include developing smaller stores that are delivery and take-away focused. For further information, see " *– Focus on delivery channel for Core Brands"* below.

***Continue to improve unit-level performance***

Our endeavour will be to manage unit economics and achieve economies of scale. We believe that with further cost efficiencies we will be able to expand our store level profitability and Brand Contribution Margins. The growth of our stores will allow us to apportion fixed overheads costs such as brand building and administrative expenses across our store network which will improve our Brand Contribution Margins. In parallel, we have been able to rationalize certain stores that were loss-making to improve our overall store level profitability. Store rationalization will also help improve our margins going forward. Our large store network coupled with our supply chain infrastructure will allow us to improve our gross margins. Higher number of stores in a particular area will reduce the costs associated with transporting raw materials to our stores, thereby improving store level unit contribution. We believe these advantages will improve our operational performance. Going forward, we intend to work with Yum to re-engineer our menus and introduce high margin offerings aligned to target groups for home consumption. We also intend to switch from frozen supplies to chilled supplies which will reduce transportation and storage costs.

We will continue to focus on innovation and strengthen our value proposition of innovative product offerings. For instance, we have recently introduced a biryani offering and value burgers as part of our KFC offering. We also intend to launch targeted marketing campaigns for such value products. We intend to leverage our core menu items and work with Yum to introduce innovative menu items to meet evolving consumer preferences and local tastes, drive customer engagement and continue to broaden the brand appeal of our Core Brands. Our continued food innovation and value proposition will help enhance our unit-level performance by driving order frequency and order ticket size.

***Focus on delivery channel for Core Brands***

Given the COVID-19 pandemic, we anticipate considerable growth in the delivery business. Our revenues from our delivery channels (including takeaways) have grown over the last few years. Revenue generated from delivery sales represented 51.15% of our revenue from operations in our Core Brands Business in Fiscal 2020 and increased to 70.20% of our revenue from operations in our Core Brands Business in Fiscal 2021. We intend to continue to create synergies between stores of our Core Brands and our delivery services by taking advantage of our extensive store network to improve efficiency and increase margins. To facilitate our strategy, we intend to open additional stores for Pizza Hut and KFC that will be primarily focused on delivery. Our focus going forward will be to have limited dine-in capacity at our delivery focused stores.

In addition to taking advantage of the growing online delivery market we also intend to engage further with delivery aggregators. We believe that our own delivery and our collaboration with delivery aggregators will represent a significant portion of our sales compared to pre-COVID-19 period. We intend to work with third-party delivery aggregators to increase the number of dedicated riders for KFC and Pizza Hut to allow for greater control over delivery quality and improve our ability to make timely deliveries. We also have the non-exclusive right to open and operate delivery-focused Pizza Hut stores in all of India (excluding Tamil Nadu), and we believe that this will enable us to grow our delivery business further. We intend to collaborate further with Yum to provide data analytics on riders and route information to optimize business cycles and improve scheduling efficiency of riders.

***Invest in technology and focus on our digital capabilities***

We will continue to invest in technology to maintain our competitive advantage. We will focus on improving our overall technology infrastructure including digital and delivery capabilities. We believe these efforts will further support our sustainable growth, improve our operational efficiency and ensure quality. Going forward, we will continue to leverage our digital ecosystem to drive sales, improve the guest experience and increase operational efficiency.

We plan to increase our investment in end-to-end digitalization, automation, artificial intelligence and machine learning, to connect online traffic with our offline assets effectively. For instance, we intend to work with Yum to introduce chat bots as part of the website and mobile application to enhance customer service. To improve our operational efficiency, we will focus on connecting our front-end, guest facing systems to back-end systems such as operations and supply chain. We are working with Yum to improve our technology platform and further integrate our systems with Yum’s platform to ensure greater operational efficiency. Going forward, we will continue to optimize our delivery service by adopting innovative technologies and developing new delivery service concepts.

## OUR OPERATIONS

We broadly divide our business into the following three verticals: (i) KFC, Pizza Hut and Costa Coffee stores operated in India (KFC, Pizza Hut and Costa Coffee referred to as Core Brands, and the business in India referred to as the Core Brands Business); (ii) stores operated outside India, primarily comprising KFC stores and Pizza Hut stores (International Business); and (iii) other operations in the F&B industry, including stores of other brands such as Vaango and Food Street (Other Business).

The following table sets forth a breakdown of our revenue from operations by business vertical for the periods indicated:

| | Fiscal | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2020 | | 2021 | |
| | Amount (₹ million) | Percentage of Total Revenue from Operations | Amount (₹ million) | Percentage of Total Revenue from Operations | Amount (₹ million) | Percentage of Total Revenue from Operations |
| **Core Brands Business** | 9,776.06 | 74.59% | 11,085.23 | 73.10% | 9,535.69 | 84.02% |
| **International Business** | 1,103.66 | 8.42% | 1,491.06 | 9.83% | 1,153.58 | 10.17% |
| **Other Business** | 2,177.61 | 16.62% | 2,535.42 | 16.72% | 598.73 | 5.28% |
| **Other operating revenue (1)** | 48.65 | 0.37% | 52.14 | 0.34% | 60.38 | 0.53% |
| **Revenue from operations** | **13,105.98** | **100.00%** | **15,163.86** | **100.00%** | **11,348.38** | **100.00%** |

*Notes:*

1. *Other operating revenue comprises items that cannot be allocated business-wise and vary from period to period, and includes branding revenue and rent received.*

As of March 31, 2021, we had 692 stores, comprising 605 stores under our Core Brands Business, 37 stores under our International Business, and 50 stores under our Other Businesses. As of June 30, 2021, we had 735 stores, comprising 645 stores under our Core Brands Business, 39 stores under our International Business, and 51 stores under our Other Businesses.

**Core Brands Business**

As of March 31, 2021, we operated 605 stores of our Core Brands in India, comprising 264 KFC stores, 297 Pizza Hut stores and 44 Costa Coffee stores. As of June 30, 2021, we operated 645 stores of our Core Brands in India, comprising 284 KFC stores, 317 Pizza Hut stores and 44 Costa Coffee stores. We operate KFC and Pizza Hut stores based on various technology license agreements that we enter into with Yum, and trademark license agreements that we enter into with Kentucky Fried Chicken International Holdings LLC and Pizza Hut International LLC. We operate Costa Coffee stores based on the development agreement entered into with Costa.

Our Company has a strong 25 year long relationship with Yum, and Yum holds strategic equity in our Company. Yum! Brands Inc. through its affiliates, also has a minor equity stake in its other franchisee of KFC and Pizza Hut stores, located in Brazil (*Source: Yum! Brands Inc. Annual Report (10-K) available at: https://sec.report/Document/0001041061-21-000012/*).

The following table sets forth a breakdown of our revenue from operations under our Core Brands Business for the periods indicated:

| | Fiscal | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2020 | | 2021 | |
| | Amount (₹ million) | Percentage of Total Revenue from Operations | Amount (₹ million) | Percentage of Total Revenue from Operations | Amount (₹ million) | Percentage of Total Revenue from Operations |
| **Core Brands Business** | | | | | | |
| KFC | 4,641.14 | 35.41% | 6,091.34 | 40.17% | 6,442.64 | 56.77% |
| Pizza Hut | 4,232.88 | 32.30% | 4,174.27 | 27.53% | 2,879.09 | 25.37% |
| Costa Coffee | 902.04 | 6.88% | 819.62 | 5.41% | 213.95 | 1.88% |
| **Total** | **9,776.06** | **74.59%** | **11,085.23** | **73.10%** | **9,535.69** | **84.02%** |

**KFC India**

Our first KFC store in India opened in 2005 at Kolkata. As of March 31, 2021, we operated 264 KFC stores located in 21 states and two union territories, across 97 cities in India. As of June 30, 2021, we operated 284 KFC stores located in 21 states and two union territories, across 107 cities in India. We mainly operate two formats of our KFC stores, namely, a larger format with full service dining in capacities, and small-store formats to cater to delivery/ take-away orders with limited seating for customers/ riders waiting to pick-up orders.

The following map sets out an illustrative representation of the presence of our KFC stores across states in India as of March 31, 2021:


In the cities in India that we currently operate KFC stores, we are the only franchisee of Yum to operate KFC stores, with the exception of captive markets (i.e. airports, railway stations) within the cities. Our KFC stores in India are generally located in neighborhood markets in urban areas, such as high-street locations, shopping malls and food courts, business hubs, drive-thrus, and transit locations such as airports. We believe this enables us to compete effectively with other local restaurants in the QSR segment, as we are able to provide both delivery and dine-in options to our customers in such locations.

We operate our KFC stores pursuant to technology license agreements entered into with Yum ("**KFC TLA**"), and trademark license agreements entered into with KFC International ("**KFC TMA**") that are typically valid for a period of ten years with a one-time option to renew for a subsequent period of ten years. We enter into a KFC TLA and a KFC TMA for each store we open. Under the KFC TLAs, we are permitted to use the KFC restaurant formats, operating system and various standards, specifications, to operate our KFC stores, and under our KFC TMAs, we are permitted to use the trademarks, copyrights, patents and other intellectual property under the KFC brand, that are required to operate our KFC stores. These agreements govern all customer-facing operations of our stores including product innovation and development, menu architecture, product and services pricing, marketing initiatives, and supplier selection. We also execute commercial letters between our Company and Yum that require us to develop new KFC stores in India. For further information on these arrangements, see " *– Key Agreements – KFC Arrangements"* on page 148.

As the largest franchise partner for Yum in India, we are actively involved in various decision-making processes on key branding aspects such as marketing campaigns, brand placement and customer acquisition and retention strategies. We periodically review the performance of KFC stores to evaluate growth opportunities and collaborate with Yum on implementing growth plans.

The following table sets forth certain key financial and operational information on our KFC stores in India for the periods indicated:

| | As of/ for the years ended March 31, | | | As of/ for the three months ended | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | December 31, 2020 | March 31, 2021 |
| Stores (1) | 134 | 172 | 264 | 240 | 264 |
| Cities | 57 | 76 | 97 | 88 | 97 |
| SSSG(2) | 4.65% | 3.15% | (33.69)% | (13.00)% | 19.62% |
| Revenue from Operations (₹ million) | 4,641.14 | 6,091.34 | 6,442.64 | 2,210.53 | 2,540.30 |
| Average Daily Sales per store (₹) (3) | 113,851.63 | 116,740.36 | 100,269.94 | 112,237.20 | 118,498.04 |

| | As of/ for the years ended March 31, | | | As of/ for the three months ended | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | December 31, 2020 | March 31, 2021 |
| Average Daily Transactions per store (4) | 283.96 | 285.57 | 197.21 | 219.99 | 238.20 |
| Average Transaction Size (₹) (5) | 400.94 | 408.80 | 508.44 | 510.20 | 497.46 |
| Brand Contribution – Store Level (6) (7) | 853.65 | 972.66 | 1,181.70 | 423.16 | 574.64 |
| Brand Contribution – Store Level Margin (8) | 18.39% | 15.97% | 18.34% | 19.14% | 22.62% |

*Notes:*

*(1) Stores refers to the number of stores at the end of the relevant period*

*(2) Same-store sales growth represents the period-over-period percentage change in net revenue from operations of all stores that have been open prior to the first day of the previous fiscal year and were operational in both fiscal years.*

*(3) Average daily sales is calculated by dividing store sales during the period by number of days these stores were operational during the period*

*(4) Average daily transactions is Average Daily Sales per store divided by Average Transaction Size per store*

*(5) Average transaction size is calculated by dividing store sales during the period by number of orders during the period.*

*(6) Brand Contribution is calculated as revenue from operations at the store less (i) cost of materials consumed at the store; (ii) employee benefit expenses of employees at the store; and (iii) other expenses incurred at the store level.*

*(7) Not adjusted for the impact of Ind AS 116. For a reconciliation with Brand Contribution as adjusted for Ind AS 116, see "Management's Discussion and Analysis of Financial Condition and Results of Operation – Non-GAAP Measures" on page 339.*

*(8) Brand Contribution as a percentage of revenue from operations*

Set forth below are the number of KFC stores we opened in India during the periods indicated:

| Fiscal Year | KFC Stores Opened |
|---|---|
| 2019 | 25 |
| 2020 | 31 |
| 2021 | 50 |

In addition, we acquired 13, 9, and 51 KFC stores from Yum, in Fiscal 2019, 2020 and 2021, respectively. For further information on the acquisition, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Acquisition of KFC Stores and Pro-forma Financial Information*" on page 326. We continue to evaluate various new locations for meeting these commitments and carrying out further expansion.

*Value Proposition*

Our KFC stores have an extensive menu featuring fried chicken buckets and allied chicken products, grilled chicken, burgers, rice bowls, and beverages.

We believe KFC's core offerings of fried chicken products with select herbs and spices are an unique offering in the Indian QSR industry, as there is no other recognized international chain of restaurants that has successfully been able to introduce fried chicken products in India. We believe this gives our KFC stores a competitive advantage within the niche space.

Being among the first international chains that entered the Indian QSR industry in 1996, the KFC brand is associated with its vibrant, contemporary store designs, and signature menu items. We believe this has enabled it to grow into an aspirational brand in India with new store and product launches garnering significant attention and interest.

*Marketing for KFC*

Marketing for KFC is carried out by Yum. We are required to spend (in accordance with Yum's directions) 6.00% of our gross revenues for the relevant store (excluding applicable taxes) in connection with the advertisement, promotion and marketing activities as contemplated in the KFC TLA. Out of the 6.00%, we are required to contribute 5.00% to Yum, and spend 1.00% of our gross revenues per store, for localized/ store-based promotion and marketing activities.

The KFC brand in India is led by the chief marketing officer at Yum, supported by an experienced team of marketing professionals. Our business heads and marketing managers collaborate with the team at Yum to drive the marketing strategy of the brand through periodic engagements and regular correspondence.

KFC's core marketing strategy revolves around creating a brand that is relevant, easy and distinctive for all its customers. The brand focuses on its core items of fried chicken, and seeks to increase its accessibility through multiple channels across different operational aspects, such as through aggregators for food delivery and different payment channels for convenient customers transactions. Initiatives are focused on expanding the target-group profile of consumers of KFC, by having a social media presence, introducing customized offers of bundle meals/ combo meals to target select groups, carrying out campaigns and communication for different regions in India in vernacular languages, introducing innovative items suited to the Indian palate such as biryani, and leveraging on festivals/ other occasions to bring out more targeted campaigns.

**Pizza Hut India**

Our first Pizza Hut store in India opened in 1997 at Jaipur. As of March 31, 2021, we operated 297 Pizza Hut stores located in 20 states and three union territories, across 100 cities in India, including in all the major states other than Tamil Nadu. As of June 30, 2021, we operated 317 Pizza Hut stores located in 20 states and three union territories, across 106 cities in India. We mainly operate two formats of our Pizza Hut stores, namely, a larger format with full service dining-in capacities, and small-store formats to cater to delivery/ take-away orders with limited seating for customers/ riders waiting to pick-up orders.

The following map sets out an illustrative representation of the presence of our Pizza Hut stores across states in India as of March 31, 2021:


Our Pizza Hut stores in India are generally located in neighborhood markets in urban areas, such as high-street locations, shopping malls and food courts, business hubs, drive-thrus, and transit locations such as airports. We believe this enables us to compete effectively with other local restaurants in the QSR segment, as we are able to provide both delivery and dine-in options to our customers in such locations.

We operate our Pizza Hut stores pursuant to technology license agreements entered into with Yum ("**PH TLA**"), and trademark license agreements entered into with Pizza Hut International LLC ("**PH TMA**"), that are typically valid for a period of ten years with a one-time option to renew for a subsequent period of ten years. We enter into a PH TLA and a PH TMA for each store we open. Under the PH TLAs, we are permitted to use the Pizza Hut restaurant formats, operating system and various standards, specifications, to operate our Pizza Hut stores, and under our PH TMAs, we are permitted to use the trademarks, copyrights, patents and other intellectual property under the Pizza Hut brand, that are required to operate our Pizza Hut stores. These agreements govern all customer-facing operations of our stores including product innovation and development, menu architecture, product and services pricing, marketing initiatives, and supplier selection. We also execute commercial letters between our Company and Yum that require us to develop new Pizza Hut stores in India. For further information on these arrangements, see " – *Key Agreements – Pizza Hut Arrangements"* on page 153.

Similar to KFC, we are also involved in various decision-making processes on key branding aspects of our Pizza Hut stores such as marketing campaigns, branding strategies, customer acquisition and retention strategies. We periodically review the performance of Pizza Hut stores to evaluate growth opportunities and collaborate with Yum on implementing growth plans.

The following table sets forth certain key financial and operational information on our Pizza Hut stores in India for the periods indicated:

| | As of/ for the years ended March 31, | | | As of/ for the three months ended | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | December 31, 2020 | March 31, 2021 |
| Stores (1) | 268 | 269 | 297 | 273 | 297 |
| Cities | 83 | 82 | 100 | 89 | 100 |
| SSSG(2) | 4.67% | (3.68)% | (30.25)% | (11.01)% | 13.40% |
| Revenue from Operations (₹ million) | 4,232.88 | 4,174.27 | 2,879.09 | 951.19 | 1,035.90 |
| Average Daily Sales per store (₹)(3) | 44,679.31 | 43,917.64 | 34,900.35 | 40,464.33 | 41,787.78 |
| Average Daily Transactions per store (4) | 93.82 | 94.05 | 65.82 | 76.03 | 80.43 |
| Average Transaction Size (₹) (5) | 476.25 | 466.96 | 530.22 | 532.19 | 519.54 |
| Brand Contribution – Store Level (6) (7) | 655.48 | 438.96 | 372.44 | 153.57 | 156.69 |
| Brand Contribution – Store Level Margin (8) | 15.49% | 10.52% | 12.94% | 16.14% | 15.13% |

*Notes:*

(1) *Stores refers to the number of stores at the end of the relevant period*

(2) *Same-store sales growth represents the period-over-period percentage change in net revenue from operations of all stores that have been open prior to the first day of the previous fiscal year and were operational in both fiscal years.*

(3) *Average daily sales is calculated by dividing store sales during the period by number of days these stores were operational during the period*

(4) *Average daily transactions is Average Daily Sales per store divided by Average Transaction Size per store*

(5) *Average transaction size is calculated by dividing store sales during the period by number of orders during the period.*

(6) *Brand Contribution is calculated as revenue from operations at the store less (i) cost of materials consumed at the store; (ii) employee benefit expenses of employees at the store; and (iii) other expenses incurred at the store level.*

(7) *Not adjusted for the impact of Ind AS 116. For a reconciliation with Brand Contribution as adjusted for Ind AS 116, see "Management's Discussion and Analysis of Financial Condition and Results of Operation – Non-GAAP Measures" on page 339.*

(8) *Brand Contribution as a percentage of revenue from operations*

Set forth below are the number of Pizza Hut stores we opened in India during the periods indicated:

| Fiscal Year | Pizza Hut Stores Opened |
|---|---|
| 2019 | 35 |
| 2020 | 15 |
| 2021 | 57 |

We continue to evaluate various new locations for meeting these commitments and carrying out further expansion.

*Value Proposition*

In addition to the original pan pizza offering, our Pizza Hut stores have an extensive menu featuring pizzas, pasta, beverages and desserts.

Pizza Hut's constant menu innovations and affordable pizza offerings make it a strong competitor in the Indian QSR industry, driving consumption of pizza as a regular meal rather than an occasional/ celebratory meal opportunity.

*Marketing for Pizza Hut*

Marketing for Pizza Hut is carried out by Yum. We are required to spend (in accordance with Yum's directions) 6.00% of our gross revenues for the relevant store (excluding applicable taxes) in connection with the advertisement, promotion and marketing activities as contemplated in the KFC TLA. Out of the 6.00%, we are required to contribute 5.00% to Yum, and spend 1.00% of our gross revenues per store, for localized/ store-based promotion and marketing activities.

The Pizza Hut brand in India is led by the chief marketing officer at Yum, supported by an experienced team of marketing professionals. Our business heads and marketing managers collaborate with the team at Yum to drive the marketing strategy of the brand through periodic engagements and regular correspondence.

Pizza Hut's core marketing strategy revolves around creating a brand that is relevant, easy and distinctive for all its consumers. The brand focuses on its core items of pan pizzas, by offering affordable options and increasing its accessibility through multiple channels across different operational aspects, such as through aggregators for food delivery and different payment channels for convenient customers transactions. Marketing activities involve innovation with the aim to periodically introduce new products, and capitalize on seasonal demand and festivals/ occasions. Brand promotion is also carried out by launching brand-driven occasions, such as 'Unlimited Pizza Fridays'. To increase relevance of the Pizza Hut brand, initiatives are focused on expanding the target-group profile of consumers of Pizza Hut., including through digital media and carrying out campaigns and communication for different regions in India in vernacular languages, and maximizing transactions on festivals/ other occasions.

***Costa Coffee***

Our first Costa Coffee store in India opened in 2005 at Delhi. As of March 31, 2021 and June 30, 2021, we operated 44 Costa Coffee stores located in eight states and one union territory, across 17 cities in India. We currently operate two formats of Costa

Coffee stores, namely, our full retail stores at high-street locations and malls, and branded kiosks at airports, hospitals and food courts at highways.

The following map sets out an illustrative representation of the presence of our Costa Coffee stores across states in India as of March 31, 2021:


We operate our Costa Coffee stores pursuant to an international development agreement entered into with Costa International Limited ("**Costa**") dated September 28, 2004 (the "**Development Agreement**"), amended subsequently by a deed of variation dated January 28, 2010 (the "**Deed of Variation**") together with side letters and variation letters issued by Costa from time to time (together with the Development Agreement, the "**Costa IDA**"). The Costa IDA was initially valid until December 31, 2014, and has been periodically renewed for two successive terms of five years each. In accordance with the Costa IDA, each store we open is subject to the grant of a trading certificate/ operational agreement by Costa. The Costa IDA grants us the right to operate and maintain Costa Coffee stores developed by us using the Costa trade names and marks, and know-how, in certain territories in India. In addition, we are in the process of revising the terms of the Costa IDA and such revised terms are under negotiation. To this effect, we have entered into a non-binding heads of terms with Costa that is subject to execution of a definitive agreement. For further information on our Costa IDA and the heads of terms, see " *– Key Agreements – Costa Coffee Arrangements"* on page 157.

Under Costa IDA, we are required to procure products for our Costa Coffee stores either from Costa or suppliers nominated/ approved by Costa. The Costa IDA provides us with flexibility over our operations with respect to product innovation and development, menu architecture, product and services pricing, marketing initiatives, and management of our supply chain, subject to compliance with quality standards and specifications provided by Costa. We have historically received the support of Costa through its approval process of our menu items, ingredients, suppliers and distributors. For further information on our Costa IDA, see " *– Key Agreements – Costa Coffee Arrangements"* on page 157.

The following table sets forth certain key financial and operational information on our Costa Coffee stores for the periods indicated:

| | As of/ for the years ended March 31, | | | As of/ for the three months ended | |
|---|---|---|---|---|---|
| | **2019** | **2020** | **2021** | **December 31, 2020** | **March 31, 2021** |
| Stores [(1)] | 67 | 63 | 44 | 45 | 44 |
| Cities | 16 | 18 | 17 | 17 | 17 |
| SSSG[(2)] | 2.72% | (4.38)% | (61.64)% | (55.92)% | (24.89)% |
| Revenue from Operations (₹ million) | 902.04 | 819.62 | 213.95 | 76.07 | 85.25 |

| | As of/ for the years ended March 31, | | | As of/ for the three months ended | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | December 31, 2020 | March 31, 2021 |
| Average Daily Sales per store (₹)(3) | 37,458.36 | 37,413.61 | 18,510.09 | 20,705.75 | 24,592.25 |
| Average Daily Transactions per store (4) | 123.08 | 117.25 | 57.80 | 67.48 | 68.74 |
| Average Transaction Size (₹) (5) | 304.35 | 319.10 | 320.23 | 306.82 | 357.76 |
| Brand Contribution (6) (7) | 181.73 | 174.09 | 33.21 | 27.11 | 25.81 |
| Brand Contribution Margin (8) | 20.15% | 21.24% | 15.52% | 35.63% | 30.27% |

*Notes:*
*(1) Stores refers to the number of stores at the end of the relevant period.*
*(2) Same-store sales growth represents the period-over-period percentage change in net revenue from operations of all stores that have been open prior to the first day of the previous fiscal year and were operational in both fiscal years.*
*(3) Average daily sales is calculated by dividing store sales during the period by number of days these stores were operational during the period*
*(4) Average daily transactions is Average Daily Sales per store divided by Average Transaction Size per store*
*(5) Average transaction size is calculated by dividing store sales during the period by number of orders during the period.*
*(6) Brand Contribution is calculated as revenue from operations at the store less (i) cost of materials consumed at the store; (ii) employee benefit expenses of employees at the store; and (iii) other expenses incurred at the store level.*
*(7) Not adjusted for the impact of Ind AS 116. For a reconciliation with Brand Contribution as adjusted for Ind AS 116, see "Management's Discussion and Analysis of Financial Condition and Results of Operation – Non-GAAP Measures" on page 339.*
*(8) Brand Contribution as a percentage of revenue from operations*

Set forth below are the number of Costa Coffee stores we opened in India during the periods indicated:

| Fiscal Year | Costa Coffee Stores Opened |
|---|---|
| 2019 | 12 |
| 2020 | 4 |
| 2021 | 4 |

*Value Proposition*

Our Costa Coffee stores have an extensive menu featuring coffee, sandwiches, wraps, Indian snacks, desserts, and other beverages.

*Marketing for Costa Coffee*

Under the Costa IDA, we are obligated to spend at least 2.00% of the gross sales (excluding GST) of our Costa Coffee stores on local marketing activities, based on a marketing plan approved by Costa and as may be required by Costa from time to time.

Our marketing strategy for Costa Coffee revolves around serving more cups of coffee to more people, more often. We seek to achieve this by driving awareness and preference for coffee on different occasions in various settings, including as a morning breakfast beverage, lunch accompaniment, as a recess drink, or post-work beverage.

Costa's multi-business formats include stores with seating, and kiosks without seating, to cater to different stages of a customer's lifecycle/ preferences. Marketing initiatives are focused on leveraging the digital ecosystem to strengthen the brand. We continue to rely on our digital mediums and CRM to engage with customers and acquire new users, and are focused on leveraging social media platforms and digital advertising avenues to improve brand awareness brand recall.

**International Business**

As of March 31, 2021, we had 35 stores of our Core Brands outside India, comprising 32 KFC stores and three Pizza Hut stores. In addition, we operated two stores of another brand outside India as of March 31, 2021. As of June 30, 2021, we had 37 stores of our Core Brands outside India, comprising 34 KFC stores and three Pizza Hut stores, and two stores of another brand.

We operate KFC and Pizza Hut stores in Nepal, and KFC stores in Nigeria, on a non-exclusive sole franchisee basis.

The following table sets forth a breakdown of our revenue from operations under our International Business for the periods indicated:

| | Fiscal | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2020 | | 2021 | |
| | Amount (₹ million) | Percentage of Total Revenue from Operations from International Business | Amount (₹ million) | Percentage of Total Revenue from Operations from International Business | Amount (₹ million) | Percentage of Total Revenue from Operations from International Business |
| **International Business** | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Nigeria | 763.61 | 69.19% | 1,131.54 | 75.89% | 932.29 | 80.82% |
| Nepal | 340.05 | 30.81% | 359.53 | 24.11% | 221.28 | 19.18% |
| **Total** | **1,103.66** | **100.00%** | **1,491.06** | **100.00%** | **1,153.57** | **100.00%** |

The following table sets forth certain information on the EBITDA for our International Business for the periods indicated:

| | Fiscal | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2020 | | 2021 | |
| | EBITDA (₹ million) | EBITDA Margin | EBITDA (₹ million) | EBITDA Margin | EBITDA (₹ million) | EBITDA Margin |
| **International Business** | | | | | | |
| Nigeria | 171.02 | 22.40% | 245.78 | 21.72% | 220.66 | 23.67% |
| Nepal | 69.00 | 20.29% | 74.18 | 20.63% | 51.86 | 23.44% |
| **Total** | **240.02** | **21.75%** | **319.96** | **21.46%** | **272.52** | **23.62%** |

*EBITDA has been calculated as follows: Restated profit/ (loss) for the year plus(i) tax expense; (ii) exceptional items; (iii) Impairment; (iv) Finance costs; and (v) depreciation and amortization; less other income.*

**Other Business**

In addition to our Core Brands Business and International Business, we operate stores of other brands such as Vaango, The Food Street, Ile Bar, AMRELI, Ckrussh Juice Bar, among others. We typically operate these in the form of outlets within larger food courts in malls and airports.

***Vaango***

We launched our own brand 'Vaango', a south Indian QSR chain in 2011. Our first Vaango outlet in India opened in 2011, at Noida. As of March 31, 2021, we operated 26 Vaango outlets located in eight states and one union territory, across 15 cities in India. As of June 30, 2021, we operated 27 Vaango outlets located in eight states and one union territory, across 15 cities in India. In Fiscal 2019, 2020 and 2021, we opened 12, 11 and 2 new Vaango outlets in India.

Our Vaango outlets are generally located in food courts in malls and shopping complexes. We believe that this enables us to compete effectively with other regional outlets in the QSR segment.

We place emphasis on ensuring that we procure high-quality raw materials and equipment, enabling us to provide quality products in an attractive environment in a timely fashion to our customers.

Our Vaango stores have an extensive menu featuring staple South Indian snacks such as dosas, idlis and vadas.

***Others***

We also operate food courts, restaurants and bars for brands such as 'The Food Street', 'Ckrushh', 'Ile Bar', among others. We operate these outlets across food courts at airports, malls, highways, and hospitals.

**NETWORK OF STORES**

***Core Brands Business***

With over 20 years of operations, we have developed extensive operational experience in the Indian market. As of March 31, 2021, we operated 605 stores of our Core Brands Business across 155 cities in India. As of June 30, 2021, we operated 645 stores of our Core Brands Business across 166 cities in India.

The following table sets forth total number of stores in our Core Brands Business in the periods indicated:

| | Fiscal | | | Three Months ended | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | December 31, 2020 | March 31, 2021 |
| **Core Brands Business Total** | | | | | |
| Number of units at the beginning of the period | 412 | 469 | 504 | 527 | 558 |
| Number of new units opened during the period | 72 | 50 | 111 | 51 | 50 |
| Number of new units acquired during the period | 13 | 9 | 51 | 8 | 0 |
| Number of units closed during the period (1) | 28 | 24 | 61 | 28 | 3 |
| **Number of units at the end of the period** | **469** | **504** | **605** | **558** | **605** |
| | | | | | |
| **KFC** | | | | | |
| Number of units at the beginning of the period | 99 | 134 | 172 | 214 | 240 |
| Number of new units opened during the period | 25 | 31 | 50 | 22 | 26 |
| Number of new units acquired during the period | 13 | 9 | 51 | 8 | 0 |
| Number of units closed during the period (1) | 3 | 2 | 9 | 4 | 2 |
| **Number of units at the end of the period** | **134** | **172** | **264** | **240** | **264** |
| | | | | | |

| | Fiscal | | | Three Months ended | |
|---|---|---|---|---|---|
| | **2019** | **2020** | **2021** | **December 31, 2020** | **March 31, 2021** |
| **Pizza Hut** | | | | | |
| Number of units at the beginning of the period | 244 | 268 | 269 | 258 | 273 |
| Number of new units opened during the period | 35 | 15 | 57 | 28 | 24 |
| Number of units closed during the period | 11 | 14 | 29 | 13 | 0 |
| **Number of units at the end of the period** | **268** | **269** | **297** | **273** | **297** |
| | | | | | |
| **Costa Coffee** | | | | | |
| Number of units at the beginning of the period | 69 | 67 | 63 | 55 | 45 |
| Number of new units opened during the period | 12 | 4 | 4 | 1 | 0 |
| Number of units closed during the period | 14 | 8 | 23 | 11 | 1 |
| **Number of units at the end of the period** | **67** | **63** | **44** | **45** | **44** |
| | | | | | |

*1. Includes 1 store that was acquired pursuant to the KFC Store Acquisition*

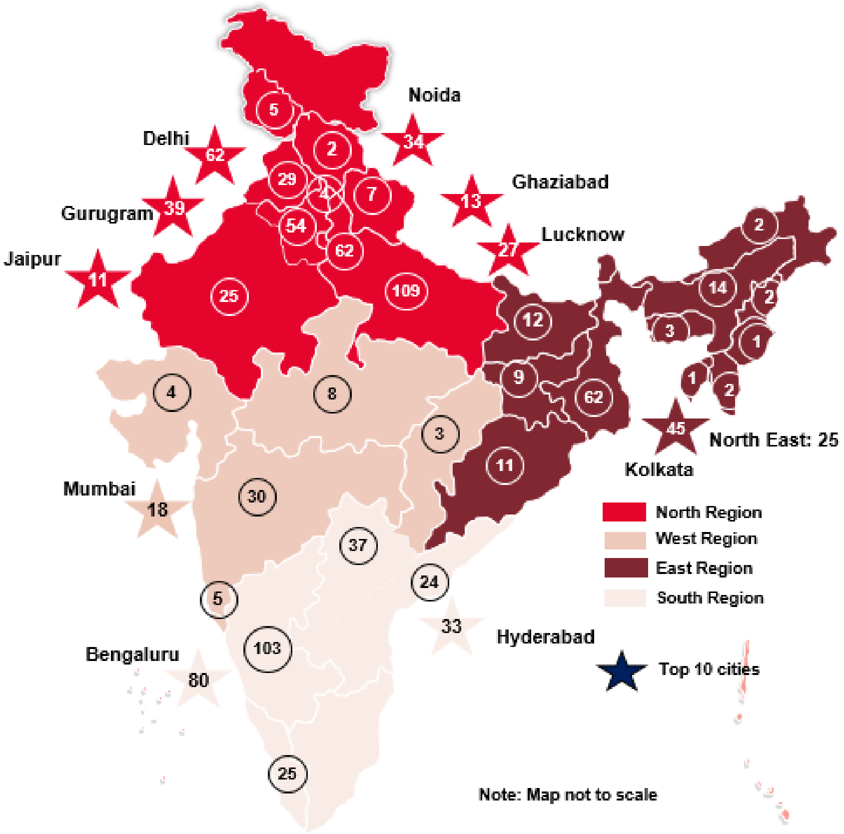
Our store closures are primarily due to termination or non-renewal of leases, store relocations and other commercial reasons, including closure of under-performing stores.

The following table sets forth the total number of operational stores of our Core Brands Business in the top 10 cities (based on number of stores as of March 31, 2021) as of March 31, 2019, 2020 and 2021, in India:

| **Top Ten Cities** | **As of March 31,** | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| Bengaluru | 23 | 30 | 80 |
| New Delhi | 67 | 70 | 54 |
| Kolkata | 39 | 39 | 42 |
| Gurgaon | 35 | 34 | 34 |
| Noida | 30 | 29 | 28 |
| Hyderabad | 16 | 25 | 32 |
| Lucknow | 18 | 18 | 19 |
| Mumbai | 20 | 16 | 15 |
| Ghaziabad | 13 | 12 | 12 |
| Jaipur | 9 | 9 | 9 |
| **Total** | **270** | **282** | **325** |

*1. NCR comprises Faridabad, Ghaziabad, Gurgaon, Delhi, and Noida and we had 135 stores in NCR as of March 31, 2021.*

The following map sets out an illustrative representation of the location and number of stores in a state and clusters across India with respect to our stores in India, as of March 31, 2021:




The following table set forth the region-wise number of operational stores in our Core Brands Business, as of the dates indicated:

| Location | Number of Stores as of March 31, 2021 | | Number of Stores as of June 30, 2021 | |
|---|---|---|---|---|
| | Number of Stores | % of Total | Number of Stores | % of Total |
| North Region | 254 | 41.99% | 262 | 40.62% |
| East Region | 116 | 19.17% | 123 | 19.07% |
| West Region | 47 | 7.77% | 49 | 7.60% |
| South Region | 188 | 31.07% | 211 | 32.71% |
| **Total** | **605** | **100.00%** | **645** | **100.00%** |

1. *North Region comprises Chandigarh (UT), Delhi (UT), Haryana, Himachal Pradesh, Jammu and Kashmir (UT), Punjab, Rajasthan, Uttar Pradesh, and Uttarakhand*
2. *East Region comprises Arunachal Pradesh, Assam, Bihar, Jharkhand, Manipur, Meghayala, Mizoram, Nagaland, Odisha, Tripura, and West Bengal*
3. *West Region comprises Chhattisgarh, Goa, Gujrat, Madhya Pradesh, and Maharashtra*
4. *South Region comprises Andhra Pradesh, Karnataka, Kerala, and Telangana*

### *International Business*

As of March 31, 2021, we operated 37 stores outside India, including two stores of another brand. As of June 30, 2021, we operated 39 stores outside India, including two stores of another brand.

| | Fiscal | | | Three Months ended | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | December 31, 2020 | March 31, 2021 |
| Number of units at the beginning of the period | 32 | 33 | 35 | 35 | 36 |
| Number of new units opened during the period | 1 | 2 | 3 | 1 | 1 |
| Number of units closed during the periods | 0 | 0 | 1 | 0 | 0 |
| **Number of units at the end of the period** | 33 | 35 | 37 | 36 | 37 |

### *Other Business*

As of March 31, 2019, 2020 and 2021, we had 64, 71 and 50 stores, respectively, of other brands under our Other Business. As of June 30, 2021, we had 51 stores of other brands under our Other Business.

**New Store Roll Out**

Our growth across our Core Brands has been facilitated by a well-defined new-store roll out process that enables us to identify locations and build our stores quickly, consistently and efficiently. We have built our store network using a cluster approach and penetration strategy with the objective to provide greater convenience and accessibility for our customers across the relevant geography. We target high traffic and high visibility locations in key metropolitan areas and cities across India and then develop new store units within that cluster.

Our stores operate primarily in five different locations/ sites: (i) high street locations, which typically have high impact and high visibility locations for brand awareness; (ii) shopping malls and food courts, which are both ready catchments to drive footfalls; (iii) business hubs; (iv) drive-thrus, which have high affinity with customers due to convenience; and (v) transit locations, which we believe presents a significant opportunity given India's current promotion of infrastructure projects across the country.

Despite the ongoing COVID-19 pandemic, we have continued to expand our store network and in the six months ended March 31, 2021, we opened 109 stores in our Core Brands Business.

Our new store roll-out process for all our Core Brands involves the following:

*Site identification*. We have developed a standardized site evaluation process that involves our management's inputs as well as collecting comprehensive data, which we use to analyze the feasibility of operating a store at the site. Our senior management personnel, members of the business development team and operations team, are required to approve each new store location and opening. The site selection team also meets periodically to review new site opportunities and approve new locations. Each new KFC and Pizza Hut store location requires the approval of Yum, and each new Costa Coffee store requires the approval of Costa. We endeavor to identify common/ adjacent sites for our Core Brands, to increase efficiencies of our supply chain. We believe this approach also allows us to negotiate competitive lease rentals for our stores.

*Site evaluation*. We engage real estate agents to identify locations with high footfalls and visibility. Once a potential location has been identified, we evaluate the site based on several factors including:

- publicly available demographic data;
- market surveys which we commission to industry consultants to better understand the local customer base in terms of per capital income levels, dining preferences and choices;
- survey of surrounding areas and other tenants in the area to determine presence of footfall drivers such as movie halls;
- rental costs and common area maintenance charges;
- presence of competition in the surrounding area;
- size of the location and relative visibility of the site for branding activities.

We evaluate each proposed location based on certain pre-defined criteria. These criteria vary based on the proposed store format, as set out below:

- *High street locations:* We evaluate footfalls and surrounding populations and determine if there are similar QSR and retail brands in the vicinity;
- *Shopping malls and food courts: We focus on the presence of 'big box' department store, movie theatres and supermarkets, and also operate kiosks/ small-stores in hospitals;*
- *Business hubs:* We evaluate the demography in terms of age group and dining preferences, and if there are similar QSR and retail brands in the vicinity.
- *Drive-thrus*: We focus on areas that meet minimum vehicles-per-day traffic flow targets based on the location; and
- *Transit locations*: We focus on high footfall areas, such as airports and railway/ metro stations, in order to capitalize on the growing number of infrastructure projects across India.

*Site finalization*. Once a location is identified and evaluated for roll out, we undertake initial due diligence of the site, secure a lease for the site utilizing our network of real estate agents and seek to finalize commercial negotiations and documentation swiftly. Negotiations with landlords/ mall developers/ lessors are handled by our in-house business development team.

*Site development.* Our store roll-out process is managed by dedicated project teams and empaneled contractors. These teams are required to ensure compliance with pre-defined layouts and pre-approved standardized equipment, as specified in the KFC TLAs and PH TLAs for KFC and Pizza Hut stores, and as approved by Costa for the Costa Coffee stores, in order to achieve rollout efficiently. We engaged contractors to carry out development works, and for fit-outs at our Costa Coffee stores, we were required to engage contractors approved by Costa. We also have dedicated teams to establish the store's kitchen and seating area in a manner consistent with the relevant brand's global standards.

In addition, our Costa Coffee stores may be subject to an inspection by representatives of Costa prior to grant of a trading certificate by Costa.

*Store Opening Fees.* For each store that we open under our Core Brands Business, we are required to pay an initial fee. Under the KFC TLAs and Pizza Hut TLAs for stores opened in 2021, we were required to pay US$ 53,400 (subject to US CPI index) and US$ 26,700 (subject to US CPI index) for each KFC store and Pizza Hut store opened, respectively. Under the Costa IDA, we are required to pay a nominal fee for every Costa Coffee store opened. In addition:

- Under the KFC TLAs, we are required to pay a continuing fee amounting to 6.30% of the revenues of each KFC store as consideration for the right to use the KFC restaurant formats and operating systems.

- Under the PH TLAs, we are required to pay a continuing fee amounting to 6.30% of the revenues of each Pizza Hut store as consideration for the right to use the Pizza Hut restaurant formats and operating systems.

- Under the Costa IDA, we are required to pay a franchisee fee amounting to 6.00% of the sales (excluding GST) of each Costa Coffee store as consideration for the right to sell coffee products and use the Costa brand.

For further information on these agreements, see " – *Key Agreements*" on page 148.

*Store Launch*

Prior to the opening of a new store we actively carry out localized promotions and marketing initiatives. We typically launch these activities two weeks before proposed store opening. Our promotional campaigns include reaching out to catchments in various customer groups, engaging with local influencers and media to generate interest, and erecting hoardings and other visible branding to garner attention.

We simultaneously commence recruitment and training of employees and streamline supply chain functions, to enable smooth operations on the launch of the store.

***Store Management and Maintenance***

Our entire network of stores in India is operated by us, and we do not have the right to sub-franchise.

Our store management structure varies among our brands and by unit size. Generally, each KFC, Pizza Hut and Costa Coffee Store operated by us is led by a restaurant general manager ("**RGM**"), together with one assistant general manager ("**AGM**") and one or more shift managers ("**SM**"). Stores that are operational 24X7 are additionally staffed with an assistant general manager and shift manager. RGMs are skilled and highly trained, with most having a college-level education. The RGMs act as the chief executive officer for each store, are responsible for maintaining the records of cash flow, sales and expenses and the performance of their respective stores. As compensation for our RGMs is driven by the sales and profitability of their store, we believe that this promotes a culture of responsibility for costs. All costs attributable to a store are charged at the store-level and the RGM has discretion to take actions in order to increase sales or reduce costs, in compliance with operating manuals without compromising on customer experience.

The performance of RGMs is regularly monitored and coached by area managers. In addition, senior operations leaders regularly visit store to promote adherence to system standards and mentor store teams. Each store brand issues manuals, which may then be customized to meet local regulations and customs. These manuals set forth standards and requirements for all aspects of operations, including food safety and quality, food handling and product preparation procedures, equipment maintenance, facility standards and accounting control procedures (including cash management). The store management team is responsible for the day-to-day operation of each unit and for ensuring compliance with operating standards. Each RGM is also responsible for handling guest complaints and emergency situations.

Store maintenance for our KFC and Pizza Hut stores is typically requested for by Yum, based on their right to require upgrades or replacements in whole or part, or of fittings, fixtures, as set out under the KFC TLAs and PH TLAs. For our Costa Coffee stores and stores of our other brands, we typically carry out periodic refurbishments every 5 years.

**Dining Experience**

***Menu Innovations/ Product Development***

*KFC and Pizza Hut*

As the largest franchise partner for Yum in India, we are actively involved in product innovation and altering the menu architecture. We offer suggestions driven by in-store experiences and customer feedbacks, and mutually determine menu items together with Yum. For instance, we have launched Chizza at our KFC stores, which uses fried chicken fillet as the base instead of pizza dough. In addition to offering an innovative menu, we also seek to offer guests a superior value proposition, such as the value-burger launch in KFC with offerings affordably priced starting at ₹ 69, and a '*Funtastic 4 Pizza'* offer of a set of 4 pizzas.

*Costa Coffee and Other Businesses*

We have a dedicated food innovation team (comprising a chef, a food technology expert and a kitchen in-charge) who primarily focus on the development and innovation of new recipes and improvement of existing products for our Costa Coffee stores and outlets of our Other Businesses such as Vaango and Food Street. The team consistently interacts with our customers, the marketing team and the market research teams to get their feedback on our food products and new product ideas. We also have a dedicated commissary located at Gurgaon, Haryana. Our internal product development team is based out of the commissary and works closely with our vendors to develop the ingredients for our food products to meet our requirements.

***Ordering***

Our stores accept orders over-the-counter as well as orders placed through delivery aggregators. In addition, KFC and Pizza Hut have both rolled out mobile pre-ordering services in India, which allows customers to order online and pick-up in store or have the order delivered at their desired location. Mobile ordering has therefore grown to be a standard feature for our KFC and Pizza Hut stores in India, through the KFC Super App and the Pizza Hut Super App, respectively.

***Payment***

For dine-in customers, we offer five modes of payment: (i) cash payments; (ii) payments through vouchers such as Sodexo and gift vouchers; (iii) credit and debit card payments; (iv) payments through various e-wallets; and (v) UPI-based payment options.

There is a growing customer preference for digital payment mode and we seek to capitalize on the power of technology in our business model. Adoption of digital and mobile payment technologies not only provides a better customer experience by, among other things, reducing guest waiting time and saving guests from having to reach for their wallets or even cellphones, but also reduces staffing needed for cash management and reduces potential risks associated with cash management.

**Delivery Business**

Delivery now represents a larger portion of our sales compared to the pre-COVID-19 period. Delivery options are available for KFC and Pizza Hut stores only. Due to the limited number of items on the menu of Costa Coffee and relative inconvenience of packaging liquid foods, consumption of these foods is restricted to in-store dining or customer's own take-away. We carry out direct delivery and have also entered into tie-ups with delivery aggregators to accept delivery orders placed on their mobile applications. Majority of our deliveries are carried out by delivery aggregators that provide end-to-end delivery solutions.

Our direct delivery channels comprise orders received from the KFC and Pizza Hut mobile applications, web ordering, and telephonic-orders placed at our stores. These orders are either delivered by our own riders, or by third-party riders that we engage with. The ability to generate orders from our own channels allows us to be well-positioned in commercial collaborations with aggregators, and manage costs and commissions in a more competitive manner. Products from our stores are also delivered through aggregators that we have tie-ups with including Swiggy and Zomato.

Revenue generated from delivery sales represented 51.15% of our revenue from operations in our Core Brands Business in Fiscal 2020 and increased to 70.20% of our revenue from operations in our Core Brands Business in Fiscal 2021.

**CUSTOMER SERVICE AND FEEDBACK**

Through Yum managed portals, our customers are presented with a feedback form once they place their orders on the KFC/ Pizza Hut mobile application. Parameters for feedback include overall satisfaction index, taste of food, speed of service, and hospitality. Customer feedback on these parameters is considered during the meetings of various councils and committees.

In the event our store receives customer complaints, we attempt to resolve these as soon as possible and are assigned a rating for quick resolution. This is also managed through a Yum operated portal, and assists us in evaluating our store performance.

**SUPPLY CHAIN MANAGEMENT**

We operate based on an integrated supply chain management system that comprises personnel engaged in food safety and quality assurance. The supply chain management team monitors all participants along our entire value chains, including upstream suppliers, logistics centers, logistics service providers and store units and involves raw material inspections, logistics center and truck audits, and store food safety related checks, among others.

**Supplier and Procurement Management**

***Core Brands***

*KFC and Pizza Hut*

Substantially all of the ingredients used in the preparation of the food we serve in our stores are purchased from known suppliers that have been approved by Yum based on their compliance with Yum food quality standards. We carry out these purchases under independent supply arrangements that we enter into with each supplier. Yum's globally defined and thorough approval process for suppliers includes due diligence of legal and regulatory requirements and facility audits conducted by designated third party auditors of Yum, to verify compliance to international audit norms and food quality standards.

Delivery of these ingredients is carried out by the suppliers themselves, as part of their obligations under the supply arrangements entered into with us, based on purchase orders that we raise from time to time. Ingredient quantities are indicated by us in our purchase orders issued to these suppliers. Further, the cost of these ingredients is borne by us and is based on prices that are negotiated by us. Yum supports these negotiations in good faith.

*Costa Coffee*

We benefit from a supply chain model in which we negotiate with and manage our suppliers of ingredients and packaging materials, for our Costa Coffee stores. Apart from coffee products that are supplied by Costa nominated suppliers, subject to Costa's approval, we can purchase our ingredients and packaging materials from other suppliers under our Costa IDA.

***Other Businesses***

We have multiple suppliers for most of our key ingredients, enabling us to generate competitiveness among our suppliers with the aim of obtaining the best procurement price. We also benefit from certain of our suppliers being global suppliers that source large volumes of ingredients and packaging materials, which we believe helps us obtain more competitive pricing. We regularly review our supply contracts and negotiate individually with suppliers at each level of our supply chain. For a few select categories of ingredients, we also engage in strategic or long-term contracting, which helps us secure a pricing insulated from inflationary impacts. This helps us to procure low cost and high quality ingredients and packaging materials.

Our quality assurance department is primarily responsible for overall food safety and quality management for food ingredients and packaging at the supplier level. Our procurement management department is primarily responsible for day-to-day management of our procurement and suppliers. We implement a strict supplier qualification process that includes new supplier compliance checks and on-site audits to ensure the supplier meets our food safety and quality control standards. We have formulated detailed specifications for the food ingredients and consumables we procure.

**Logistics Management**

As of March 31, 2021, we own and operate one warehouse within the premises of our Corporate Office in Gurgaon, Haryana, and co-leased spaces at seven other warehouses across India. We manage the transportation of our ingredients from the warehouse to our stores using a combination of our own in-house resources and third-party logistics companies that we engage.

**Food Safety and Quality Control**

For our KFC and Pizza Hut stores, we are required to comply with stringent quality standards set by Yum in their manuals and operating instructions. Each of our KFC/ Pizza Hut stores is subject to an unannounced quarterly audit administered by Yum, that covers critical aspects of our store operations including compliance with food safety, brand standards, and local standards.

We are similarly subject to audits by Costa, which involves visits/ inspections by representatives/ nominees of Costa of our stores without notice. These inspections may also include interactions between customers that are visiting our stores and representatives/ nominees of Costa.

Our food safety systems include training of employees in our stores and distribution system. Food standards and training topics include, but are not limited to, employee health, product handling, ingredient and product temperature management and prevention of cross contamination. Our food safety standards also ensure compliance with applicable laws and regulations when building new or renovating existing stores.

Each RGM is responsible for day-to-day food quality and safety management at his/ her store unit. Area managers are also required to check the implementation of food safety and quality related standards and measures. Our quality assurance department conducts on-site inspection at each store on a regular basis. We periodically conduct quality checks on the main menu items each year. We are also required to maintain our specified equipment, such as high-quality refrigerators, in every single store unit, and have incorporated elements in our store and kitchen design to enhance hygiene and reduce human error.

We require all of our store staff to attend and pass food safety trainings and tests, which focus on hygiene, disease prevention, food safety and regulatory compliance in day-to-day operations.

For our delivery system, we require all third-party delivery partners to comply with food safety and quality practice of food delivery, which stipulates clear requirements for regulatory compliance, staff management, catering requirements, delivery facilities, equipment and strict management of third-party platforms. For example, take-away food for all brands is sealed with tamper proof covers to ensure food safety throughout the delivery process.

## PRICING

As franchisees of KFC and Pizza Hut, prices of items on the menu are determined in consultation with Yum. We have comparatively greater autonomy in pricing our Costa Coffee items, but are subject to certain thresholds set by Costa. For other brands, pricing is set and updated periodically based on costs and prevailing market conditions.

## TECHNOLOGY

We have implemented a SAP based ERP system for our finance and supply chain functions. Our stores use a standard point of sale solution across all brands. Our transaction systems are decentralized to minimize risk, but operate based on centralized capabilities to optimize costs. We also leverage on the restaurant-management software and practices implemented by Yum at the global level.

## EMPLOYEES

As of March 31, 2021, we had an employee base of 9,356 employees, of which 8,833 employees were in India, and 523 were outside India. As of March 31, 2021, out of 8,833 employees in India, 1,506 employees were engaged on a full-time basis, while 7,327 were engaged on a part-time basis.

All our employees are trained based on Yum's certification requirements, by instructors engaged by us, to help ensure that our operations strictly comply with the franchise agreements and required manuals and operating procedures. The training comprises on-job-evaluation, web-based training modules, and other mandatory courses on fire safety and general functions. To ensure compliance, an unannounced training audit is conducted internally as well. Different training modules are applied for each designation such as shift manager, assistance restaurant manager, and restaurant general manager. A distinct and more specialized training is required for area managers based on an application developed by Yum.

None of our employees are represented by a labor union or covered by a collective wage bargaining agreement. We also have part-time employees who are primarily engaged to manage the peak-hour volumes. In addition, we contract with third-party manpower and services firms for the supply of contract labor for certain services at our stores such as security services. The number of contract laborers varies from time to time based on the nature and extent of work contracted to independent contractors.

We have always been committed to creating a fair, inclusive and diverse workplace for our employees as we believe they are our most valuable assets. To this end, we have invested in stores that are managed by a team of specially abled individuals. We were recognized as one of "*India's 100 Best Workplaces for Women 2020*" by the Great Place to Work Institute, India.

We offer comprehensive compensation and benefits package to ensure our employees are rewarded for their individual contributions. As RGMs hold the most important leadership positions in the Company and are responsible for day-to-day management of each store unit, we have implemented a systematic training plan to provide a comprehensive career progression path for RGMs. We also offer certain stock ownership programs for eligible RGMs.

## CORPORATE SOCIAL RESPONSIBILITY

We have constituted a corporate and social responsibility ("**CSR**") committee of our Board of Directors (the "**CSR Committee**") and have adopted and implemented a CSR policy on March 17, 2021, under which we are permitted to carry out activities concerning eradication of hunger, poverty, promote education and employment training, and undertake rural development projects. Our recent initiative includes the 'Add Hope' project, for which we collect monetary contributions at our KFC stores and donate the sums received to organizations involved in eradication of hunger.

## INTELLECTUAL PROPERTY

### *Third-party brands*

The trademarks, service marks and other intellectual property relating to the KFC and Pizza Hut brands including the logos and core marks, are registered in the name of Kentucky Fried Chicken International Holdings, LLC, and Pizza Hut International LLC, respectively. Pursuant to the KFC TMAs and PH TMAs, we have been granted limited right to use the intellectual property for development and operation of KFC and Pizza Hut stores, as applicable. Pursuant to the Costa IDA, Costa Coffee has granted our Company the right and license to use intellectual property relating to our Costa Coffee stores, including logos and core marks, in India. Collectively, these licensed marks cover key areas of our business and have significant value. These third-party brands are not owned by Subsidiaries / Associates / Joint Ventures / Promoters or part of the Promoter Group / Group Companies.

In this regard, the Company has incurred royalty and continuing fees in Fiscals 2019, 2020 and 2021 amounting to ₹ 727.66 million, ₹ 840.39 million and ₹ 724.99 million, respectively. For further information, see "*Risk Factors – Our business depends on the continued success and reputation of our Core Brands globally, and any negative impact on these brands, or a failure by us or owners of our Core Brands to protect these brands, as well as other intellectual property rights and proprietary information, may adversely affect our business, results of operations and financial condition*" on page 33.

***Own brands***

As of March 31, 2021, we had 42 trademarks registered in the name of our Company including trademarks relating to our brands Vaango and Food Street, and had applied for 18 other trademarks. The Company had applied for these 18 trademarks in the years 2014, 2015, 2018 and 2021.

## COMPETITION

We compete within the food service industry and the QSR sector not only for customers, but also for personnel and suitable sites for our restaurants. Our competitors include international QSR chains operating in India, such as McDonalds, Domino's Pizza, Subway, Starbucks, and Burger King, as well as local restaurants in the QSR segment such as Café Coffee Day and Chai Point. We generally compete on the basis of product and service quality and price, location. The industry is often also affected by changes in consumer tastes, religious beliefs, economic conditions, demographic trends and consumer disposable income.

## INSURANCE

We maintain insurance coverage under various insurance policies for, among other things, damages in the areas at operations, protection from direct pecuniary losses suffered on account of fraudulent or dishonest acts, accidental loss or damage caused to plate glass. We have various insurance policies covering machinery breakdown, burglary, money and fire and special perils. We also maintain various insurance policies covering commercial packages, transportation, cargo, plant and equipment erection and accidents, as well as a directors' and officers' liability insurance. We believe that the level of insurance we maintain is appropriate for the risks of our business and is comparable to that maintained by other companies in our markets operating in the same business lines.

## PROPERTIES

We operate our Registered Office on premises that we hold on a leasehold basis and Corporate Office on premises that we hold on a freehold basis. As of March 31, 2021, majority of our stores were operated on premises that are leased, licensed or sub-leased and we currently expect to lease or sub-lease the premises for our new stores to the extent we are able to expand our store network. Our operating performance depends, in part, on our ability to secure leases for our stores in appropriate locations at rents we believe are cost effective. We generally enter into long-term lease deeds or sub-lease agreements that have an initial term that typically ranges from 5 to 20 years.

## KEY AGREEMENTS

### KFC Arrangements

With respect to each KFC store opened by us, we enter into (i) KFC Technology License Agreement with Yum India ("**KFC TLA**"); and (ii) KFC Trademark License Agreement with Kentucky Fried Chicken International Holdings, LLC ("**KFC TMA**").

***KFC Technology License Agreement***

With respect to each KFC store, pursuant to the relevant KFC TLA, we have been granted, for the term of such KFC TLA, the non-exclusive right to use: (i) the KFC store system, a comprehensive restaurant system relating to the operation of KFC stores, with a limited menu of uniform and quality food products; and (ii) the KFC system property, including the contents of the KFC operating manual, as well as related intellectual property of Yum India used in connection with the KFC restaurant system.

*Term.* The KFC TLA is applicable for a term of 10 years from the relevant specified date, and provides an option to renew such agreement for an additional 10 years in accordance with the terms thereof, and payment of applicable renewal fee. The renewal fee for stores is 50% of the existing initial fees, and for stores opened in 2021 was US $ 26,700 (subject to US CPI index), based on the KFC TLA dated April 22, 2021.

*Fees.* We are required to pay the following to Yum India: (i) a one-time initial fee as specified in the relevant KFC TLA, for opening each store (for stores opened in 2021, such fee was US$ 53,400 (subject to US CPI index) based on the KFC TLA dated April 22, 2021); and (ii) an annual fee equivalent to 6.30% of the revenues (excluding sales and other taxes payable under applicable law) of each KFC store.

*Advertisement Contribution.* We are required to obtain Yum India's prior written approval in connection with any advertising or promotional activity undertaken in connection with the operation of the KFC stores. We are also required to spend (in accordance with Yum India's directions) certain amounts in connection with the advertisement, promotion and marketing activities as contemplated in the KFC TLA. For stores opened in 2021, the advertisement contribution stipulated is 6.00% of our revenues (includes 1% to be spent on Local Store Marketing (LSM) by us) for the relevant store (excluding applicable taxes).

*Operating Manuals and Standards.* We are required to comply with the operating manuals and other instructions issued by Yum India from time to time, that specify the applicable standards and guidelines relating to the KFC store system, including standards relating to the preparation, marketing, and sale of our products, as well as specifications relating to the store design, equipment, advertising/ promotional materials and customer service procedures. Yum India may also from time to time require us to upgrade or replace a store, including equipment, fixtures, equipment or inventory. We are required to, at our cost, ensure ongoing training for our employees and the principal operator (i.e. the individual primarily responsible for operating the store and dealing with Yum India) in accordance with training materials and other operating standards stipulated by Yum India.

*Confidentiality*. We are required to keep confidential the terms of the KFC TLA and any related agreements, manuals and other materials concerning the KFC system property. Breach of such confidentiality obligations may require us to make payment of damages or other monetary compensation, or be subjected to injunctive and/ or other legal proceedings. However, this obligation does not apply in respect of information already existing in the public domain or previously known to us otherwise than by breach of any obligation of confidentiality or disclosures required by law or any order of court.

*Approved Products.* We are not permitted to sell any product or provide any service other than those that are pre-approved by Yum India. We are also not permitted to conduct any business at the store other than the KFC operations without Yum India's prior approval. We are required to purchase all supplies, materials, equipment and services used in the KFC business operations exclusively from suppliers approved by Yum India.

*Intellectual Property Rights.* The marks (i.e. the trademarks, service marks, trade names and other similar rights owned by Yum India or its affiliate entities and specified for use in the KFC business, whether or not registered in India), the KFC system property (i.e. contents of the manuals and all other know-how used in respect of preparation, marketing and sale of the food products, including trade secrets, copyrights and other intellectual property) and the goodwill associated with them are the exclusive property of Yum India and/or its affiliate entities and continue to remain so during the term of the KFC TLA, and subsequent to the termination thereof. Any unauthorized use of such marks by us would constitute a material breach of the KFC TLA and an infringement of Yum India's rights. In addition, we are not permitted to use any other trademarks or service marks in the KFC business without Yum India's prior approval, and are required to refrain from any act that may prejudice, damage or contest the validity of the marks, the KFC system property, their ownership by Yum India or its affiliate entities, or the goodwill associated therewith. We are also obliged to promptly notify Yum India of any actual or potential infringements of, or claims or actions brought by third parties in respect of, the marks or the KFC system property. Any improvements to, and inventions and products derived from the marks, the KFC system property or the business during the term of the KFC TLA, including those attributable to us, will be the exclusive property of Yum India and/ or its affiliate entities.

*Audits.* We are required to maintain applicable accounting records and financial reporting procedures approved by Yum India, and retain all financial and tax records as applicable. Yum India is entitled to inspect and audit such records. In the event of any payment deficiency identified, we are required to pay the deficient amount plus punitive interest thereon, and reimburse the cost of such audit under certain circumstances.

*Insurance.* We are required to maintain at our cost adequate insurance coverage, and include Yum India as an additional beneficiary.

*Anti-Corruption and Data Security.* The KFC TLA specifies applicable anti-corruption and data security policies, procedures and oversight obligations applicable to us.

*Indemnity and Guarantee.* We are required to indemnify Yum India, its affiliate entities and their respective agents, employees, directors, successors and assigns against all claims and losses (including legal costs) arising directly or indirectly from conduct of the KFC business and other matters specified in the KFC TLA, other than in circumstances where such claim or loss arises from negligence of or other fault attributable to Yum India. In addition, certain of our Company's shareholders have furnished guarantees relating to the obligations of our Company under the KFC TLA.

*Non-compete.* We and our affiliate entities are required to refrain from, during the term of the KFC TLA, directly or indirectly, in any capacity, have any interest in or be engaged in or perform any services for any business involving the preparation, marketing or sale (including, without limitation, from physical, online or virtual, unbranded or dark-kitchen locations), distribution or delivery, of any food products in the specified area without Yum India's prior written approval. Yum India is generally required to provide such approval unless the business is an aggregator, delivery business and/or any of the following categories of products individually constitutes more than 20.00% of the food products sold in such competing business: (i) pizza products; (ii) pizza and pasta products (collectively); (iii) ready-to-eat chicken products; (iv) Mexican food products; and (v) burger products. In addition, we and our affiliate entities are restricted from, for a specified period subsequent to the term of the KFC TLA, directly or indirectly, in any capacity, engaging in, having any interest in, or performing any services for any business involving the preparation, marketing or sale of any food products in the specified area that are similar to the food products sold in the KFC business contemplated under the KFC TLA.

*Transfers and Charges*: We are not permitted to, without the prior approval of Yum India (i) create any encumbrance or lien over our interest in the KFC TLA or any asset of the KFC business governed by the KFC TLA; or (ii) transfer the business or the KFC TLA to any other third party and complying with certain conditions specified in the KFC TLA.

In the event that we propose any sale or transfer of the business or the KFC TLA or any interest or shareholding in our Company, we are required to notify Yum India of the proposed terms and conditions. In such circumstances, Yum India is entitled to, within a specified period, whether itself or through a nominee, exercise its right of first refusal, and make such acquisition at the proposed sale price and other applicable terms and conditions, In the event that Yum India does not exercise such right, we require the prior written approval of Yum India for such proposed sale or transfer.

Any such sale or transfer is required to comply with certain transfer procedures specified in the operating manuals, including, other than in certain circumstances, payment of a transfer fee to Yum India and procurement of requisite guarantees and other documentation. These requirements are also triggered in the event of any change in direct or indirect control of our Company.

We are required to ensure that certain activities are not carried out without the prior approval of Yum India, including, directly or indirectly (i) permitting any transfer, charge or pledge by any party of any interest or shareholding in our Company; (ii) issuance of new shares in our Company to any party who is not a shareholder at the date specified in the KFC TLA; or (iii) permitting any reorganization, amalgamation or other material change in the structure or financial condition of our Company.

*Termination.*

Yum India is entitled to provide notice of termination with immediate effect in certain circumstances, including, among others, the following: (i) in the event of a breach of particular obligations under the KFC TLA, including those relating to non-compete, assignment, transfer, confidentiality, protection of the marks and intellectual property rights, and protection of the system property; (ii) in the event we are unable to pay our debts when due or become insolvent or subject to winding proceedings, or enter into any composition or scheme of arrangement.

In addition, Yum India is entitled to terminate the KFC TLA in the event we fail to remedy certain defaults within relevant specified periods, including, among others: (i) any breach of the guarantee provisions; (ii) if either we or our guarantors commit any crime, offence or act which Yum India deems likely to adversely affect the KFC brand, goodwill of the business, the marks, the system or the system property; (iii) if we knowingly or negligently maintain false records; (iv) if we abandon or cease to operate the business for more than three consecutive days without Yum India's prior approval; (v) if we take any action that may prejudice, damage or contest the validity of the marks or the system property, or their ownership or goodwill; or (vi) if any other agreements between Yum India and ourselves (or between our respective affiliated companies) is terminated; or (vii) in the event that either we (or any guarantor) materially breaches any term of the KFC TLA or any other agreement between Yum India and our Company and/ or any guarantor (or our respective affiliate entities) relating to the business, which is not remedied or capable of being remedied to Yum India's satisfaction within the relevant period. In such circumstances, Yum India may at its discretion (i) terminate our right to renew the KFC TLA, or terminate any development or option rights granted to our Company under any other agreement; (ii) ensure that the relevant breach of the KFC TLA is remedied at our cost; or (iii) limit supply of any products, materials, equipment or services to be supplied by Yum India or its affiliate entities to us.

We are not permitted to, without the prior approval of Yum India, cease to operate the business or close a store. In the event of an unauthorized early closure or any breach or default by us resulting in a closure, we may be required to pay certain amounts as liquidated damages to Yum India.

Following the termination or expiration of the KFC TLA, all rights granted to us will terminate, and we are required to, among other matters: (i) complete all pending payments to Yum India; (ii) discontinue use of the marks and the system property; (iii) cease any mention of any continued affiliation or association with Yum India or the KFC business operating system; and (iv) dispose of all materials bearing the marks and all proprietary supplies as required by Yum India requires.

For a period of 60 days from termination or expiry of the KFC TLA, Yum India will also have the option to purchase any supplies with our Company as well as any equipment or signage at the store.

*Governing Law and Dispute Resolution*: The KFC TLA is governed by the laws of India.

***KFC Trademark License Agreement***

Pursuant to the trademark license agreement between Kentucky Fried Chicken International Holdings, LLC. ("**KFC International**") and our Company ("**KFC TMA**"), KFC International has granted us the non-exclusive right to use, on a royalty free basis, the relevant marks during the term of the KFC TMA, solely in connection with the conduct of the KFC business at the relevant store.

*Term*. The term of the KFC TMA is co-terminus with the KFC TLA for the relevant store.

*Other Obligations*. The KFC TMA imposes certain obligations on us that are similar to those we are subject to under the KFC TLA, including with respect of the marks and the KFC system property, as well as confidentiality, indemnity and non-compete terms.

*Use of Marks*. We are required to strictly follow KFC International's instructions regarding use of the marks, including indicating that the marks are being used by us as a licensed or permitted user only. KFC may at any time change or withdraw any of the marks or designate new marks, and we are required to implement such changes within the specified periods.

Without KFC International's prior written approval, we are not permitted to sub-license the marks to any third party or otherwise allow them to use the marks.

*Payments*. No royalty payment is required to be paid under the KFC TMA. However, we are required to promptly clear all applicable taxes, duties, charges and levies with respect to the business, and all debts and other financial obligations incurred in connection with the operation of the business.

*Transfers and Charges.* We are not permitted to, without the prior approval of KFC International, (i) create any encumbrance or lien over our interest in the KFC TMA or any asset of the business; or (ii) transfer the business or KFC TMA to any third party.

Similar to the terms of the KFC TLA, if we propose any sale or transfer of the business or the KFC TMA or any interest or shareholding in our Company, KFC International within a specified period, whether itself or through a nominee, is entitled to first right of refusal and make such acquisition at the proposed sale price and other applicable terms and conditions. In the event that Yum India does not exercise such right, we require the prior written approval of Yum India for such proposed sale or transfer.

We are also not permitted to, without the prior approval of KFC International, (i) permit any transfer, charge or pledge by any party of any interest or share in our Company; (ii) issue new shares in our Company to any party who is not a shareholder at the specified date; or (iii) permit any reorganization, amalgamation or other material change in the structure or financial condition of our Company.

The events of default, termination and consequences of termination provisions in the KFC TMA are similar to those in the KFC TLA.

*Governing Law and Dispute Resolution.* The KFC TMA is governed by the laws of Texas in the United States of America, and disputes are subject to the non-exclusive jurisdiction of the courts of Texas.

***Amendment Agreement to TLA and TMA***

Our Company has entered into the Amendment Agreement to TLA and TMA with Yum India, pursuant to which certain provisions of the TLAs and TMAs (for both KFC and Pizza Hut) and other business arrangements entered into with Yum India have been amended particularly to waive the share transfer and issuance restrictions for the Offer and post listing as per the terms thereof.

In terms of the Amendment Agreement to TLA and TMA, post listing, our Promoters may transfer the Equity Shares held by them on the stock exchanges subject to certain conditions such as (i) post intimation requirement; (ii) the Promoters not selling more than 5% of Equity Shares held by them in a single calendar month or more than 10% in a financial year, whichever is higher. Any transfer by our Promoters beyond these thresholds shall require prior written consent of Yum India; and (iii) our Promoters and Promoter Group to collectively hold at all times not less than 51% of the issued and paid-up share capital of our Company. Any other transfer of Equity Shares by our Promoters (other than in open market) requires prior consent of Yum India. Further, our Promoters are required to ensure that any such sale to a third party shall not be to a competitor of Yum India or to a restricted person as defined therein. In terms of the Amendment Agreement to TLA and TMA, Yum India is entitled to terminate all TLAs and TMAs in the event of change in control of our Company post listing. In addition, acquisition of 25% or more of the voting rights in our Company post listing by a competitor of Yum or a restricted person (as defined in the Amendment Agreement to TLA and TMA), without prior written consent of Yum, would result in an event of default under the TLAs and TMAs.

The Amendment Agreement to TLA and TMA also stipulates conditions required to be fulfilled by our Company and/or our Promoters post listing of the Equity Shares. In this regard, our Company shall, including ensure compliance with stock exchange rules, adhere to terms and conditions mentioned in the business agreements entered into with Yum India, ensure sufficient information protocols are put in place to restrict any disclosure of commercially sensitive information pertaining to Yum India, ensure that KFC and Pizza Hut businesses are operated through separate dedicated management teams, and take prior permission from Yum India for any amendments to its constitutional documents pertaining to issues relating to the Board, shareholding, management which may impact our Company's obligations under the TLAs, TMAs, and any other agreements executed by our Company with Yum India or its affiliates or any of the group companies including the safeguards for the protection of the KFC and Pizza Hut business shall not be changed without the prior written consent of the Yum India. Further, our Promoters are required to retain control of our Board and appoint majority of our directors (excluding independent directors). Furthermore, our Company is required to utilize the funds raised through the Offer in a manner that there should always be adequate capital in place to fuel the growth for both KFC and Pizza Hut brands.

***Development Commitment Arrangements***

We enter into certain development commitment arrangements with Yum India with respect to the targeted roll out of KFC stores. Pursuant to the development agreement dated April 18, 2021 which is effective from January 1, 2019, and the letter agreement entered into with Yum India dated June 15, 2019 (together the "**KFC DA**") we are required to open a certain number of KFC stores in calendar years 2019, 2020, 2021, 2022 and 2023, and are eligible for certain incentives based on the targets we achieve such targets to be reviewed by the parties annually. These incentives are in the nature of waivers of initial store opening fees and advertisement and marketing contributions payable to Yum, and cash contributions that may be paid to us by Yum, subject to certain specified thresholds. Acquisition of stores from Yum or any other franchisee will not count towards the targets.

In the event that we are unable to meet these development commitments, Yum will be entitled to clawback the waivers granted and/ or terminate our development rights and development agreements altogether.

We are also required to provide Yum with a business plan each year in the format specified by Yum from time to time, and are required to comply with an expansion criteria described in the KFC DA which includes demonstrating financial capacity for growth and complying with certain financial covenants as required by Yum. In the event we are unable to satisfy the expansion criteria, Yum may suspend our development rights for a specified period within which are required to meet the criteria and failing which Yum may terminate the KFC DA.

We are required to furnish bank guarantees in favor of Yum India to remain eligible for certain of these incentives, that may be invoked by Yum India at its discretion in case of our inability to meet the total development commitments.

In the event of our inability to meet the development commitment, we are entitled to request Yum India for a modification of the terms, provided that (i) we have fulfilled all operational, marketing, financial commitment and other requirements towards Yum India and (ii) we have strictly implemented applicable systems and standards as stipulated by Yum India. In such circumstances, a revised proposal is agreed to within a period of 180 days, failing which the existing development commitment schedule, and any penalty related to an inability to meet such schedule, will be applicable to us.

The letter agreement dated June 15, 2019 forms a definitive part of the obligations of certain shareholders under the KFC LSA and will be deemed to be incorporated as one of the paramount obligations to be complied by our Company and such shareholders. In case we default or are unable to comply with the terms of the letter, the consequences specified under the KFC LSA will follow and in case of a conflict between the KFC LSA and the letter, the provisions of the letter will prevail.

As a result of the significant impact of the COVID-19 pandemic which affected the roll out of KFC stores in 2020 and 2021, Yum India and we agreed to amend and modify certain terms of our arrangements, and consequently the development commitment schedule contemplated in the KFC DA. Such recovery relief arrangements include certain additional incentives for the calendar years 2020 and 2021. From calendar year 2022 onwards, the terms and incentives of the KFC DA will be applicable. Further, any ongoing waiver provided to us will be clawed back if overall targets are not met until the end of year 2021.

Under such modified terms, we are also required to reinvest such amounts in new store opening expenses for the relevant net new units within a specified period from the date of store opening. Such new store opening packages will depend on the number of net new units we open in the relevant period, and the incentives associated with such new store opening packages increase above a certain threshold number of stores opened. Stores opened under such modified incentive arrangements are required to remain operational for a period of five years, failing which Yum India is entitled to claw back such additional incentives granted.

The aforementioned recovery relief arrangement may be terminated by Yum India on non-compliance of the terms or uncured defaults, as applicable, including as set out above. On termination of this arrangement, we will be liable to pay all the outstanding amounts to Yum India under the existing agreements.

We are required to and are in the process of entering into revised development agreements with Yum by June 27, 2021 to extend the validity and amend certain terms of the KFC DA. In the event we are unable to comply with this requirement within the time specified, it may entitle Yum to terminate our arrangements with them.

***Amendment Agreement to the KFC DA***

We entered into an amendment to the KFC DA dated July 5, 2021, which is effective from January 1, 2022 (the "**Amended KFC DA**"). Pursuant to the Amended KFC DA we are subject to similar obligations as those set out under the KFC DA, and are required to open a certain number of KFC stores in calendar years 2022, 2023, 2024, 2025 and 2026.

***KFC LSA***

In terms of the KFC LSA, certain of our shareholders, namely, RJ Corp and Ravi Kant Jaipuria, have provided a guarantee for the due and punctual performance of our Company's obligations and liabilities under the various KFC TLAs and KFC TMAs. Pursuant to the KFC LSA, such shareholders are restricted from transferring the Equity Shares held by them except with prior approval of YUM India. Further, such shareholders are required to indemnify Yum India for losses incurred as a result of failure of our Company to comply with the terms and conditions of the KFC TLAs and KFC TMAs, breach of any terms and conditions by such shareholders of the KFC TLAs, and occurrence of any termination event under the KFC TLAs and TMAs, among others. Certain other shareholders such as Khandwala Finstock Private Limited, Capital India Corp LLP, Manju Dawar and Raghav Gupta have executed deeds of adherence to the LSA.

***LSA Amendment Agreement***

Our Company has entered into an amendment agreement dated May 14, 2021 with Yum India, RJ Corp, Ravi Kant Jaipuria, Khandwala Finstock Private Limited, Capital India Corp LLP, Manju Dawar and Raghav Gupta (the "**LSA Amendment Agreement**"). Pursuant to the LSA Amendment Agreement, in order to undertake the Offer, certain rights and obligations of our Company, RJ Corp, Ravi Kant Jaipuria, and other shareholders, including Khandwala Finstock Private Limited, Capital India Corp LLP, Manju Dawar and Raghav Gupta have been amended particularly in relation to restrictions on share transfers on shareholders of our Company (as on the date of execution of the LSA Amendment Agreement), which have been relaxed. In terms of the LSA Amendment Agreement, there shall not be any restrictions under the LSAs, on our Company to undertake the Offer and issue and register transfer of Equity Shares pursuant to the Offer in accordance with appliable law. Post listing of the Equity Shares, certain transfer restrictions are imposed on Promoters but not on the other shareholders.

The restrictions on share transfers for Equity Shares held by our Promoters are similar to those stipulated under the Amendment Agreement to the TLA and TMA. For details, see "*-Key Agreements – KFC Arrangements – KFC Technology License Agreement – Amendment Agreement to TLA and TMA*" on page 151.

In terms of the LSA Amendment Agreement, no encumbrance can be created by our Company, its Promoters and shareholders on the Equity Shares held by Yum India. Further, the terms of the LSAs (subject to the LSA Amendment Agreement) shall continue to bind the parties.

**Pizza Hut Arrangements**

With respect to each Pizza Hut store opened by us, we enter into (i) Pizza Hut Technology License Agreement with Yum India ("**PH TLA**"); and (ii) Pizza Hut Trademark License Agreement with Pizza Hut International LLC ("**PH TMA**").

***Pizza Hut Technology License Agreement***

With respect to each Pizza Hut store, pursuant to the relevant PH TLA, we have been granted, for the term of such PH TLA, the non-exclusive right to use: (i) the Pizza Hut store system, a comprehensive restaurant system relating to the operation of Pizza Hut stores, with a limited menu of uniform and quality food products; and (ii) the Pizza Hut system property, including the contents of the Pizza Hut operating manual, as well as related intellectual property of Yum India/ its affiliate entities used in connection with the Pizza Hut restaurant system.

*Term*. The PH TLA is applicable for a term of 10 years from the relevant specified date, and provides an option to renew such agreement for an additional 10 years in accordance with the terms thereof, and payment of applicable renewal fee. The renewal fee for stores opened in 2021 was US $ 13,350 based on the PH TLA dated April 22, 2021.

*Fees.* We are required to pay the following to Yum India: (i) a one-time initial fee as specified in the relevant PH TLA, for opening each store (for stores opened in 2021, such fee was US$ 26,700 based on the PH TLA dated April 22, 2021); and (ii) an annual fee equivalent to 6.3% of the revenues (excluding sales and other taxes payable under applicable law) of each Pizza Hut store.

*Advertisement Contribution.* We are required to obtain Yum India's prior written approval in connection with any advertising or promotional activity undertaken in connection with the operation of the Pizza Hut stores. We are also required to spend (in accordance with Yum India's directions) certain amounts in connection with the advertisement, promotion and marketing activities as contemplated in the PH TLA. For stores opened in 2021, the advertisement contribution stipulated is 6.00% of our revenues (includes 1% to be spent on Local Store Marketing (LSM) by us) for the relevant store (excluding applicable taxes).

*Operating Manuals and Standards.* We are required to comply with the operating manuals and other instructions issued by Yum India from time to time, that specify the applicable standards and guidelines relating to the Pizza Hut store system, including standards relating to the preparation, marketing, and sale of our products, as well as specifications relating to the store design, equipment, advertising/promotional materials and customer service procedures. Yum India may also from time to time require us to upgrade or replace a store, including equipment, fixtures, equipment or inventory. We are required to, at our cost, ensure ongoing training for our employees and the principal operator (i.e. the individual primarily responsible for operating the store and dealing with Yum India) in accordance with training materials and other operating standards stipulated by Yum India.

*Confidentiality*. We are required to keep confidential the terms of the PH TLA and any related agreements, manuals and other materials concerning the Pizza Hut system property. Breach of such confidentiality obligations may require us to make payment of damages or other monetary compensation, or be subjected to injunctive and/or other legal proceedings. However, this obligation does not apply in respect of information already existing in the public domain or previously known to us otherwise than by breach of any obligation of confidentiality or disclosures required by law or any order of court.

*Approved Products:* We are not permitted to sell any product or provide any service other than those that are pre-approved by Yum India. We are also not permitted to conduct any business at the store other than the Pizza Hut operations without Yum India's prior approval. We are required to purchase all supplies, materials, equipment and services used in the Pizza Hut business operations exclusively from suppliers approved by Yum India.

*Intellectual Property Rights*: The marks (i.e. the trademarks, service marks, trade names and other similar rights owned by Yum India or its affiliate entities and specified for use in the business, whether or not registered in India), the Pizza Hut system property (i.e. contents of the manuals and all other know-how used in respect of preparation, marketing and sale of the food products, including trade secrets, copyrights and other intellectual property) and the goodwill associated with them are the exclusive property of Yum India and/or its affiliate entities and continue to remain so during the term of the PH TLA, and subsequent to the termination thereof. Any unauthorized use of the marks by us would constitute a material breach of the PH TLA and an infringement of Yum India's rights. In addition, we are not permitted to use any other trademarks or service marks in the Pizza Hut business without Yum India's prior approval, and are required to refrain from any act that may prejudice, damage or contest the validity of the marks, the Pizza Hut system property, their ownership by Yum India or its affiliate entities, or the goodwill associated therewith. We are also obliged to promptly notify Yum India of any actual or potential infringements of, or claims or actions brought by third parties in respect of, the marks or the Pizza Hut system property. Any improvements to, and inventions and products derived from the marks, the Pizza Hut system property or the business during the term of the PH TLA, including those attributable to us, will be the exclusive property of Yum India and/ or its affiliate entities.

*Audits.* We are required to maintain applicable accounting records and financial reporting procedures approved by Yum India, and retain all financial and tax records as applicable. Yum India is entitled to inspect and audit such records. In the event of any payment deficiency identified, we are required to pay the deficient amount plus punitive interest thereon, and reimburse the cost of such audit under certain circumstances.

*Insurance*. We are required to maintain, at our cost, adequate insurance coverage and include Yum India as an additional beneficiary.

*Anti-Corruption and Data Security.* The PH TLA specifies applicable anti-corruption and data security policies, procedures and oversight obligations applicable to us.

*Indemnity and Guarantee.* We are required to indemnify Yum India, its affiliate entities and their respective agents, employees, directors, successors and assigns against all claims and losses (including legal costs) arising directly or indirectly from conduct of the Pizza Hut business and other matters specified in the PH TLA, other than in circumstances where such claim or loss arises from negligence of or other fault attributable to Yum India. In addition, certain of our Company's shareholders have furnished guarantees relating to the obligations of our Company under the PH TLA.

*Non-compete.* We and our affiliate entities are required to refrain from, during the term of the PH TLA, directly or indirectly, in any capacity, have any interest in or be engaged in or perform any services for any business involving the preparation, marketing or sale (including, without limitation, from physical, online or virtual, unbranded or dark-kitchen locations), distribution or delivery, of any food products in the specified area without Yum India's prior written approval. Yum India is generally required to provide such approval unless the business is an aggregator, delivery business and/or any of the following categories of products individually constitutes more than 20.00% of the food products sold in such competing business: (i) pizza products; (ii) pizza and pasta products (collectively); (iii) ready-to-eat chicken products; (iv) Mexican food products; and (v) burger products. In addition, we and our affiliate entities are restricted from, for a specified period subsequent to the term of the PH TLA, directly or indirectly, in any capacity, engaging in, having any interest in, or performing any services for any business involving the preparation, marketing or sale of any food products in the specified area that are similar to the food products sold in the Pizza Hut business contemplated under the PH TLA.

*Transfers and Charges*: We are not permitted to, without the prior approval of Yum India (i) create any encumbrance or lien over our interest in the PH TLA or any asset of the Pizza Hut business governed by the PH TLA; or (ii) transfer the business or the PH TLA to any other third party and complying with certain conditions specified in the PH TLA.

In the event that we propose any sale or transfer of the business or the PH TLA or any interest or shareholding in our Company, we are required to notify Yum India of the proposed terms and conditions. In such circumstances, Yum India is entitled to, within a specified period, whether itself or through a nominee, exercise its right of first refusal, and make such acquisition at the proposed sale price and other applicable terms and conditions, In the event that Yum India does not exercise such right, we require the prior written approval of Yum India for such proposed sale or transfer.

Any such sale or transfer is required to comply with certain transfer procedures specified in the operating manuals, including, other than in certain circumstances, payment of a transfer fee to Yum India and procurement of requisite guarantees and other documentation. These requirements are also triggered in the event of any change in direct or indirect control of our Company.

We are required to ensure that certain activities are not carried out without the prior approval of Yum India, including, directly or indirectly (i) permitting any transfer, charge or pledge by any party of any interest or shareholding in our Company; (ii) issuance of new shares in our Company to any party who is not a shareholder at the date specified in the KFC TLA; or (iii) permitting any reorganization, amalgamation or other material change in the structure or financial condition of our Company.

*Termination.*

Yum India is entitled to provide notice of termination with immediate effect in certain circumstances, including, among others, the following: (i) in the event of a breach of particular obligations under the PH TLA, including those relating to non-compete, assignment, transfer, confidentiality, protection of the marks and intellectual property rights, and protection of the system property; (ii) in the event we are unable to pay our debts when due or become insolvent or subject to winding proceedings, or enter into any composition or scheme of arrangement.

In addition, Yum India is entitled to terminate the PH TLA in the event we fail to remedy certain defaults within relevant specified periods, including, among others: (i) any breach of the guarantee provisions; (ii) if either we or our guarantors commit any crime, offence or act which Yum India deems likely to adversely affect the Pizza Hut brand, goodwill of the business, the marks, the system or the system property; (iii) if we knowingly or negligently maintain false records; (iv) if we abandon or cease to operate the business for more than three consecutive days without Yum India's prior approval; (v) if we take any action that may prejudice, damage or contest the validity of the marks or the system property, or their ownership or goodwill; or (vi) if any other agreements between Yum India and ourselves (or between our respective affiliated companies) is terminated; or (vii) in the event that either we (or any guarantor) materially breaches any term of the PH TLA or any other agreement between Yum India and our Company and/or any guarantor (or our respective affiliate entities) relating to the business, which is not remedied or capable of being remedied to Yum India's satisfaction within the relevant period. In such circumstances, Yum India may at its discretion (i) terminate our right to renew the PH TLA, or terminate any development or option rights granted to our Company under any other agreement; (ii) ensure that the relevant breach of the PH TLA is remedied at our cost; or (iii) limit supply of any products, materials, equipment or services to be supplied by Yum India or its affiliate entities to us.

We are not permitted to, without the prior approval of Yum India, cease to operate the business or close a store. In the event of an unauthorized early closure or any breach or default by us resulting in a closure, we may be required to pay certain amounts as liquidated damages to Yum India.

Following the termination or expiration of the PH TLA, all rights granted to us will terminate, and we are required to, among other matters: (i) complete all pending payments to Yum India; (ii) discontinue use of the marks and the system property; (iii) cease any mention of any continued affiliation or association with Yum India or the Pizza Hut business operating system; and (iv) dispose of all materials bearing the marks and all proprietary supplies as required by Yum India requires.

For a period of 60 days from termination or expiry of the Pizza Hut TLA, Yum India will also have the option to purchase any supplies with our Company as well as any equipment or signage at the store.

*Governing Law and Dispute Resolution*: The PH TLA is governed by the laws of India. Any dispute that cannot be mutually resolved by the parties (through nominated members of senior management) within 30 days, is required to be referred to arbitration under the Arbitration Rules of the United National Conference of International Trade Law, with arbitration proceedings to take place in New Delhi in English.

In order to undertake the Offer, our Company has entered into the Amendment Agreement to TLAs and TMAs (including the PH TLAs and PH TMAs) pursuant to which, certain rights and obligations of our Company, among others, in relation to restriction on share transfers, as stipulated in the PH TLAs and PH TMAs have been amended. For details, see "*– Key Agreements – KFC Arrangements – KFC Trademark License Agreement – Amendment Agreement to TLA and TMA*".

***Pizza Hut Trademark License Agreement***

Pursuant to the trademark license agreement between Pizza Hut International, LLC ("**Pizza Hut International**") and our Company ("**PH TMA**"), Pizza Hut International has granted us the non-exclusive right to use, on a royalty free basis, the relevant marks during the term of the PH TMA, solely in connection with the conduct of the Pizza Hut business at the relevant store.

*Term.* The term of the PH TMA is co-terminus with the PH TLA for the relevant store.

*Other Obligations.* The PH TMA imposes certain obligations on us that are similar to those we are subject to under the PH TLA, including with respect of the marks and the Pizza Hut system property, as well as confidentiality, indemnity and non-compete terms.

*Use of Marks*. We are required to strictly follow Pizza Hut International's instructions regarding use of the marks, including indicating that the marks are being used by us as a licensed or permitted user only. Pizza Hut International may at any time change or withdraw any of the marks or designate new marks, and we are required to implement such changes within the specified periods.

Without Pizza Hut International's prior written approval, we are not permitted to sub-license the marks to any third party or otherwise allow them to use the marks.

*Payments*. No royalty payment is required to be paid under the PH TMA. However, we are required to promptly clear all applicable taxes, duties, charges and levies with respect to the business, and all debts and other financial obligations incurred in connection with the operation of the business.

*Transfers and Charges.* We are not permitted to, without the prior approval of Pizza Hut International, (i) create any encumbrance or lien over our interest in the PH TMA or any asset of the business; or (ii) transfer the business or PH TMA to any third party.

Similar to the terms of the PH TLA, if we propose any sale or transfer of the business or the PH TMA or any interest or shareholding in our Company, Pizza Hut International within a specified period, whether itself or through a nominee, is entitled to first right of refusal and make such acquisition at the proposed sale price and other applicable terms and conditions. In the event that Yum India does not exercise such right, we require the prior written approval of Yum India for such proposed sale or transfer.

We are also not permitted to, without the prior approval of Pizza Hut International, (i) permit any transfer, charge or pledge by any party of any interest or share in our Company; (ii) issue new shares in our Company to any party who is not a shareholder at the specified date; or (iii) permit any reorganization, amalgamation or other material change in the structure or financial condition of our Company.

The events of default, termination and consequences of termination provisions in the PH TMA are similar to those in the PH TLA.

*Governing Law and Dispute Resolution.* The PH TMA is typically governed either by the laws of Texas or laws of New York in the United States of America, and disputes are subject to the non-exclusive jurisdiction of the courts of such territory.

***Development Commitment Arrangements***

We enter into certain development commitment arrangements with Yum India with respect to the targeted roll out of Pizza Hut stores. Pursuant to a development agreement with Yum India dated May 11, 2017 ("**Original PH DA**"), as amended by the first amendment dated April 27, 2018, and second amendment dated November 8, 2019 ("**First Amendment**" and "**Second Amendment**" and together with the Original PH DA, the "**Pizza Hut DA**"). Pursuant to the Pizza Hut DA, we are required to open a certain number of Pizza Hut stores in calendar years 2019, 2020, 2021, and 2022, and are eligible for certain incentives based on the targets we achieve. These incentives are in the nature of waivers of initial store opening fees and advertisement and marketing contributions payable to Yum, and cash contributions that may be paid to us by Yum.

In the event that we are unable to meet these development commitments, Yum will be entitled to clawback the waivers granted and/ or terminate our development rights and development agreements altogether.

We are Yum India's preferred partner and have a right of first refusal in captive markets (i.e. airports, railway stations), provided such sites are not secured by way of a bid process. We are required to confirm interest to build on identified sites in these markets within 7 days of being notified by Yum India, in the event these sites in such markets are not secured through a bid process. In the event we are able to build stores in these markets during the specified period, Yum India is required to provide a waiver of the initial fee for these stores. In the event we have made regular payments of the continuing fees and these stores are operational for a period of three years, Yum India is required to make an annual cash contribution for each store for a period of three years from the opening date.

As a result of the significant impact of the COVID-19 pandemic which affected the roll out of Pizza Hut stores in 2020 and 2021, Yum India and we agreed to amend and modify certain terms in the Pizza Hut DA, and consequently the development schedule set out in the Pizza Hut DA. Such recovery relief arrangements include certain additional incentives for the calendar years 2020 and 2021 payable at the end of 2021. From calendar year 2022 onwards, the terms and incentives of the Pizza Hut DA will be applicable. Further, any ongoing waiver provided to us will be clawed back if overall targets are not met until the end of year 2021.

Under such modified terms, we are also required to reinvest such amounts in new store opening expenses for the relevant net new units within a specified period from the date of store opening. Such new store opening packages will depend on the number of net new units we open in the relevant period, and the incentives associated with such new store opening packages increase above a certain threshold number of stores opened. Stores opened under such modified incentive arrangements are required to remain operational for a period of five years, failing which Yum India is entitled to claw back such additional incentives granted. Yum India is also entitled to claw back such additional incentives granted in the event the net new store count falls below the thresholds specified.

The aforementioned recovery relief arrangement may be terminated by Yum India on non-compliance of the terms or uncured defaults, as applicable, including as set out above. On termination of this arrangement, we will be liable to pay all the outstanding amounts to Yum India under the existing agreements.

We are required to and are in the process of entering into revised development agreements with Yum by June 27, 2021 to extend the validity and amend certain terms of the Pizza Hut DA. In the event we are unable to comply with this requirement within the time specified, it may entitle Yum to terminate our arrangements with them.

***New Pizza Hut DA***

We entered into a new development agreement with Yum India with respect to the targeted roll out of Pizza Hut stores. Pursuant to the new development agreement dated July 5, 2021 which is effective from January 1, 2022 (the "**New Pizza Hut DA**") we are required to open a certain number of Pizza Hut stores in calendar years 2022, 2023, 2024, 2025 and 2026. The New Pizza Hut DA will supersede the Pizza Hut DA with effect from January 1, 2022, and sets out similar rights and obligations as the Pizza Hut DA, including with respect to our obligations to (i) achieve certain development targets, (ii) upgrade our outlets periodically, (iii) provide business plans to Yum India annually in a prescribed format, (iv) obtain and maintain relevant approvals, (v) ensure the business is adequately and appropriately staffed, (vi) be subject to quarterly reviews of our developments plans, (vii) comply with expansion criteria in terms of demonstrating financial capacity, operational capability, and satisfaction of other administrative and financial criteria, (viii) development and closure of outlets as specified by, and based on appropriate approvals from Yum India, (ix) issue certain bank guarantees to Yum India annually; (x) pay the initial fees, renewal fees, continuing fees, supply chain management fees, and advertising contribution, to Yum India, as specified in the relevant TLAs and TMAs.

***PH LSA***

In terms of the PH LSA, certain of our shareholders, namely, RJ Corp and Ravi Kant Jaipuria, have provided a guarantee for the due and punctual performance of our Company's obligations and liabilities under the various PH TLAs and PH TMAs. Pursuant to the PH LSA, such shareholders are required to indemnify Yum India for losses incurred as a result of failure of our Company to comply with the terms and conditions of the PH TLAs and PH TMAs, breach of any terms and conditions by such shareholders of the PH TLAs and PH TMAs, and occurrence of any termination event under the PH TLAs and TMAs, among others.

Our Company and certain of our shareholders have entered into the LSA Amendment Agreement with Yum India pursuant to which, certain rights and obligations of our Company and shareholders of our Company (as on the date of execution of the LSA Amendment Agreement), as stipulated in the PH LSA have been amended. Particularly certain restrictions on share transfers and issuance have been relaxed by Yum India pursuant to the LSA Amendment Agreement. For details, see "*– Key Agreements – KFC Arrangements – KFC Trademark License Agreement – LSA Amendment Agreement*" on page 153.

**Costa Coffee Arrangements**

***International Development Agreement***

We entered into an international development agreement with Costa International Limited ("**Costa**") dated September 28, 2004 (the "**Development Agreement**"), amended subsequently by a deed of variation dated January 28, 2010 and certain supplemental letters (the "**Deed of Variation**" and together with the supplemental letters, and Development Agreement, the "**Costa IDA**") under which we were granted certain rights to carry on the Costa Business (see below) in certain regions for a defined period of time.

*Costa Business.* The business of developing, obtaining and acquiring knowledge about the business and retailing of coffee using a coffee shop format and operating system ("**Costa Business**"). The Costa Business also comprises the method of development, operation and maintenance developed by Costa using its trade names and marks, including its know-how, specialized techniques, knowledge, skill and proprietary information relating to the development and operation of coffee shops; methods for making beverages and food items; merchandising and packaging used in or in connection with the operation of the Costa Business including design décor and colour of coffee shop premises, kitchen and dining area; staff recruitment and training, equipment and furniture layout, standards of quality; service and cleanliness and uniformity of products and services offered, ingredients and recipes, and procedures for accounting inventory and management control.

*Development Rights.* We had certain exclusive development rights to develop Costa Coffee stores in India that was conditional on our ability to comply with the development schedule and certain other conditions. These rights have been amended from time to time and are currently non-exclusive rights limited to the right to operate existing stores in accordance with the Costa IDA. Accordingly, Costa may open and operate Costa Coffee stores either itself or through a third party in India.

*Sale of Select Products.* Costa is at all times entitled to advertise and sell coffee and certain other products in India, through electronic communication or any other platforms or channels which do not infringe our rights under the Costa IDA. We are not permitted to sell certain specified products other than as retail sales through our Costa Coffee stores, without the prior consent of Costa.

*Term of Costa IDA and Renewal.* The term of the Costa IDA is 21 years, with a right to require Costa to enter into a new agreement with immediate effect on expiry of the term of the Costa IDA. Costa is required to agree to such renewal provided we have substantially performed our obligations under the Costa IDA and there is no outstanding breach in respect of the Costa IDA. The term of such new agreement will be 10 years with a right to require renewal of further 10 years, and be based on the same terms and conditions as those set out in the Costa IDA including with respect to the franchisee fees payable (see below), subject to updates in applicable laws. However, Costa will not be obligated to provide any initial obligations contained in the Costa IDA, in the new agreement. In the event our exclusive development rights have been terminated prior to expiry of the term of the Costa IDA, then we will not be granted any further development rights to open and operate new Costa Coffee stores even under the new agreement. However, we have recently entered into a non-binding heads of terms with Costa that is subject to a definitive agreement to be entered into (see below), under which our rights to develop new Costa Coffee stores is being contemplated.

*Exercise of Development Rights.* We are required to obtain Costa's prior approval to open any new Costa Coffee store, by submitting to Costa all relevant details of the proposed store, including with respect to its location, layout and structure, and business plan. We are also required to engage contractors' approved by Costa for construction/ fit out works.

Costa has the right to inspect each new store either by itself or through its nominated representatives, on receiving notice from us on completion of store works along with the nominal site fee payable. If the store is not ready/ not in compliance with Costa's specifications at the time of inspection by Costa, we are required to reimburse Costa for any expenses incurred towards such inspection. In the event the store is compliant with Costa's specifications and we continue to be in compliance with the Costa IDA, a trading certificate/ operational agreement is issued by Costa for the store, indicating approval for opening such store.

*Costa's Obligations.* Costa is required to provide us a manual comprising details of the method of development, operation and maintenance of Costa stores, as developed by the Costa. Costa is required to continue to provide us assistance and advice, including operating and business guidance necessary to update the manuals, establish supplies of equipment and ingredients, for operating our Costa stores. Costa is also entitled to annually visit and carry out inspections at our Costa Coffee stores, for monitoring the store's compliance with Costa's quality standards and specifications.

*Training.* Costa is required to train the initial general manager of our Costa Coffee store, and thereafter, we are required to ensure that our general managers and staff are trained in accordance with Costa's request. Costa is also entitled to send a trainer to India to assist us in implementing the training required by Costa. We remain responsible for the costs of training and certain other expenses incurred for the trainer deployed by Costa.

*Our Obligations.* We are required to ensure that we have sufficient working capital to enable us to perform our obligations under the Costa IDA and are required to operate the Costa Business in accordance with the provisions of the manuals, which are also required to be kept up to date at all times. In addition, we are required to submit an annual business plan to Costa that spans at least three years. We are also required to comply with applicable laws, labelling requirements for products sold at our stores, staffing requirements as indicated by Costa, refrain from carrying out any act that would disrepute/ damage the trade name, trademarks or interests of Costa. We are also required to inform Costa of material developments or plans in our business which could have a beneficial or adverse effect upon the operation of Costa Coffee stores.

We are also required to ensure that we discharge our obligations under the operational agreements for each store, and obtain products only from suppliers nominated by or approved by Costa. Further, all products that we sell at our Costa Coffee stores are required to be as specified by Costa from time to time.

*Indemnity.* We are required to keep Costa and its officers and directors fully indemnified against all claims, damages, demands, costs and expenses, which Costa may incur as a result of any breach by us/ our officers/ directors/ shareholders of the Costa IDA and the operational agreements.

*Competition.* We are required to refrain from, during the term of the Costa IDA and thereafter, directly or indirectly engage or be interested in a business similar to or competitive with the Costa Business.

*Approval and Supply of Products.* We must comply with certain specified operating conditions as set out in the Costa IDA, which include: obtaining supplies of the products from Costa/ its nominated or approved suppliers, and particularly for coffee products, at prices determined by Costa that shall be comparable to local market price; compliance with applicable laws; following Costa's directions in event Costa is not satisfied with the products and it directs us to terminate our supply arrangements for such products; reimbursing Costa for reasonable costs incurred towards inspecting and assessing suppliers; obtaining Costa's approvals for new products we may propose to introduce at our Costa Coffee stores; and ensuring the warehouse distributors and carriers we engage with are in compliance with the standards set out by Costa.

*Fees.* We were and are required to pay the Costa the following sums, as applicable:

- *Non-Refundable Development Fees.* Development fee of £50,000 on execution of the Costa IDA.
- *Site Fee.* A nominal site fee of £ 500 prior to opening each Costa Coffee store.
- *Service Fee.* For each month, a sum equivalent to 6.00% of the gross network revenue (i.e. the aggregate gross revenue of all our Costa Coffee stores for each period from the sale of products, excluding applicable taxes).
- *Cost of Supplies.* The cost of any products or other items or services supplied to us by Costa and any other costs and expenses (including for management time) that Costa may charge us.

- *Marketing.* We are obligated to spend a sum at least equivalent to 2.00% of gross network revenue in each operative period to advertise and promote our Costa Business in India. We are required to advertise and promote our Costa Business at our expense, in line with the approved annual marketing plan, that complies with applicable laws, regulations and codes of practice in India and with the standards set out by Costa. Alternatively, Costa has the right to require us to deposit the sum equivalent to 2.00% of gross network revenue for each month in a separate bank account to be spent on advertising and marketing activities as specified to us by Costa.

*Accounting and Reporting.* We are to maintain proper books of account and supply Costa with an audited certificate as to the gross network revenue for such period and such other accounting and financial information, as Costa may require. We may also be required to acquire such computer hardware/ software/ electronic point-of-sale that are compatible with Costa's software programs, that Costa shall obtain at our cost.
*Improvements.* We are required to obtain Costa's prior approval before carrying out any improvements to the method of conducting our Costa Business. On its approval, Costa may include these improvements in its operating manuals without making any payments to us.

*Trademarks.* We are required to assist Costa/ its affiliates in obtaining trademark registrations for trade and service markets used in the Costa Business in India, at Costa's costs. We are not permitted to make any of these applications in the name of our Company, with certain exceptions. We are required to comply with Costa's instructions with respect to use of the trademarks by us, and notify Costa immediately of any infringements/ imitations that come to our attention.

*Termination.* Costa may terminate the Costa IDA if we fail to open the first Costa Coffee store within six months of the date of the Costa IDA, fail to pay sums due to Costa or account information within 30 days of being notified by Costa, have more than two operational agreements terminated by Costa, provide any misleading information to Costa, challenge the validity of the trademarks, are declared bankrupt/ insolvent/ are subject to a petition for liquidation, assign the Costa IDA otherwise than in accordance with the Costa IDA, fail to comply with the obligations under the Costa IDA or applicable laws, endanger health or safety of any customer, fail to keep a store open for trading for two consecutive days (unless due to refurbishment or repair or due to a flood or fire).

Costa may also terminate the Costa IDA if we default on our payment obligations or fail to supply any information sought by Costa under the Costa IDA if Costa reasonably suspects that any information on the Costa Business or confidential communication from Costa to us is being or has been communicated to any competitor of Costa. Further, Costa may also terminate our rights with respect to a particular Costa Coffee store if circumstances arise which represent risk of causing material damage and goodwill of the trade name and Costa network at such Costa Coffee store. If Costa reasonably believes that such risk exists with respect to other Costa Coffee stores operated by us, it may terminate our rights in respect of every Costa Coffee store as well as the Costa IDA.

*Consequences of Termination.* On termination, we must immediately discontinue use of the trademarks and signs/ notices/ advertising material associated with the Costa Business, distinguish our stores from Costa stores as Costa may reasonably direct, return all items loaned to us by Costa including the operating manuals and computer software, and pay to Costa all amounts that may become payable to Costa. Upon termination, Costa may have the option to purchase assets under our Costa Business.

We are also required to refrain from, for a period of 12 months post termination, conducting any business, advising/ offering financial assistance to any business that competes with the Costa Business, directly or indirectly, through our affiliates without Costa's consent.

*Assignment/ Transfer.* Costa may assign, transfer or novate this agreement, and all rights under it, to any other party at any time, and subject to the assignee entering into a direct covenant with us to observe and perform all of Costa's obligations under the Costa IDA.

*Transfer of the Costa Business.* We have no right to assign the Costa IDA or grant any sub-franchise.

We are entitled to sell our Costa Business (i.e. all our Costa Coffee stores) with Costa's prior consent, provided we are in compliance with our obligations towards Costa, the prospective purchaser submits an offer in line with Costa's standards, executes a confidentiality undertaking, and is not (directly or indirectly) engaged or interested in any business which competes with the Costa Business, and that we have fulfilled all our payment obligations towards Costa.

We are required to submit to Costa each proposal we receive from prospective purchasers, along with certain other details of such purchaser including relevant financial statements and a warranty with respect to such information stating that it is complete and accurate in all respects. On receipt of such proposal and information, Costa/its nominee will also have the option to purchase our Costa Business on the same terms as those set out in the initial offer received. In the event Costa does not exercise this option, we are entitled to proceed with the sale to the proposed purchaser upon the same terms or on terms no more favourable to the purchaser than those notified to Costa.

*Change in Control.* We are required to seek Costa's consent before undergoing a change in control at our Company level or Group level.

*Choice of Law and Jurisdiction.* The Costa IDA is to be construed and enforced in accordance with the laws of England other than those relating to the conflict of laws. The dispute resolution is through arbitration to be conducted under the rules of the International Chamber of Commerce and substantive law for the arbitration is English law and the venue is to be Paris. Arbitral proceedings are to be in English.

Under the terms of a letter dated February 14, 2018 issued by Costa, we were required to develop new Costa Coffee stores in India, as set out below:

| Fiscal Year | Target under arrangements with Costa (net of closures) |
|---|---|
| 2019 | 12 |
| 2020 | 14 |
| 2021 | 16 |

***Proposed Modification to the Costa IDA***

We are in the process of entering into a revised development agreement with Costa that is under negotiation and has not been finalized as on the date of this Prospectus. To this effect, we have executed a non-binding heads of terms with Costa, which are effective from January 1, 2021 (the "**Costa Term Sheet**"). The Costa Term Sheet sets out, among other matters, a revised development schedule for the Costa Coffee stores and revised development fees that maybe payable to Costa.

However, the Costa Term Sheet remains subject to a definitive agreement proposed to be entered into between the parties failing which it may be terminated. We may be delayed or be unable to enter into such a definitive agreement for various reasons beyond our control, which may result in us not being able to renew or otherwise continue our relationship with Costa. Further, as the Costa Term Sheet is not legally binding on the parties, there can be no assurance that the definitive agreement when finalized and negotiated will not significantly vary from the Costa IDA or the Costa Term Sheet. For further information, see "*Risk Factors – We rely on the Costa IDA with Costa for our Costa Coffee stores and a termination of or material modification to the existing terms of the Costa IDA will materially and adversely affect our ability to continue our Costa business and operations and our future financial performance*" on page 30.

## KEY REGULATIONS AND POLICIES IN INDIA

*Given below is an indicative summary of certain relevant laws, policies and regulations applicable to us. The information in this section has been obtained from publications available in the public domain. The description of the applicable regulations as given below has been provided in a manner to provide general information to the investors and may not be exhaustive and is neither designed nor intended to be a substitute for professional legal advice. The indicative summary is based on the current provisions of applicable law, which are subject to change or modification or amended by subsequent legislative, regulatory, administrative or judicial decisions.*

### Key regulations applicable to our Company

***Food Safety and Standards Act, 2006 ("FSSA")***

The FSSA was enacted with a view to consolidate the laws relating to food and to establish the FSSAI for laying down scientific standards for articles of food and to regulate their manufacture, storage, distribution, sale and import to ensure availability of safe and wholesome food for human consumption. The FSSAI is required to provide scientific advice and technical support to the GoI and the state governments in framing the policy and rules relating to food safety and nutrition. The FSSA also sets out requirements for licensing and registering food businesses, general principles for food safety, and responsibilities of the food business operator ("**FBO**") and liability of manufacturers and sellers, and adjudication by the Food Safety Appellate Tribunal. The FSSA also lays down penalties for various offences (including recall procedures).

In exercise of powers under the FSSA, FSSAI has framed, *inter alia*, the Food Safety and Standard Rules, 2011 ("**FSSR**"). The FSSR sets out the enforcement structure of 'commissioner of food safety', 'food safety officer' and 'food analyst' and procedures of taking extracts of books of accounts and other relevant documents, seizure of food articles, sampling of food articles and analysis. The Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 provide for the conditions and procedures for registration and licensing process for food business and lays down general requirements to be fulfilled by various FBOs, including petty food business operators as well as specific requirements to be fulfilled by businesses dealing with certain food products. Further, the Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011 prescribe food product standards for various categories of food ingredients. The Food Safety and Standards (Contaminants, Toxins and Residues) Regulations, 2011 deals with the compliance of various contaminants, toxins and residues standard prescribed in food.

In terms of the Food Safety and Standards (Food Recall Procedure) Regulations, 2017, every FBO engaged in manufacturing of food is required to have a food recall plan. The packaging done by a FBO is required to be in compliance with the Food Safety and Standards (Packaging and Labelling) Regulations, 2011. Further, all FBOs whose consumption of edible oils for frying is more than 50 litres per day are required to maintain records and dispose used cooking oil to agencies authorised by the FSSAI. The operators are also required to maintain records of the oil used and disposed and the authorised body where it is disposed. According to the Food Safety and Standards (Licensing and Registration of Food Business) Amendment Regulations, 2018, an e-commerce FBO (which includes sellers and brand owner who display or offer their food products, through e-commerce, and providers of transportation services for the food products and/or providing last mile delivery transportation to the end consumers), is required to obtain central license from the concerned central licensing authority. Further, the Food Safety and Standards (Advertising and Claims Regulations), 2018 lay down principles and obligations that every food business operator and marketer must follow to ensure fairness in claims and advertisements of food products.

Further, FSSAI has issued guidance note on '*Food Hygiene and Safety Guidelines for Food Businesses during Coronavirus Disease (COVID-19) Pandemic*' ("**Guidance Note**") with an intent to provide guidance to food businesses, including their personnel involved in handling of food and other employees to prevent spread of COVID-19 in the work environment and any incidental contamination of food/food packages. It also provides guidance in relation to operative mechanism such as establishment of an in-house emergency response team in large food businesses to deal with suspected infections effectively. It mandates that employers should have a COVID-19 screening protocol in place to screen all personnel entering the premise. All the employees or visitors should be screened at entry point for the symptoms of COVID-19 such as, among others, temperature (using non-contact type thermometer), cough, cold etc. The entrance shall mandatorily have measures installed for hand hygiene. Employees and food handlers should be encouraged to self-declare any symptoms of any respiratory illness before visiting the premises. To spread awareness and contain the spread of the disease, employers should employ and ensure compliance with numerous measures such as, among others, display of posters/standees/audio visuals on preventive measures for COVID-19, frequent usage of alcohol-based sanitisers, avoidance of close contact with symptomatic personnel, usage of face masks, and frequent cleaning and disinfection. Food sectors involved in food services, takeaways and deliveries shall ensure, among others, that the food service area shall be thoroughly cleaned and disinfected after every meal, hand wash facilities should be made available to the workers, employees wear a clean uniform, mask/face cover, gloves and head covers at all time, adoption of contactless delivery. The Guidance Note prescribes guidelines for the management of the food establishment to handle a Covid-19 suspect/positive case in accordance with the guidelines issued by Ministry of Health and Family Welfare and clean and disinfect the premises accessed by the suspected Covid-19 case.

The Guidance Note mandates strict adherence to General Hygiene Practices specified under Schedule 4 of Food Safety and Standards (Licensing and Registration of Food Businesses) Regulation, 2011 ("**Schedule**"). The Schedule enumerates multiple compulsory measures to be adopted by food business operators in the interest of human nutrition, safety and hygiene. The Schedule mandates that the premises shall be clean, adequately lighted and ventilated, and sufficient free space for movement shall be made available. In relation to personal hygiene – all employees should wash their hands properly and they should be made aware of measures to avoid cross-contamination. Further, among other things, eating, chewing, smoking, spitting and nose blowing shall be prohibited within the premises especially while handling food, and persons suffering from infectious diseases shall not be permitted to work. Any cuts or wounds shall remain covered at all time and the person should not be allowed to come in direct contact with food.

**Environment Regulations**

We are subject to various environment regulations as the operation of our establishments might have an impact on the environment in which they are situated. The basic purpose of the statutes given below is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards ("**PCBs**"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation. As per the applicable state law, all industries are required to obtain consent orders from the PCBs. These consent orders are indicative of the fact that the industry in question is functioning in compliance with the pollution control norms and are required to be kept renewed.

**A.** ***The Environment (Protection) Act, 1986 ("Environment Act")***

The Environment Act has been enacted with the objective of protection and improvement of the environment. Under the Environment Act, the Central Government has been given the power to take all such measures for the purpose of protecting and improving the quality of the environment and to prevent environmental pollution. Further, the Central Government has been given the power to give directions in writing to any person or officer or any authority for any of the purposes of the Act, including the power to direct the closure, prohibition or regulation of any industry, operation or process. The Environment Act also contains provisions with respect to furnishing information to authorities in certain cases, the establishment of environment laboratories and the appointment of government analysts. The Environment Act prescribes penalties in form of fine, imprisonment or both, in case of non-compliance with the Environment Act or the rules thereunder.

**B.** ***Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")***

The Water Act prohibits the use of any stream or well for the disposal of polluting matter, in violation of the standards set down by the State Pollution Control Board ("**State PCB**"). The Water Act also provides that the consent of the State PCB must be obtained prior to opening of any new outlets or discharges, which are likely to discharge sewage or effluent. The Water Act prescribes specific amounts of fine and terms of imprisonment for various contraventions.

**C.** ***Air (Prevention and Control of Pollution) Act, 1981 ("Air Act")***

The Air Act requires that any individual, industry or institution responsible for emitting smoke or gases by way of use of fuel or chemical reactions must apply in a prescribed form and obtain consent from the State PCB prior to commencing any activity. The consent may contain conditions relating to specifications of pollution control equipment to be installed. Within a period of four months after the receipt of the application for consent the State PCB shall, by order in writing and for reasons to be recorded in the order, grant the consent applied for subject to such conditions and for such period as may be specified in the order, or refuse consent. The Air Act prescribes penalties for contravention in terms of fine, imprisonment or both.

**D.** ***Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016***

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, requires that every occupier of a facility who is engaged in handling of 'hazardous waste' and other wastes is required to obtain an authorization from State PCB. It places an obligation on the occupier to prevent, minimize, reuse, recycle, recover, utilize including co-processing, and safe disposal of the waste. It also makes the occupier responsible for safe and environmentally sound management of hazardous and other wastes. It makes the occupier liable for damages caused to environment or third parties. It also prescribes financial penalties for violation of provisions of the rules.

**E.** ***Plastic Waste Management Rules, 2016***

Under the Plastic Waste Management Rules, 2016, all institutional generators of plastic waste, are required to *inter alia*, segregate and store the waste generated by them in accordance with the Solid Waste Management Rules, 2016, and handover segregated wastes to authorized waste processing or disposal facilities or deposition centers, either on its own or through the authorized waste collection agency.

F. *Solid Waste Management Rules, 2016*

All restaurants are required to ensure segregation of waste at source, facilitate collection of segregated waste in separate streams, handover recyclable material to either the authorized waste pickers or the authorized recyclers, in partnership with the local body. The bio-degradable waste shall be processed, treated and disposed off through composting or bio-methanation within the premises as far as possible. The residual waste shall be given to the waste collectors or agency as directed by the local body.

**Shops and Establishments Legislations**

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. All industries have to be registered under the shops and establishments legislations of the state where they are located. There are penalties prescribed in the form of monetary fine or imprisonment for violation of the legislations.

**Police Laws and Fire Prevention Laws**

The state legislatures in India have enacted laws regulating public order and police, which provide, *inter alia*, for the registration of eating houses and obtaining a 'no objection certificate' for operating such eating houses, from the police station located in that particular area, along with prescribing penalties for non-compliance. The state legislatures have also enacted legislations for fire control and safety including the Maharashtra Fire Prevention and Life Safety Measures Act, 2006, Uttar Pradesh Fire Prevention and Fire Safety Act, 2005, Andhra Pradesh Fire Services Act, 1999 and Delhi Fire Services Act, 2007, which are applicable to our restaurants established in the respective states. The legislations include provisions in relation to provision of fire safety and life saving measures by occupiers of buildings, licensing provisions and penalties for non-compliance.

**Municipality Laws**

The respective state legislatures in India have the power to endow the municipalities with the power to implement schemes and perform functions in relation to matters listed in the Twelfth Schedule to the Constitution of India which includes regulation of public health. The respective state governments have enacted laws empowering the Municipalities to regulate public health including the issuance of a health trade license for operating eating outlets and implementation of regulations relating to such license along with prescribing penalties for non-compliance.

**Trade Marks Act, 1999 ("Trade Marks Act")**

The Trade Marks Act provides for the application and registration of trademarks in India. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label and heading and to obtain relief in case of infringement of such marks. Application for the registration of trademarks has to be made to Controller-General of Patents, Designs and Trade Marks who is the Registrar of Trademarks for the purposes of the Trade Marks Act. The Trade Marks Act prohibits any registration of deceptively similar trademarks or chemical compound among others. It also provides for penalties in form of imprisonment or fine or both for infringement, falsifying and falsely applying trademarks and using them to cause confusion among the public.

**Public Liability Insurance Act, 1991 ("Public Liability Act")**

The Public Liability Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of 'hazardous substances' covered by the Public Liability Act has been enumerated by the Government pursuant to a notification. The owner or handler is also required to take out an insurance policy insuring against liability under this legislation. Any party violating the provisions of the Public Liability Act can be imposed with a fine, imprisonment or both.

**Consumer Protection Act, 2019 and Consumer Protection (E-Commerce) Rules, 2020 ("COPRA")**

The COPRA has superseded Consumer Protection Act, 1986 and came into force on July 20, 2020. The COPRA has been promulgated to provide for the protection of consumers' interests, to establish authorities for timely and effective administration and settlement of consumers' disputes and other connected matters. The COPRA provides for establishment of the Central Consumer Protection Council to render advice on promotion and protection of consumers' rights and the Central Consumer Protection Authority to regulate matters relating to violation of rights of consumers, unfair trade practices and false or misleading advertisements which are prejudicial to the interests of public and consumers, and to protect, promote and enforce the rights of the consumers. The COPRA also provides for the establishment of the Consumer Disputes Redressal Commissions at the district, state and national level. The COPRA has brought e-commerce entities and their customers under its purview including providers of technologies or processes for advertising or selling, online market place or online auction sites. The

COPRA also provides for referring the disputes to mediation for early settlement of the disputes between the parties and also prescribes the offences and the penalties for such offences.

**National Building Code of India, 2016 ("NBC")**

The NBC provides guidelines for *inter-alia*, regulating the building construction activities across the country. The NBC primarily contains administrative regulations, development control rules and general building requirements, fire safety requirements, stipulations regarding materials, structural design and construction (including safety), building and plumbing services, landscape development, signs and outdoor display structures, guidelines for sustainability, and asset and facility management. Further, the NBC provides the guidelines for the occupation and usage of the premises.

**Laws relating to Taxation**

Tax related laws that are pertinent, include the Income Tax Act 1961, Income Tax Rules, 1962, Customs Tariff Act, 1975 and GST which includes the Central Goods and Services Tax Act, 2017, various State Goods and Services Tax legislations and the Integrated Goods and Services Tax Act, 2017.

**Laws relating to Employment**

The employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative list of labour laws which may be applicable to us due to the nature of our business activities:

(i) Contract Labour (Regulation and Abolition) Act, 1970.

(ii) Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

(iii) Employees' State Insurance Act, 1948.

(iv) Minimum Wages Act, 1948.

(v) Payment of Bonus Act, 1965.

(vi) Payment of Gratuity Act, 1972.

(vii) Payment of Wages Act, 1936.

(viii) Maternity Benefit Act, 1961.

(ix) Industrial Disputes Act, 1947.

(x) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

(xi) The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.

(xii) The Industries (Development and Regulation) Act, 1951.

(xiii) Employees' Compensation Act, 1923.

(xiv) The Industrial Employment Standing Orders Act, 1946.

(xv) The Child Labour (Prohibition and Regulation) Act, 1986.

(xvi) The Equal Remuneration Act, 1976.

(xvii) The Trade Unions Act, 1926 and the Trade Union (Amendment) Act, 2001.

(xviii) Building and Other Construction Workers Regulation of Employment and Conditions of Service Act, 1996.

(xix) The Code on Wages, 2019*.

(xx) The Occupational Safety, Health and Working Conditions Code, 2020**.

(xxi) The Industrial Relations Code, 2020***.

(xxii) The Code on Social Security, 2020****.

* *The Government of India enacted 'The Code on Wages, 2019' which received the assent of the President of India on August 8, 2019. The provisions of this code are proposed to be brought into force by the Central Government on a date to be notified by the Central Government. It proposes to subsume*

*four separate legislations, namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976.*

** *The Government of India enacted 'The Occupational Safety, Health and Working Conditions Code, 2020' which received the assent of the President of India on September 28, 2020. The provisions of this code are proposed to be brought into force on a date to be notified by the Central Government. It proposes to subsume several separate legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.*

*** *The Government of India enacted 'The Industrial Relations Code, 2020' which received the assent of the President of India on September 28, 2020. The provisions of this code are proposed to be brought into force on a date to be notified by the Central Government. It proposes to subsume three separate legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946.*

**** *The Government of India enacted 'The Code on Social Security, 2020 which received the assent of the President of India on September 28, 2020. The provisions of this code are proposed to be brought into force on a date to be notified by the Central Government. It proposes to subsume several separate legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganised Workers' Social Security Act, 2008.*

**Other Applicable Laws**

In addition to the above, our Company is required to comply with the provisions of the Indian Contract Act, 1872, Companies Act, Transfer of Property Act, 1882, Foreign Exchange Management Act, 1999, Prevention of Corruption Act, 1988, Legal Metrology Act, 2009, to the extent applicable, SEBI Listing Regulations, RBI guidelines, IBC, and other applicable laws and regulations imposed by the central and state governments and other authorities for its day-to-day operations.

# HISTORY AND CERTAIN CORPORATE MATTERS

## Brief history of our Company

Our Company was originally incorporated as 'Universal Ice Creams Private Limited' at New Delhi as a private limited company under the Companies Act, 1956, pursuant to the certificate of incorporation dated December 13, 1991 issued by the RoC. Subsequently, the name of our Company was changed to 'Devyani International Private Limited' and a fresh certificate of incorporation dated June 7, 2000, was issued by the RoC. Thereafter, our Company was converted into a public limited company and consequently the name of our Company was changed to 'Devyani International Limited' and a fresh certificate of incorporation dated May 9, 2005 was issued by the RoC.

## Changes in the Registered Office

Except as disclosed below, there has been no change in the registered office of our Company since the date of incorporation.

| Date of change | Details of change in the Registered Office | Reasons for change |
|---|---|---|
| March 16, 1994 | The registered office of our Company was shifted from A-26, Okhla Industrial Area, Phase-1, New Delhi 110 020 to 5146-47, Rui Mandi, Sadar Bazar, Delhi 110 006 | Administrative convenience |
| October 27, 1995 | The registered office of our Company was shifted from 5146-47, Rui Mandi, Sadar Bazar, Delhi 110 006 to F-90/3C, Okhla Industrial Area, Phase-I, New Delhi 110 020 | Administrative convenience |
| November 25, 1996 | The registered office of our Company was shifted from F-90/3C, Okhla Industrial Area, Phase-I, New Delhi 110 020 to F-2/7, Okhla Industrial Area, Phase-I, New Delhi 110 020 | Working convenience |

## Main objects of our Company

The main objects contained in our Memorandum of Association are as follows:

1. *"To carry on the business of production and preparation of various kinds of ice creams, creams, dairy products, milk products and condensed milk."*

2. *"To manufacture, produce, process, prepare, improve, create, buy, sell, distribute, import, export and deal in all kinds of foods, food products, jams, jellies, pickles, chutneys, marmalades, vinegars, sausages, ketchups, essences, ghee, butter, cheese, malted foods, garden products, preserved, canned and tinned fruits and vegetables, biscuits, beverages, aerated waters, soft drinks, concentrate, cakes, chocolates, potato wafers, potato products, snack foods, vegetable products, preserved provision of all kinds and other such food and food products of all kinds."*

3. *"To manufacture, produce, process, prepare, improve, create, buy, sell, distribute, import, export and deal in all kinds of stationery items, party goods, arts & crafts, soft lines, toys, gift sakes, hand/carry bags, battery operated toys, DVD's, VCD's, shoes for kids, home decor items and ready to wear garments (both inner & outer wear)."*

4. *"To carry on the business of hotels, resorts, motels, restaurants, cafe, club houses, cottages, refreshment room, food courts, food retail outlets, canteens, boarding and lodging guest houses, entertainment services whether as proprietors, owners, agents, franchisee, franchisor, sub-franchisee and/or on revenue sharing basis anywhere in India."*

The main objects to be pursued by our Company and the matters necessary in furtherance of the objects as contained in our Memorandum of Association enable our Company to carry on business presently being carried out.

## Amendments to the Memorandum of Association

Set out below are the amendments to our Memorandum of Association in the last 10 years:

| Date of Shareholder's resolution/ Effective date | Particulars |
|---|---|
| May 18, 2012 | Clause III(C) of our Memorandum of Association was amended to reflect addition of the following clause:<br><br>"*70. To promote, encourage, establish, provide, maintain, conduct, operate, organize and run beauty parlours, spa centres, beauty salons, yoga centres, massage centres and to run the business as beautician, manicurists, hair dryers, makers and suppliers of all kinds of wigs and to conduct classes, seminars, demonstrations, education and training programmes in the field of body care and to do all allied activities in this connection."* |
| September 12, 2014 | Amendment to Clause V of our Memorandum of Association to reflect increase in the authorised share capital from ₹ 1,000,000,000 (Rupees One billion) divided into 100,000,000 (One Hundred million) equity shares of ₹ 10 each to ₹ 1,250,000,000 (Rupees One billion Two Hundred Fifty million) divided into 125,000,000 (One Hundred Twenty-Five million) equity shares of ₹ 10 each. |

| Date of Shareholder's resolution/ Effective date | Particulars |
|---|---|
| September 24, 2020 | The words at the beginning of our Memorandum of Association and before Clause I "(*THE COMPANIES ACT, 1956)*" were substituted by the words *"(THE COMPANIES ACT, 2013 AND THE COMPANIES ACT, 1956, TO THE EXTENT IN FORCE)"*. |
| | The words in Clause II of our Memorandum of Association, *"Union Territory of Delhi"* were substituted with *"National Capital Territory of Delhi"*. |
| | Clause III of our Memorandum of Association was amended to reflect the following changes:<br><br>i. Heading of the Part A of Clause III *"THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:-"* was substituted with *"THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:"*.<br><br>ii. Heading of Part B of Clause III *"THE OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS ARE:-"* was substituted with *"MATTERS WHICH ARE NECESSARY IN FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III (A) ARE:-"*<br><br>iii. In Part B of Clause III, all references to *"the provisions of the Companies Act, 1956"* were substituted by *"the provisions of the Companies Act, 2013"*.<br><br>iv. Part C of Clause III *"OTHER OBJECTS"* was deleted in entirety (all Sub-clauses 1-70). |
| | Clause IV of our Memorandum of Association was amended to reflect substitution of the following clause:<br><br>*"IV. The liability of the member(s) is limited, and this liability is limited to the amount unpaid, if any, on the shares held by them."* |
| March 25, 2021 | Clause V of our Memorandum of Association was amended to reflect the sub-division in the authorised share capital of the Company from ₹ 1,250,000,000 (Rupees One billion Two Hundred Fifty million) divided into 125,000,000 (One Hundred Twenty-Five million) equity shares of ₹ 10 each to ₹ 1,250,000,000 (Rupees One billion Two Hundred Fifty million) consisting of 1,250,000,000 (One billion Two Hundred Fifty million) equity shares of face value of ₹ 1 each. |
| May 4, 2021 | Amendment to Clause V of our Memorandum of Association to reflect increase in the authorized share capital from ₹ 1,250,000,000 (Rupees One billion Two Hundred Fifty million) consisting of 1,250,000,000 (One billion Two Hundred Fifty million) Equity Shares of face value of ₹ 1 each to ₹ 5,000,000,000 (Rupees Five billion) divided into 5,000,000,000 (Five billion) Equity Shares of ₹ 1 each. |

**Major events and milestones of our Company**

The table below sets forth some of the key events in the history of our Company:

| Fiscal | Events |
|---|---|
| 1992 | Incorporation of our Company. |
| 1997 | Our Company signed a development agreement with PepsiCo Restaurants International (India) Private Limited for opening Pizza Hut outlets in North India, pursuant to which our first Pizza Hut outlet was opened in Jaipur. |
| 2002 | Our Company acquired Speciality Restaurants Private Limited. |
| 2003 | Tricon Restaurants (India) Private Limited issued a letter of intent to our Company for opening Pizza Hut outlets in Kolkata. |
| 2004 | • Speciality Restaurants Private limited was merged in our Company.<br><br>• Yum India issued a letter of intent to our Company for opening KFC outlets in Kolkata. |
| 2005 | • Our Company signed an International Development Agreement with Costa for opening Costa Coffee outlets in India.<br><br>• Our first KFC store opened in Kolkata. |
| 2010 | • Opened the first KFC outlet in Nigeria. |

| Fiscal | Events |
|---|---|
| | • Opened the first KFC and Pizza Hut outlets in Nepal.<br>• Devyani Food Street Private Limited formed in a joint venture with Delhi International Airport Limited and our Company. |
| 2011 | Our Company launched its own brand for South Indian QSR- Vaango. |
| 2012 | • First Pizza Hut Delivery opened in Nepal.<br>• Our Company acquired 60% stake in Delhi Select Service Hospitality Private Limited.<br>• IDBI Trusteeship Services Limited, acting through its investment manager, ICICI Venture Funds Management Company Limited invested ₹ 991.41 million in our Company. |
| 2015 | • Our Company acquired Pizza Hut delivery outlets from Yum India in Western and Southern India.<br>• Dunearn invested ₹ 4 billion in our Company. |
| 2016 | Our Company acquired the balance 40% stake in DFSPL from Delhi International Airport Private Limited for an aggregate consideration of ₹ 49.20 million. |
| 2017 | Our Company entered into a concession agreement with GMR Hyderabad International Airport Limited to operate and maintain the food court of Hyderabad Airport under the brand name 'Food Street'. |
| 2019 | Our Company entered into an agreement with Yum India for acquisition of 13 KFC outlets. |
| 2020 | Our Company entered into an agreement with Yum India for acquisition of 61 KFC outlets. |
| 2021 | Yum India invested ₹ 2.3 billion in our Company. |

**Awards and accreditations**

The table below sets forth key awards and accreditations received by our Company:

| Calendar Year | Particulars |
|---|---|
| 2015 | Our Company's brand Vaango was recognised as a "Promising Brand" by the Economic Times. |
| 2018 | • Our Company was certified as a "Great Workplace" by the Great Place to Work Institute, India.<br>• Costa Coffee (T3 International Departure Pier) was awarded the Certificate of Excellence for "Outlet of the Year- F&B (International)" by Delhi International Airport Limited at the IGIA Awards 2018.<br>• Grid Bar (T3 Domestic Departure Food Court) was awarded the Certificate of Excellence for "Outlet of the Year- F&B (Domestic)" by Delhi International Airport Limited at the IGIA Awards 2018. |
| 2019 | Pizza Hut and KFC were recognised among the "Most Trusted Brands" in Food Services category in Brand Equity Survey conducted by The Economic Times. |
| 2020 | Our Company was recognised as one of "India's 100 Best Workplaces for Women 2020" by the Great Place to Work Institute, India. |

**Corporate Profile of our Company**

For details in relation to our corporate profile including details of our business, activities, services, market, growth, competition, launch of key products, entry into new geographies or exit from existing markets, suppliers, customers, capacity build-up, technology, and managerial competence, see "*Risk Factors*" "*Our Business*", "*Our Management*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 27, 125, 176, and 323, respectively.

**Time and cost overrun**

Except for certain time and cost overruns in the ordinary course of business and opening of Company's outlets, there have been no time and cost overruns pertaining to our business operations or any projects undertaken by our Company.

**Defaults or re-scheduling/restructuring of borrowings**

There have been no defaults or rescheduling/restructuring of borrowings with financial institutions/ banks in respect of our Company's borrowings.

**Significant financial and strategic partners**

Other than our strategic partnership with Yum India pursuant to the TLAs, TMAs, KFC DA, Amended KFC DA, Pizza Hut DA, and New Pizza Hut DA, our Company does not have any financial or strategic partners as of the date of this Prospectus. For details, see "*Our Business – Key Agreements*" on page 148.

**Capacity/facility creation, location of plants**

For details regarding capacity/facility creation and location of outlets of our Company and our Subsidiaries, see "*Our Business*" beginning on page 125.

**Launch of key products or services, entry into new geographies or exit from existing markets**

For details of key products or services launched by our Company, entry into new geographies or exit from existing markets, see "*Our Business*" and " *– Major Events and Milestones of our Company*" on pages 125 and 167, respectively.

**Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years**

Except as disclosed below, our Company has not made any material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years.

***Share sale and purchase agreement dated July 30, 2011 regarding Delhi Select Service Hospitality Private Limited ("DSSHPL") entered by and between our Company and SSP Catering India Private Limited ("SCIPL") (the "SSPA")***

DSSHPL was a joint venture company between SCIPL and Delhi International Airport Private Limited ("**DIAPL**") wherein SCIPL held 60% and DIAPL held 40% of the paid-up equity share capital of DSSHPL, respectively. Pursuant to the SSPA, our Company agreed to purchase 2,400,000 equity shares of DSSHPL from SCIPL for an aggregate consideration of ₹160.00 million. As a result, our Company acquired 60% of the paid-up equity share capital of DSSHPL. Thereafter, with effect from April 1, 2013, DSSHPL has merged into DFSPL pursuant to an order dated May 15, 2014 issued by Delhi High Court.

***Acquisition of DASMPL pursuant to share purchase and shareholders' agreement dated May 1, 2013 entered by and among our Company, High Street Food Services Private Limited ("HSFSPL"), and DASMPL ("DASMPL Agreement")***

Our Company agreed to purchase 2,500 equity shares of DASMPL from HSFSPL for an aggregate consideration of ₹ 54.10 million pursuant to the DASMPL Agreement. As a result, aggregate shareholding of our Company in DASMPL increased to 51% from 26%.

On July 12, 2021, our Company has purchased 2,940,000 equity shares of face value of ₹ 10 each and 11,316,693 preference shares of DASMPL for a total consideration of ₹ 69.04 million from the minority shareholder. Pursuant to the above acquisition, DASMPL has become a wholly owned subsidiary of the Company. For details in relation to this acquisition, see "*Outstanding Litigation and Material Developments – Litigation involving our Company – Litigation against our Company*" on page 360.

***Business transfer agreement dated May 27, 2014 entered by and among our Company and Yum India ("Pizza Hut BTA")***

Pursuant to the terms of Pizza Hut BTA, our Company acquired the business of running, maintaining and operating 20 restaurants under the brand name 'Pizza Hut Delivery' in states of Maharashtra, Andhra Pradesh and Gujarat on slump sale basis for an aggregate consideration of ₹ 0.23 billion.

***Acquisition of DFSPL pursuant to a share purchase agreement dated February 9, 2015 entered by and among our Company, Delhi International Airport Private Limited ("DIAPL"), and DFSPL ("DFSPL Agreement")***

Pursuant to Shareholders' Agreement dated July 27, 2009 entered by and among our Company and DIAPL, DFSPL was incorporated as a special purpose company, wherein, 5,345,400 equity shares and 1,200,000 preference shares were held by our Company and the remaining 3,563,600 equity shares and 800,000 preference shares were held by DIAPL. Subsequently, pursuant to the DFSPL Agreement, our Company agreed to purchase the entire shareholding of DIAPL in DFSPL for an aggregate consideration of ₹ 49.20 million. Therefore, our Company acquired 100% of the paid-up equity and preference share capital of DFSPL.

***Business transfer agreement dated September 20, 2018 entered by and among our Company and Yum India ("Yum India BTA I") read with Supplemental Terms and Conditions agreed in continuation of Yum India BTA I dated October 11, 2018***

Pursuant to the terms of Yum India BTA I, our Company acquired the business of running, maintaining and operating 13 restaurants under the brand name 'KFC' in states of Kerala and Goa on slump sale basis for an aggregate consideration of ₹ 0.32 billion.

***Business transfer agreement dated December 11, 2019 entered by and among our Company and Yum India ("Yum India BTA II") read with Supplemental Terms and Conditions agreed in continuation of Yum India BTA II, Yum India SHA and Yum India SSA dated December 11, 2019***

Pursuant to the terms of Yum India BTA II, our Company acquired the business of running, maintaining and operating 61 restaurants under the brand name 'KFC' in states of Karnataka, Telangana and Andhra Pradesh (except the stores in the city of Hyderabad) on slump sale basis for an aggregate consideration of ₹ 2.30 billion.

***Divestment of DIUPL by our Company pursuant to share transfer agreement dated February 17, 2021 entered by and among our Company, Arctic International Private Limited, Mauritius ("AIPL Mauritius") and DIUPL (the "DIUPL SPA")***

Our Company agreed to divest 100% of its shareholding in DIUPL to AIPL Mauritius, a wholly owned subsidiary of our Corporate Promoter, for an aggregate consideration of USD 50,000 pursuant to the DIUPL SPA.

***Business transfer agreement dated February 17, 2021 entered into by and among our Company and RJ Corp (the "DIUPL BTA")***

Pursuant to the terms of the DIUPL BTA, the franchisee rights for operating 'TWG' outlets by DIUPL was transferred to RJ Corp for an aggregate consideration of ₹ 10 million.

**Summary of Key Agreements**

***Agreements with Key Managerial Personnel, Director, Promoter or any other employee***

There are no agreements entered into by a Key Managerial Personnel or Director or Promoter or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

***Key terms of other subsisting material agreements***

Except for share subscription and shareholders' agreements disclosed below, the relevant TLAs and TMAs and the Costa IDA, our Company does not have any other subsisting material agreement including with strategic partners, joint venture partners, and/or financial partners other than in the ordinary course of business of our Company. For details of the TLAs and TMAs and Costa IDA, see, "*Risk Factors – The operation of stores/ outlets under our Core Brands ("KFC", "Pizza Hut" and "Costa Coffee") depend on their respective material agreements, which impose certain restrictions, limitations and other obligations on our operations that could adversely affect our ability to grow our business*", "*Our Business – Intellectual Property*" and "*Our Business – Key Agreements*" on pages 32, 147 and 148, respectively.

**Guarantees given by our Promoter Selling Shareholder**

Except as stated below, no guarantee has been issued by the Promoter Selling Shareholder offering its Equity Shares in terms of the Offer for Sale:

Our Company has availed a loan facility amounting to ₹ 750 million from Axis Bank Limited for which our Corporate Promoter has given a deed of guarantee dated June 30, 2020 (the "**Deed of Guarantee**"). The facility has been availed for the purposes of capital expenditure funding of restaurants and reimbursement of previously incurred capital expenditure. In the event of any default of the terms under the borrowing arrangement by our Company, the Corporate Promoter shall be liable for the repayment obligations of our Company in accordance with Deed of Guarantee.

Other than as disclosed above, the Promoter Selling Shareholder (along with one of our Individual Promoters, Ravi Kant Jaipuria) has provided a guarantee for the due and punctual performance of our Company's obligations and liabilities under the various TLAs and TMAs. For details, see "*Risk Factors - Certain matters in the license shareholders' agreements entered into by our Company and certain of our shareholders with Yum India may adversely affect our business operations.*" and "*Our Business –Key Agreements*" on pages 46 and 148, respectively.

***Share Subscription and Shareholders' agreements***

*i.* ***Share Subscription Agreement dated September 30, 2014 entered into by and among our Company, Dunearn Investments (Mauritius) Pte. Ltd. ("Dunearn"), RJ Corp, Ravi Kant Jaipuria, Varun Jaipuria, Devyani Enterprises Private Limited and Devyani Overseas Private Limited ("Dunearn SSA"); Share Subscription Agreement dated December 19, 2014 entered into by and among our Company, Dunearn, RJ Corp, Ravi Kant Jaipuria, Varun Jaipuria, Devyani Enterprises Private Limited and Devyani Overseas Private Limited ("Dunearn SSA II"); Shareholders' Agreement dated September 30, 2014 entered into by and among our Company, Dunearn, RJ Corp, Ravi Kant Jaipuria, Varun Jaipuria, Devyani Enterprises Private Limited and Devyani Overseas Private Limited read with amendment agreement dated December 19, 2014 entered into by and among our Company, Dunearn, RJ Corp, Ravi Kant Jaipuria, Varun Jaipuria, Devyani Enterprises Private Limited and Devyani Overseas Private Limited ("Dunearn SHA"), and Amendment cum Termination Agreement dated May 14, 2021 entered into by and among our Company, Dunearn, RJ Corp, Ravi Kant Jaipuria and Varun Jaipuria ("Dunearn Shareholders' Amendment-cum-Termination Agreement")***

In terms of the Dunearn SSA read with Dunearn SHA, Dunearn subscribed to 6,533,333 equity shares for an aggregate consideration of ₹ 2 billion. Further, pursuant to the share purchase agreement dated September 30, 2014 between our Company, Dunearn and IDBI Trusteeship Services Limited ("**IDBI**"), Dunearn also purchased 3,266,667 equity shares from IDBI for an aggregate consideration of ₹ 1 billion. Consequently, Dunearn acquired 9.84% of the issued and paid-up share capital of our Company, on a fully diluted basis.

Further, pursuant to the Dunearn SSA II, Dunearn subscribed to another 6,533,333 equity shares for an aggregate consideration of ₹ 2 billion which constituted an additional 6.15% of the issued and paid-up share capital of our Company, on a fully diluted basis.

In terms of the Dunearn SHA, Dunearn, has a right to nominate one investor director on our Board as long as Dunearn holds not less than 5% of the equity share capital of our Company on a fully diluted basis. Further, Dunearn, has also been provided with certain key rights such as right to appoint observers including additional observers, certain tag-along rights, pre-emptive rights, anti-dilution adjustments, information rights and other such additional rights in accordance with the terms of the Dunearn SHA.

*Dunearn Shareholders' Amendment-cum-Termination Agreement*:

Pursuant to the Dunearn Shareholders' Amendment-cum-Termination Agreement, certain rights of Dunearn and our Promoters (collectively, referred to as "**Parties**" and individually, referred to as "**Party**"), among others, in relation to right to appoint a nominee director, transfer of securities and restricted transfers between the Parties, as stipulated in the Dunearn SHA, have been amended. In terms of the Dunearn Shareholders' Amendment-cum-Termination Agreement, Dunearn has agreed to waive its right to appoint a nominee director on our Board, right of representation on committees (through such nominee director) and observer until the date of listing of the Equity Shares. In terms of the Dunearn Shareholders' Amendment-cum-Termination Agreement, the Parties have agreed that if the listing date occurs on or prior to the cut-off date i.e., June 30, 2022, the Dunearn SHA shall stand automatically terminated as on the date of listing of the Equity Shares, without any further act or deed required on the part of any Party and all special rights available to the shareholders of the Company under the Dunearn SHA shall terminate upon listing of the Equity Shares on the Stock Exchanges pursuant to the Offer.

*ii.* ***Share Subscription Agreement dated December 11, 2019 entered into by and among our Company, Yum Restaurants (India) Private Limited ("Yum India"), RJ Corp, Ravi Jaipuria and Sons (HUF), Varun Jaipuria ("Yum India SSA"), Shareholders' Agreement dated December 11, 2019 entered into by and among our Company, Yum India, RJ Corp, Ravi Jaipuria and Sons (HUF), Varun Jaipuria, Dunearn ("Yum India SHA") and Amendment cum Termination Agreement dated May 14, 2021 entered into by and among our Company, Yum India, Dunearn, RJ Corp, Ravi Kant Jaipuria and Varun Jaipuria ("Yum India Shareholders' Amendment-cum-Termination Agreement")***

In terms of the Yum India SSA, entered into by and among our Company, Yum India, RJ Corp, Ravi Jaipuria and Sons (HUF), Varun Jaipuria, Yum India subscribed to 5,308,333 equity shares for an aggregate consideration of ₹ 2.30 billion. Pursuant to such subscription and purchase of shares of our Company, Yum India acquired 4.76% of the issued and paid-up share capital of our Company, on a fully diluted basis, in the year 2019. Subsequently, the Yum India SHA was entered into by and among our Company, Yum India, RJ Corp, Ravi Jaipuria and Sons (HUF), Varun Jaipuria, and Dunearn.

In terms of the Yum India SHA, Yum India has a right to appoint the global chief executive officer of KFC or other officers as an observer to attend the meetings of the Board. Further, Yum India has also been provided with certain key rights such tag-along rights, pre-emptive rights, anti-dilution adjustments, information rights and other such additional rights in accordance with the terms of Yum India SHA.

*Yum India Shareholders' Amendment-cum-Termination Agreement*:

Pursuant to the Yum India Shareholders' Amendment-cum-Termination Agreement, certain rights of Yum India, Dunearn and our Promoters (collectively, referred to as "**Parties**" and individually, referred to as "**Party**"), among others, in relation to right to appoint an observer, transfer of securities and restricted transfers between the Parties, as stipulated in the Yum India SHA, have been amended. In terms of the Yum India Shareholders' Amendment-cum-Termination Agreement, the Parties have agreed that if the date of listing of the Equity Shares occurs on or prior to the cut-off date i.e., June 30, 2022, the Yum India SHA shall stand automatically terminated as on the date of listing of the Equity Shares, without any further act or deed required on the part of any Party and all special rights available to the shareholders of the Company under the Yum India SHA shall terminate upon listing of the Equity Shares on the Stock Exchanges pursuant to the Offer.

**Our Holding Company**

RJ Corp Limited, one of our Promoters, is our holding company. For details, see "*Our Promoter and Promoter Group*" beginning on page 192.

**Our Subsidiaries, Associates, and Joint Ventures**

As on the date of this Prospectus, our Company has four direct Subsidiaries and one indirect Subsidiary. Our Company does not have any associates or joint ventures as on the date of this Prospectus.

**I. Direct Subsidiaries**

***Indian Subsidiaries***

1. **Devyani Food Street Private Limited ("*DFSPL*")**

*Corporate Information*

DFSPL was incorporated on September 7, 2009 as a private limited company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the RoC. Its CIN is U55101DL2009PTC193995 and its registered office is located at F-2/7, Okhla Industrial Area, Phase-I, New Delhi 110 020, India.

*Nature of Business*

DFSPL is engaged in carrying the business of, amongst others, cafes, restaurants, tavern, restaurant services, food catering services and operate food and/or beverage outlets at various locations at the Indira Gandhi International Airport at New Delhi and/or any other place in India or abroad.

*Capital Structure*

As on the date of this Prospectus, the authorised share capital of DFSPL is ₹ 135,000,000 divided into 10,500,000 equity shares of ₹ 10 each and 3,000,000 0.10% redeemable, non-cumulative, non-convertible preference shares of ₹ 10 each. The issued, subscribed and paid-up equity share capital of DFSPL is ₹ 89,090,000 divided into 8,909,000 equity shares of ₹ 10 each.

*Shareholding pattern*

| S. No. | Name of shareholder | Number of shares of face value of ₹ 10 each held in DFSPL | Percentage shareholding (%) |
|---|---|---|---|
| 1. | Our Company | 8,908,900 | 100.00 |
| 2. | Varun Jaipuria* | 100 | - |
| | **Total** | 8,909,000 | **100.00** |

**As a nominee of our Company.*

*Accumulated profits or losses*

As on the date of this Prospectus, there are no accumulated profits or losses of DFSPL that have not been accounted for or consolidated by our Company.

2. **Devyani Airport Services (Mumbai) Private Limited ("*DASMPL*")**

*Corporate Information*

DASMPL was incorporated on April 18, 2013 as a private limited company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the RoC. Its CIN is U55101DL2013PTC250959 and its registered office is located at F-2/7, Okhla Industrial Area, Phase-I, New Delhi 110 020, India.

*Nature of Business*

DASMPL is engaged in carrying the business of, amongst others, hotels, motels, inn, tourist resorts, holiday resorts, holiday camps, guest houses, restaurants etc. whether as a proprietor, owner, concessionaire, agents, franchisee, franchisor, sub-franchisee and/or on revenue sharing basis anywhere in India.

*Capital Structure*

As on the date of this Prospectus, the authorised share capital of DASMPL is ₹ 540,000,000 divided into 10,000,000 equity shares of ₹ 10 each and 44,000,000 preference shares of ₹ 10 each. The issued, subscribed and paid-up equity share capital of DASMPL is ₹ 60,000,000 divided into 6,000,000 equity shares of ₹ 10 each and the issued, subscribed and paid-up preference share capital of DAMSPL is ₹ 439,480,360 divided into 43,948,036 preference shares of ₹ 10 each.

*Shareholding pattern*

(i) Equity shareholding:

| S. No. | Name of shareholder | Number of shares of face value of ₹ 10 each held in DASMPL | Percentage shareholding (%) |
|---|---|---|---|
| 1. | Our Company | 5,999,990 | 100.00 |
| 2. | Ravi Kant Jaipuria* | 10 | - |
| | **Total** | **6,000,000** | **100.00** |

**As a nominee of our Company.*

(ii) Preference shareholding:

| S. No. | Name of shareholder | Number of shares of face value of ₹ 10 each held in DASMPL | Percentage shareholding (%) |
|---|---|---|---|
| 1. | Our Company | 43,948,036 | 100.00 |
| | **Total** | **43,948,036** | **100.00** |

*Accumulated profits or losses*

As on the date of this Prospectus, there are no accumulated profits or losses of DASMPL that have not been accounted for or consolidated by our Company.

***Foreign Subsidiaries***

**3. Devyani International Nepal Private Limited ("*DINPL*")**

*Corporate Information*

DINPL was incorporated on July 3, 2008 under the laws of Nepal. Its registration number is 54313/064/065 and its registered office is located at Ward No.1, Durbarmarg, Kathmandu Mahanagarpalika, Kathmandu, Nepal.

*Nature of Business*

DINPL is engaged in carrying the business of operating a chain of quick service restaurants.

*Capital Structure*

As on the date of this Prospectus, the authorised share capital of DINPL is NPR 451,072,500 divided into 3,710,725 equity shares of NPR 100 each and 800,000 5% preference shares of NPR 100 each. The called up and paid-up equity share capital of DINPL is NPR 42,796,600 divided 427,966 equity shares of NPR 100 each and the paid-up preference share capital of DINPL is NPR 40,000,000 divided into 400,000 5% preference shares of NPR 100 each.

*Shareholding pattern*

(iii) Equity shareholding:

| S. No. | Name of shareholder | Number of shares of face value of NPR 100 each held in DINPL | Percentage shareholding (%) |
|---|---|---|---|
| 1. | Our Company | 427,966 | 100.00 |
| | **Total** | **427,966** | **100.00** |

(iv) Preference shareholding:

| S. No. | Name of shareholder | Number of shares of face value of NPR 100 each held in DINPL | Percentage shareholding (%) |
|---|---|---|---|
| 1. | Our Company | 400,000 | 100.00 |
| | **Total** | **400,000** | **100.00** |

*Accumulated profits or losses*

As on the date of this Prospectus, there are no accumulated profits or losses of DINPL that have not been accounted for or consolidated by our Company.

**4. RV Enterprizes Pte. Ltd. ("*RVEPL*")**

*Corporate Information*

RVEPL was incorporated as a private limited company under the Singapore Companies Act, Cap. 50 on March 24, 2009. Its registration number is 200905191M and its registered office is located at 80 Robinson Road, # 15-02, Singapore 068 898.

*Nature of Business*

RVEPL is authorised under its constitutional documents to conduct the business of wholesale trade and investment holdings. As on the date of this Prospectus, RVEPL is not involved in any business operations and is only the holding company of DINL.

*Capital Structure*

As on the date of this Prospectus, the issued and paid-up capital of RVEPL is USD 16,321,512 consisting of 2,776,586 units of ordinary shares and 14,399,250 units of preference shares.

*Shareholding pattern*

(v) Equity shareholding:

| S. No. | Name of shareholder | Number of shares held in RVEPL | Percentage shareholding (%) |
|---|---|---|---|
| 1. | Our Company | 2,415,579 | 87.00 |
| 2. | Rossell India Ltd | 361,007 | 13.00 |
| | **Total** | **2,776,586** | **100.00** |

(vi) Preference shareholding:

| S. No. | Name of shareholder | Number of shares held in RVEPL | Percentage shareholding (%) |
|---|---|---|---|
| 1. | Our Company | 10,953,525 | 76.07 |
| 2. | Rossell India Ltd | 3,445,725 | 23.93 |
| | **Total** | **14,399,250** | **100.00** |

*Accumulated profits or losses*

As on the date of this Prospectus, there are no accumulated profits or losses of RVEPL that have not been accounted for or consolidated by our Company.

**II. Indirect Subsidiaries**

***Foreign Subsidiary***

**1. Devyani International (Nigeria) Limited ("*DINL*")**

*Corporate Information*

DINL was incorporated as a company under the laws of Federal Republic of Nigeria on January 27, 2009. Its registration number is RC 797835 and its registered office is located at Plot 110/114, Oshodi Apapa Expressway, Isolo, Lagos.

*Nature of Business*

DINL is engaged in carrying the business of quick service restaurants.

*Capital Structure*

As on the date of this Prospectus, the authorised share capital of DINL is NGN 750,000,000 divided into 750,000,000 equity shares of NGN 1 each. The paid-up equity share capital of DINL is NGN 500,000,000 divided into 500,000,000 equity shares of NGN 1 each.

*Shareholding pattern*

| S. No. | Name of shareholder | Number of shares of face value of NGN 1 each held in DINL | Percentage shareholding (%) |
|---|---|---|---|
| 1. | RVEPL | 393,750,000 | 78.75 |
| 2. | Chellarams | 106,250,000 | 21.25 |
| | **Total** | **500,000,000** | **100.00** |

*Accumulated profits or losses*

As on the date of this Prospectus, there are no accumulated profits or losses of DINL that have not been accounted for or consolidated by our Company.

## OUR MANAGEMENT

In terms of the Articles of Association, the maximum number of Directors that our Company can have shall be in accordance with the provisions of the Companies Act. As on the date of this Prospectus, our Board comprises ten Directors, including five Independent Directors, two Whole-time Directors and, three Non–Executive Directors. One of our ten Directors is a woman Director.

Details regarding our Board as on the date of this Prospectus are set forth below:

| S. No. | Name, DIN, designation, term/period of directorship, address, occupation | Date of birth | Age (years) | Other Directorships |
|---|---|---|---|---|
| 1. | **Ravi Kant Jaipuria**<br><br>**Designation:** Non-Executive Director and Chairman<br><br>**Term:** Liable to retire by rotation<br><br>**Period of Directorship:** Director since July 15, 1996<br><br>**Address:** 7A, Aurangzeb Road, Delhi 110 011<br><br>**Occupation:** Business<br><br>**DIN:** 00003668 | November 28, 1954 | 66 | *Indian Companies*<br><br>• Alisha Torrent Closures (India) Private Limited<br>• Devyani Food Industries Limited<br>• Global Health Private Limited<br>• Medanta Holdings Private Limited<br>• RJ Corp Limited<br>• Varun Beverages Limited<br><br>*Foreign Companies*<br><br>• Arctic Overseas Pte. Limited<br>• Cryoviva (Thailand) Ltd.<br>• Cryoviva International Pte. Ltd.<br>• Cryoviva Singapore Pte. Ltd.<br>• Devyani International (Nigeria) Ltd.<br>• Devyani International (UK) Pvt. Ltd.<br>• Ole Spring Bottlers Private Ltd.<br>• RV Enterprizes Pte. Ltd<br>• Reviva Cell Technologies Pte. Ltd.<br>• Varun Beverages Lanka (Pvt.) Ltd.<br>• Varun Beverages Morocco SA<br>• Wellness Holdings Limited |
| 2. | **Varun Jaipuria**<br><br>**Designation:** Non-Executive Director<br><br>**Term:** Liable to retire by rotation<br><br>**Period of Directorship:** Director since November 13, 2009<br><br>**Address:** 7A, Aurangzeb Road, Delhi 110 011 | November 10, 1987 | 33 | *Indian Companies*<br><br>• Diagno Labs Private Limited<br>• Dreamweaver Investment and Business Solutions Private Limited<br>• Empire Stocks Private Limited<br>• KV Retail Private Limited |

| S. No. | Name, DIN, designation, term/period of directorship, address, occupation | Date of birth | Age (years) | Other Directorships |
|---|---|---|---|---|
| | **Occupation:** Service<br><br>**DIN:** 02465412 | | | • RJ Corp Limited<br>• Varun Beverages Limited |
| 3. | **Raj Pal Gandhi**<br><br>**Designation:** Non-Executive Director<br><br>**Term:** Liable to retire by rotation<br><br>**Period of Directorship:** Director since August 13, 2007<br><br>**Address:** C-15/10, DLF Phase 1, Chakarpur (74), Gurugram 122 002<br><br>**Occupation:** Service<br><br>**DIN:** 00003649 | June 7, 1957 | 64 | *Indian Companies*<br>• Alisha Torrent Closures (India) Private Limited<br>• Cryoviva Biotech Private Limited<br>• CV Biotech Private Limited<br>• Devyani Food Industries Limited<br>• Devyani Food Street Private Limited<br>• Diagno Labs Private Limited<br>• KV Retail Private Limited<br>• Lineage Healthcare Limited<br>• RJ Corp Limited<br>• Varun Beverages Limited<br><br>*Foreign Companies*<br>• Accor Developers (Private) Ltd.<br>• Accor Industries (Private) Ltd.<br>• Varun Beverages Morocco SA |
| 4. | **Virag Joshi**<br><br>**Designation:** Whole-time Director (President & CEO)<br><br>**Term:** Up to three years with effect from January 1, 2020<br><br>**Period of Directorship:** Director since November 10, 2004<br><br>**Address:** Flat No. D-810, 8th Floor, Mahagun Morpheus, Block Ferrara, Plot No. E-4, Sector 50, Noida 201 301<br><br>**Occupation:** Service<br><br>**DIN:** 01821240 | December 7, 1963 | 57 | *Indian Companies*<br>• Devyani Airport Services (Mumbai) Private Limited<br>• Devyani Food Street Private Limited<br><br>*Foreign Companies*<br>• Devyani International (Nigeria) Limited |
| 5. | **Manish Dawar**<br><br>**Designation:** Whole-time Director & Chief Financial Officer<br><br>**Term:** For a period of three years with effect from February 17, 2021<br><br>**Period of Directorship:** Director since February 17, 2021 | December 19, 1965 | 55 | Devyani Airport Services (Mumbai) Private Limited |

| S. No. | Name, DIN, designation, term/period of directorship, address, occupation | Date of birth | Age (years) | Other Directorships |
|---|---|---|---|---|
| | **Address:** H.no.-d-502, Lagoon Apartments, Ambience Island, NH-8, Nathupur (67) DlfQe, Galleria DLF-IV, Gurgaon, 122 002<br><br>**Occupation:** Service<br><br>**DIN:** 00319476 | | | |
| 6. | **Ravi Gupta**<br><br>**Designation:** Independent Director<br><br>**Term:** Five years with effect from April 6, 2018<br><br>**Period of Directorship:** Director since April 6, 2018<br><br>**Address:** B-41, Kailash Colony, Greater Kailash, South Delhi, New Delhi 110 048<br><br>**Occupation:** Tax and Business Consultant<br><br>**DIN:** 00023487 | October 21, 1954 | 66 | • Bluewater Breweries & Distilleries Private Limited<br>• Bluewater Healthcare Private Limited<br>• Bluewater Infrastructure Private Limited<br>• Dharampal Satyapal Limited<br>• DS Confectionery Products Limited<br>• Global Health Private Limited<br>• Marg Strategic Consultants Private Limited<br>• Preet Township Private Limited<br>• Rojus Corporate Services Private Limited<br>• RRG Corporate Services Private Limited<br>• Sheevam Comfort Hotels Private Limited<br>• Triple Crown Consulting Private Limited<br>• Varun Beverages Limited |
| 7. | **Rashmi Dhariwal**<br><br>**Designation:** Independent Director<br><br>**Term:** Five years with effect from April 6, 2018<br><br>**Period of Directorship:** Director since April 6, 2018<br><br>**Address:** Khasra No. 1523, Aashray Farm, Near Shiv Mandir, Asola, Fatehpur Beri, Fatah Pur Beri, South Delhi, Delhi 110 074<br><br>**Occupation:** Professional<br><br>**DIN:** 00337814 | June 2, 1956 | 65 | *Indian Companies*<br>• Ascenti Tourista Private Limited<br>• Devyani Food Industries Limited<br>• Ecco Electronics Private Limited<br>• Inspired Emporio Salon Private Limited<br>• Inspired Hospitality Private Limited<br>• Parkview City Limited<br>• Pass Code Hospitality Private Limited<br>• RJ Corp Limited<br>• Varun Beverages Limited |

| S. No. | Name, DIN, designation, term/period of directorship, address, occupation | Date of birth | Age (years) | Other Directorships |
|---|---|---|---|---|
| | | | | *Foreign Companies*<br><br>• Varun Beverages (Zimbabwe) Private Limited<br><br>• RV Enterprises Pte. Ltd. |
| 8. | **Naresh Trehan**<br><br>**Designation:** Independent Director<br><br>**Term:** For a period of three years with effect from April 21, 2021<br><br>**Period of Directorship:** Director since April 21, 2021<br><br>**Address:** B-4, Maharani Bagh, Delhi 110 065<br><br>**Occupation:** Professional<br><br>**DIN:** 00012148 | August 12, 1946 | 74 | • Afsan Health Resort Private Limited<br><br>• Global Health Patliputra Private Limited<br><br>• Global Health Private Limited<br><br>• Medanta Duke Research Institute Private Limited* <br><br>• Medanta Holdings Private Limited<br><br>• Naresh Trehan Holdings Private Limited<br><br>• Raksha Health Insurance TPA Private Limited<br><br>• Sharak Healthcare Private Limited<br><br>• Shrumps Real Estates Limited<br><br>• Varun Beverages Limited<br><br>• Wah India Private Limited |
| 9. | **Girish Kumar Ahuja**<br><br>**Designation:** Independent Director<br><br>**Term:** For a period of three years with effect from April 21, 2021<br><br>**Period of Directorship:** Director since April 21, 2021<br><br>**Address:** A-53, Kailash Colony, S.O. South Delhi, Delhi 110 048<br><br>**Occupation:** Professional<br><br>**DIN:** 00446339 | May 29, 1946 | 75 | • Amber Enterprises India Limited<br><br>• Devyani Food Industries Limited<br><br>• Ever Electronics Private Limited<br><br>• Flair Publications Private Limited<br><br>• RJ Corp Limited<br><br>• Ruchi Soya Industries Limited**<br><br>• Sidwal Refrigeration Industries Private Limited<br><br>• Unitech Limited*** |
| 10. | **Pradeep Khushalchand Sardana**<br><br>**Designation:** Independent Director<br><br>**Term:** For a period of three years with effect from April 21, 2021<br><br>**Period of Directorship:** Director since April 21, 2021<br><br>**Address:** S-05B, Windsor Court, DLF Phase-4, Galleria DLF-IV, Farrukhnagar, Gurgaon 122 009 | June 30, 1949 | 72 | Varun Beverages Limited |

| S. No. | Name, DIN, designation, term/period of directorship, address, occupation | Date of birth | Age (years) | Other Directorships |
|---|---|---|---|---|
| | **Occupation:** Professional<br><br>**DIN:** 00682961 | | | |

**  This company is under liquidation.*

***  He was appointed as independent director on the board of directors of Ruchi Soya Industries Limited with effect from December 18, 2019, after approval of the resolution plan for the corporate debtor by National Company Law Tribunal, submitted by the consortium led by Patanjali Ayurved Limited.*

****  He was appointed as nominee director of the Central Government on the board of directors of Unitech Limited with effect from January 22, 2020, vide order no. legal-10/01/2020 dated January 22, 2020 issued by the Central Government, in compliance of order dated January 20, 2020 passed by the Hon'ble Supreme Court of India in Civil Appeal No. 16856/2016.*

**Brief Biographies of Directors**

**Ravi Kant Jaipuria** is a Non-Executive Director and Chairman of the Board of our Company. He is a promoter of our Company and has over three decades of experience in conceptualizing, executing, developing and expanding food, beverages and dairy business in South Asia and Africa. He has completed his higher secondary education from Delhi Public School Mathura Road, New Delhi. He has an established reputation as an entrepreneur and a business leader and has received PepsiCo’s award for International Bottler of the Year, awarded in 1997. He was also awarded the ‘Distinguished Entrepreneurship Award’ at the PHD Annual Awards for Excellence 2018.

**Varun Jaipuria** is a Non-Executive Director of our Company. He attended Millfield School, Somerset, England and attended a degree course in international business from the Regent’s University, London. He has 12 years of experience in the soft drinks industry and has also completed a program for leadership development at the Harvard Business School. He has been a Director on our Board since November 13, 2009.

**Raj Pal Gandhi** is a Non-Executive Director of our Company. He holds a bachelor’s degree in commerce (honours course) from the University of Delhi and was admitted as an associate of the Institute of Chartered Accountant of India in 1981. He has over 28 years of experience with one of our group companies (Varun Beverages Limited) and has been instrumental in strategizing our diversification, expansion, mergers and acquisitions, capex funding and institutional relationship. He also has experience in the field of finance and accounts. Prior to this, he has worked with Electronic Trade and Technology Development Corporation Limited and Uptron Powertronics Limited. He has been a Director on our Board since August 13, 2007.

**Virag Joshi** is the Whole-time Director (President & CEO) of our Company. He holds a diploma course in hotel management and catering from the State Institute of Hotel Management and Catering, Lucknow, Uttar Pradesh. He has been a key strategist in expansion of Pizza Hut, KFC, Costa Coffee outlets from a small base of five restaurants in 2002 to 600 plus outlets in last 19 years. He has been earlier associated with Indian Hotels Company Limited, Domino’s Pizza India Limited, Milkfood Limited, and Priya Village Roadshow Limited. He has been a Director on our Board since November 10, 2004.

**Manish Dawar** is the Whole-time Director and Chief Financial Officer of the Company. He holds a bachelor’s degree in commerce with honors from the Panjab University, Chandigarh and is a Chartered Accountant and a member of the Institute of Company Secretaries of India. He has wide experience in various industry domains and across various geographies in the world. He has worked in various corporate setups including Reebok India, Reckitt Benckiser, Vedanta, DEN Networks Limited, and Vodafone India Limited. He has been a Director on our Board since February 17, 2021.

**Ravi Gupta** is an Independent Director of our Company. He holds a bachelor’s degree in commerce and a master’s degree in commerce from the University of Delhi. He also holds a bachelor’s degree in law from the University of Delhi, a diploma in labour law from the Indian Law Institute, a master’s degree in business administration from the Faculty of Management Studies, University of Delhi and a doctorate in philosophy for his thesis on ‘Country Risk Analysis in Investment Financing Decision Making’ from the University of Delhi. He was employed as an Associate Professor in the commerce department of Shri Ram College of Commerce, University of Delhi. He has been a Director on our Board since April 6, 2018.

**Rashmi Dhariwal** is an Independent Director of our Company. She holds a bachelor’s degree in arts from the University of Delhi and attorney-at-law from the Calcutta High Court. She is also a trustee of a registered charitable trust called Prayatn. She has been a Director on our Board since April 6, 2018.

**Naresh Trehan** is an Independent Director of our Company. He holds a bachelor’s degree in medicine and surgery from the University of Lucknow and has been certified as a thoracic and cardiac surgeon by the American Board of Thoracic Surgery. He attended the residency training program of the New York University Medical Center at Bellevue Hospital, University Hospital and Manhattan V.A. Hospital, New York from July 1, 1971 to June 30, 1975 and is an honorary fellow at the Royal Australasian College of Surgeons. He has received the Padma Bhushan Award in 2001, presented by the Government of India. He has been a Director on our Board since April 21, 2021.

**Girish Kumar Ahuja** is an independent Director of our Company. He holds a bachelor's and master's degree in commerce from the University of Delhi. He also holds a Ph.D. from the University of Delhi for his thesis on Financial Sector Reforms: Capital Market Efficiency and Portfolio Investment completed in 2006. He is a qualified and practicing chartered accountant for the past 45 years and a member of the Institute of Chartered Accountants of India. He was a lecturer at the Shri Ram College of Commerce, University of Delhi. He was a member of a committee on direct tax matters constituted by the Government of India and part-time non-official director on the central board of directors of State Bank of India. He has been a Director on our Board since April 21, 2021.

**Pradeep Khushalchand Sardana** is an Independent Director of our Company. He holds a bachelor's degree in mechanical engineering from the Indian Institute of Technology, Delhi. He has 19 years of industry experience and was previously associated with PepsiCo. He has been a Director on our Board since April 21, 2021.

**Relationship between our Directors and Key Managerial Personnel**

Varun Jaipuria, Non-executive Director is son of Ravi Kant Jaipuria. Apart from this, none of our Directors are related to each other or to any of the Key Managerial Personnel.

**Confirmations**

None of our Directors is or was a director of any listed company during the five years immediately preceding the date of this Prospectus, whose shares have been or were suspended from being traded on any stock exchange during the term of their directorship in such company.

Except as stated below, none of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange during the term of their directorship in such company.

| | |
|---|---|
| **Name of the Director** | Naresh Kumar Trehan |
| **Name of the company** | Fresenius Kabi Oncology Limited |
| **Name of the stock exchanges from where the company was delisted** | BSE and NSE |
| **Date of delisting on the stock exchange** | January 10, 2014 |
| **Compulsory or voluntary delisting** | Voluntary delisting |
| **Reasons for delisting** | Unable to meet the minimum public shareholding requirement as per the SCRR |
| **Whether relisted** | No |
| **Term** | July 29, 2004 to January 16, 2014 |

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on the Board.

Further, none of our Directors have been identified as wilful defaulters as defined under the SEBI ICDR Regulations.

**Terms of Appointment of our Whole-time Directors**

***Virag Joshi***

Virag Joshi is a Director on our Board since November 10, 2004. Our Shareholders, pursuant to a special resolution passed on July 29, 2005, appointed him as a Whole-time Director (President & CEO) of our Company. Virag Joshi was re-appointed as the Whole-time Director of our Company by our Board pursuant to a resolution dated October 23, 2019 and Shareholders' pursuant to a resolution dated March 11, 2020 for a period of three years with effect from January 1, 2020 at a remuneration of ₹ 26.42 million per annum. Pursuant to the resolution passed by our Board on February 17, 2021, the remuneration payable to Virag Joshi was revised as follows:

(a) **Salary and allowances per annum:** Up to ₹ 31.2 million (Rupees thirty one million two hundred thousand only) per annum, with authority to our Board to vary/alter the remuneration in terms of Schedule V and other applicable provisions if any, of the Companies Act, 2013.

(b) **Perquisites and other benefits:** Perquisites and other benefits shall include medical reimbursement, leave travel concession, provident fund, superannuation fund or annuity fund, special allowance, leave encashment, gratuity, Company maintained car, fuel, driver and mobile/telephone as per Company's policy and other benefits as may be provided from time to time.

Perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment(s) thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

(c) **Reimbursement of Expenses:** Business related expenses including expenses incurred for travelling, board and lodging shall be reimbursed at actuals and not considered as perquisites.

(d) Bonus /Performance linked incentive/variable pay, if any, payable as recommended by the Nomination and Remuneration Committee and approved by our Board.

(e) In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service, the above remuneration shall be paid as minimum remuneration.

***Manish Dawar***

Pursuant to the resolution passed by our Board on February 17, 2021, Manish Dawar was appointed as a Whole-time Director for a term of three years and also as the Chief Financial Officer of our Company. His appointment was subsequently approved by our Shareholders at the EGM held on March 17, 2021. In terms of the Board resolution dated February 17, 2021, Manish Dawar is entitled to receive remuneration by way of salary, perquisites and other allowances. Pursuant to the resolutions passed by our Board on February 17, 2021 and our Shareholders on March 17, 2021, his remuneration was fixed as per the provisions of sections 196 and 197 read with Schedule V of the Companies Act and rules made thereunder with authority to the Board to vary or alter the remuneration in terms of Schedule V and other applicable provisions if any, of the Companies Act, 2013. Pursuant to the resolution passed by our Board on February 17, 2021, the remuneration payable to Manish Dawar was fixed as follows:

(a) **Salary and allowances per annum:** Up to ₹ 40 million (Rupees forty million only) per annum (including target variable pay of ₹ 10 million), with authority to our Board to vary/alter the remuneration in terms of Schedule V and other applicable provisions if any, of the Companies Act, 2013.

(b) **Perquisites and other benefits:** Perquisites and other benefits shall include medical reimbursement, leave travel concession, provident fund, superannuation fund or annuity fund, special allowance, leave encashment, gratuity, Company maintained car, fuel, driver and mobile/telephone as per Company's policy and other benefits as may be provided from time to time.

Perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment(s) thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

(c) **Reimbursement of Expenses:** Business related expenses including expenses incurred for travelling, board and lodging shall be reimbursed at actuals and not considered as perquisites.

(d) Bonus /Performance linked incentive/variable pay, if any, payable as recommended by the Nomination and Remuneration Committee and approved by our Board.

(e) In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service, the above remuneration shall be paid as minimum remuneration.

**Payment or benefit to Directors of our Company**

Details of the sitting fees or other remuneration paid to our Directors in Financial Year 2021 are set forth below.

*(i) Remuneration to our Whole-time Directors*

Details of the remuneration paid to our Whole-time Directors in the Financial Year 2021 are set forth below:

| S. No. | Name of Whole-time Director | Remuneration* (in ₹ million) |
|---|---|---|
| 1. | Virag Joshi | 21.61 |
| 2. | Manish Dawar | 7.51 |

* *Includes post-employment benefits*

*(ii) Remuneration to our Non-Executive Directors*

*(a) Independent Directors and Non-Executive Directors*

Pursuant to the Board resolutions dated April 6, 2018 and April 21, 2021, each Independent Director is entitled to receive sitting fees of approximately ₹ 0.1 million per meeting for attending each meeting of the Board and committee, within the limits prescribed under the Companies Act, and the rules made thereunder.

The details of remuneration paid to our Non-Executive Directors, including our Independent Directors during Financial Year 2021 are as follows:

| S. No. | Name of Director** | Sitting Fees* (in ₹ million) | Commission (in ₹ million) | Total Remuneration (in ₹ million) |
|---|---|---|---|---|
| 1. | Ravi Gupta | 1.20 | - | 1.20 |
| 2. | Rashmi Dhariwal | 1.20 | - | 1.20 |

* *Excludes applicable taxes*

** *Since Naresh Trehan, Girish Kumar Ahuja and Pradeep Khushalchand Sardana were appointed as independent directors after March 31, 2021, no remuneration was paid to them during Financial Year 2021.*

*** *Ravi Kant Jaipuria, Varun Jaipuria and Raj Pal Gandhi, the Non-Executive Directors, have not been paid any remuneration during the Financial Year 2021*

There is no contingent or deferred compensation payable to any of our Directors which accrued in Fiscal 2021.

**Remuneration paid to our Directors by our Subsidiaries**

As on the date of this Prospectus, none of our Directors are entitled to remuneration from our Subsidiaries.

**Bonus or profit-sharing Plan of the Directors**

Pursuant to our annual general meeting dated July 15, 2021, our Company has adopted a profit-sharing plan for the Financial Year 2022. Pursuant to such plan, our Non-Executive Directors may be entitled to profit-related commission not exceeding 1% of the net profit of our Company for the Fiscal 2022 subject to such limit being applicable on all the Non-Executive Directors collectively.

**Shareholding of Directors in our Company**

As on the date of this Prospectus, none of our Directors hold any Equity Shares, except as disclosed below:

| Name of the Director | Number of Equity Shares held |
|---|---|
| Ravi Kant Jaipuria | 2,114,103 |
| Varun Jaipuria | 39,625,617 |
| Virag Joshi | 10,000,000 |
| Raj Pal Gandhi | 3,000,000 |

Our Articles of Association do not require our Directors to hold any qualification shares.

**Shareholding of Directors in our Subsidiaries**

Except as disclosed below, as on the date of this Prospectus, none of our Directors hold any equity shares in our Subsidiaries:

| Name of the Director | Name of Subsidiary | Number of equity shares | Percentage shareholding (%) |
|---|---|---|---|
| Varun Jaipuria* | Devyani Food Street Private Limited | 100 | Negligible |
| Ravi Kant Jaipuria* | Devyani Airport Services (Mumbai) Private Limited | 10 | Negligible |

* *As a nominee shareholder of our Company.*

**Interests of Directors**

All our Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, payable to them by our Company as well as sitting fees, if any, payable to them for attending meetings of our Board or Committees thereof. Some of our Directors hold positions as directors on the board of directors of our Corporate Promoter. For further details, see " – *Terms of Appointment of our Whole-time Directors*", " – *Payment or benefit to Directors of our Company*", on pages 181 and 182, respectively.

Our Directors may also be interested to the extent of Equity Shares, if any (together with dividends in respect of such Equity Shares), held by them. Manish Dawar, our Whole-time Director and Chief Financial Officer, may also be interested to the extent of employee stock options granted to him.

Further, certain of our Directors are also shareholders, members, directors and trustees of certain Promoter Group entities and may be deemed to be interested to the extent of the payments made by our Company to such Promoter Group entities and the shareholding of such Promoter Group entities, if any and dividends declared thereon. For the payments that are made by our Company to certain Promoter Group entities, see "*Restated Consolidated Financial Statements – Note 38: Related Party Disclosures*" on page 282.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which any of our Directors are interested, by any person, either to induce him to become, or to qualify him as, as a Director, or otherwise for services rendered by our Directors or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

No loans have been availed by our Directors from our Company.

None of our Directors have any interest in any property acquired or proposed to be acquired of our Company. However, our Company has purchased commercial space on December 22, 2020 situated at ground floor and 4th Floor, Plot No. 1, Sector 66, Phase-IX, Mohali, Punjab, 160 055 from RJ Corp for a consideration of ₹ 180 million, certain directors of which are also Directors of our Company, at an arm's length price based on an independent fair valuation certificate. For details, see, "*Restated Consolidated Financial Statements – Note 38: Related Party Disclosures*" on page 282.

Except Ravi Kant Jaipuria and Varun Jaipuria, who are our Promoters of our Company, none of our Directors have any interests in the promotion or formation of our Company.

**Changes in our Board in the last three years**

Details of the changes in our Board in the last three years are set forth below.

| Name | Date of Change | Reason |
|---|---|---|
| Vishesh Shrivastav | May 4, 2021 | Resignation as a nominee director |
| Devyani Jaipuria | April 26, 2021 | Cessation as a Non-Executive Director |
| Naresh Trehan | April 21, 2021 | Appointed as an Independent Director |
| Girish Kumar Ahuja | April 21, 2021 | Appointed as an Independent Director |
| Pradeep Khushalchand Sardana | April 21, 2021 | Appointed as an Independent Director |
| Manish Dawar | February 17, 2021 | Appointed as a Whole-time Director |
| Sanjeev Arora | February 15, 2021 | Cessation as an Executive Director |
| Virag Joshi | January 1, 2020 | Re-appointed as a Whole-time Director |
| Sanjeev Arora | January 18, 2019 | Appointment as Additional Director (in executive capacity) |
| Som Nath Chopra | December 20, 2018 | Cessation as a Whole-time Director |
| Som Nath Chopra | September 21, 2018 | Appointment as Director (in executive capacity) |

**Borrowing Powers of Board**

Pursuant to the provisions of the Companies Act, 2013 and the rules framed thereunder, our Board is authorised to borrow such monies which together with the money already borrowed does not exceed the paid-up share capital and free reserves of our Company. Our Board and Shareholders have pursuant to their resolutions, dated February 17, 2021 and March 17, 2021, respectively, have approved the borrowing powers up to ₹ 25,000 million.

**Corporate Governances**

The provisions of the SEBI Listing Regulations with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013 and other applicable regulations of SEBI, in respect of corporate governance including in respect of the constitution of the Board and Committees thereof, and formulation and adoption of policies. Our Board has been constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations.

As on the date of this Prospectus, our Board comprises ten Directors, including five Independent Directors, two Whole-time Directors and, three Non–Executive Directors. One of our ten Directors is a woman Director. In compliance with Section 152 of the Companies Act, 2013, not less than two thirds of the Directors (excluding Independent Directors) are liable to retire by rotation. Further, in terms of SEBI Listing Regulations, Rashmi Dhariwal, one of the independent directors of our Company has been appointed as an independent director on the board of our Material Subsidiary.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements of SEBI Listing Regulations and the Companies Act, 2013.

**Committees of the Board**

Details of the Committees are set forth below. In addition to the Committees detailed below, our Board of Directors may, from time to time constitute Committees for various functions.

***Audit, Risk Management and Ethics Committee***

The members of the Audit, Risk Management and Ethics Committee are:

1. Ravi Gupta. (*Independent Director)*, Chairperson.

2. Girish Kumar Ahuja (*Independent Director)*, Member; and

3. Rashmi Dhariwal (*Independent Director)*, Member.

The Audit Committee was constituted pursuant to resolution passed by our Board in its meeting held on March 31, 2005 and was last re-constituted and renamed as the Audit, Risk Management and Ethics Committee pursuant to resolution passed by our Board in its meeting held on April 21, 2021. The scope and functions of the Audit, Risk Management and Ethics Committee are in accordance with Section 177 of the Companies Act, 2013 and the SEBI Listing Regulations and its terms of reference as stipulated pursuant to resolution passed by our Board in its meeting held on April 21, 2021 are set forth below.

a. oversee of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;

b. recommend the appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company;

c. approve the payment to statutory auditors for any other services rendered by the statutory auditors.

d. review, with the management, the annual financial statements and auditor's report thereon before submission to the Board of Directors for approval, with particular reference to:

    i. Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013, as amended;

    ii. Changes, if any, in accounting policies and practices and reasons for the same;

    iii. Major accounting entries involving estimates based on the exercise of judgment by management;

    iv. Significant adjustments made in the financial statements arising out of audit findings;

    v. Compliance with listing and other legal requirements relating to financial statements;

    vi. Disclosure of any related party transactions; and

    vii. Modified opinion (s) in the draft audit report.

e. review with the management, the quarterly financial statements before submission to the board of director for approval;

f. review, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

g. review and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;

h. approval or any subsequent modifications of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered by the Company subject to such conditions as may be prescribed;

i. scrutiny of inter-corporate loans and investments;

j. valuation of undertakings or assets of the Company, wherever it is necessary;

k. evaluation of internal financial controls and risk management systems;

l. review with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;

m. review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

n. may invite comments and observations from the auditors on internal financial controls

o. review the plan submitted by the management to mitigate the deficiencies reported in the design or operation of internal financial controls, if any;

p. receive from the management update, if any, on the: - significant changes in internal control over financial reporting during the year- significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;

q. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal;

r. discuss with internal auditors on any significant findings and follow up there on;

s. review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board of director;

t. discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

u. look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

v. review the functioning of the whistle blower / vigil mechanism, ensure that the complainant has direct access to the chairperson of the committee;

w. approve the appointment of the Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

x. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;

y. approve appointment of the valuer, in case valuation is required to be made in respect of any property, stocks, shares, debentures, securities, goodwill or any other assets or net worth of a Company or its liabilities under the Act, after considering the qualifications and experience;

z. laying down risk assessment and minimization procedures and the procedures to inform Board of the same;

aa. framing, implementing, reviewing and monitoring the risk management plan for the Company as it may deem fit and such function shall specifically cover cyber security;

bb. carrying out any other functions contained in the Companies Act, 2013 and/or SEBI Listing Regulations, as and when amended from time to time.

The powers of the Audit, Risk Management and Ethics Committee shall include the following:

1. To investigate any activity within its terms of reference;

2. To seek information from any employee;

3. To obtain outside legal or other professional advice and have full access to information contained in the records of the Company; and

4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit, Risk Management and Ethics Committee shall mandatorily review the following information:

1. Management's discussion and analysis of financial condition and results of operations;

2. Statement of significant related party transactions (as defined by the Audit, Risk Management and Ethics Committee), submitted by the management;

3. Management letters / letters of internal control weaknesses issued by the statutory auditors;

4. Internal audit reports relating to internal control weaknesses; and

5. The appointment, removal and terms of remuneration of the chief internal auditor.

6. Statement of deviations, if any:

    (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s)

(b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice.

***Nomination and Remuneration Committee***

The members of the Nomination and Remuneration Committee are:

1. Rashmi Dhariwal (*Independent Director)*, Chairperson;

2. Ravi Kant Jaipuria *(Non-Executive Director and Chairman)*, Member; and

3. Ravi Gupta. (*Independent Director)*, Member.

The Nomination and Remuneration Committee was constituted pursuant to resolution passed by our Board in its meeting held on September 19, 2013 as the 'Remuneration Committee' and was last re-constituted pursuant to resolution passed by our Board in its meeting held on April 21, 2021. The scope and functions of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations and its terms of reference as stipulated pursuant to resolution passed by our Board in its meeting held on April 21, 2021 are set forth below.

a. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;

b. formulating of criteria for evaluation of the performance of independent directors and the board of directors;

c. devising a policy on diversity of the board of directors;

d. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommending to the board of directors their appointment and removal, and carrying out evaluations of every director's performance;

e. determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

f. recommending to the Board, all remuneration, in whatever form, payable to senior management;

g. performing such functions as are required to be performed by the compensation committee under the SEBI SBEB Regulations, as amended;

h. framing suitable policies and systems to ensure that there is no violation, by an employee as well as by the Company of any applicable laws in India or overseas, including:

    (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or

    (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.

i. carrying out any other functions contained in the Companies Act, 2013 and/or SEBI Listing Regulations, as and when amended from time to time.

***Stakeholders' Relationship Committee***

The members of the Stakeholders' Relationship Committee are:

1. Ravi Gupta (*Independent Director)*, Chairperson;

2. Raj Pal Gandhi (*Non-Executive Director)*, Member;

3. Rashmi Dhariwal (*Independent Director)*, Member; and

4. Manish Dawar (*Whole-time Director and Chief Financial Officer*), Member.

The Stakeholders' Relationship Committee was constituted pursuant to resolution passed by our Board in its meeting held on April 21, 2021. The scope and functions of the Stakeholder Relationship Committee are in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations and its terms of reference as stipulated pursuant to resolution passed by our Board in its meeting held on April 21, 2021 are set forth below.

a) consider and resolve grievances of security holders of the Company, including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;

b) review of measures taken for effective exercise of voting rights by shareholders. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent;

c) review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company; and

d) carrying out any other functions contained in the Companies Act, 2013 and/or SEBI Listing Regulations, as and when amended from time to time.

***Corporate Social Responsibility Committee***

The members of the corporate social responsibility committee are:

1. Naresh Trehan (*Independent Director),* Chairperson;

2. Varun Jaipuria *(Non-Executive Director),* Member; and

3. Virag Joshi *(Whole-time Director (President & CEO)),* Member.

The corporate social responsibility committee was constituted pursuant to resolution passed by our Board in its meeting held on January 18, 2019 and was last re-constituted pursuant to resolution passed by our Board in its meeting held on April 21, 2021. The scope and functions of the corporate social responsibility committee are in accordance with section 135 of the Companies Act, 2013 and its terms of reference as stipulated pursuant to resolution passed by our Board in its meeting held on April 21, 2021 are set forth below.

a) to formulate and recommend to the Board of Directors, the CSR Policy, indicating the CSR activities to be undertaken as specified in Schedule VII of the Companies Act, 2013, as amended;

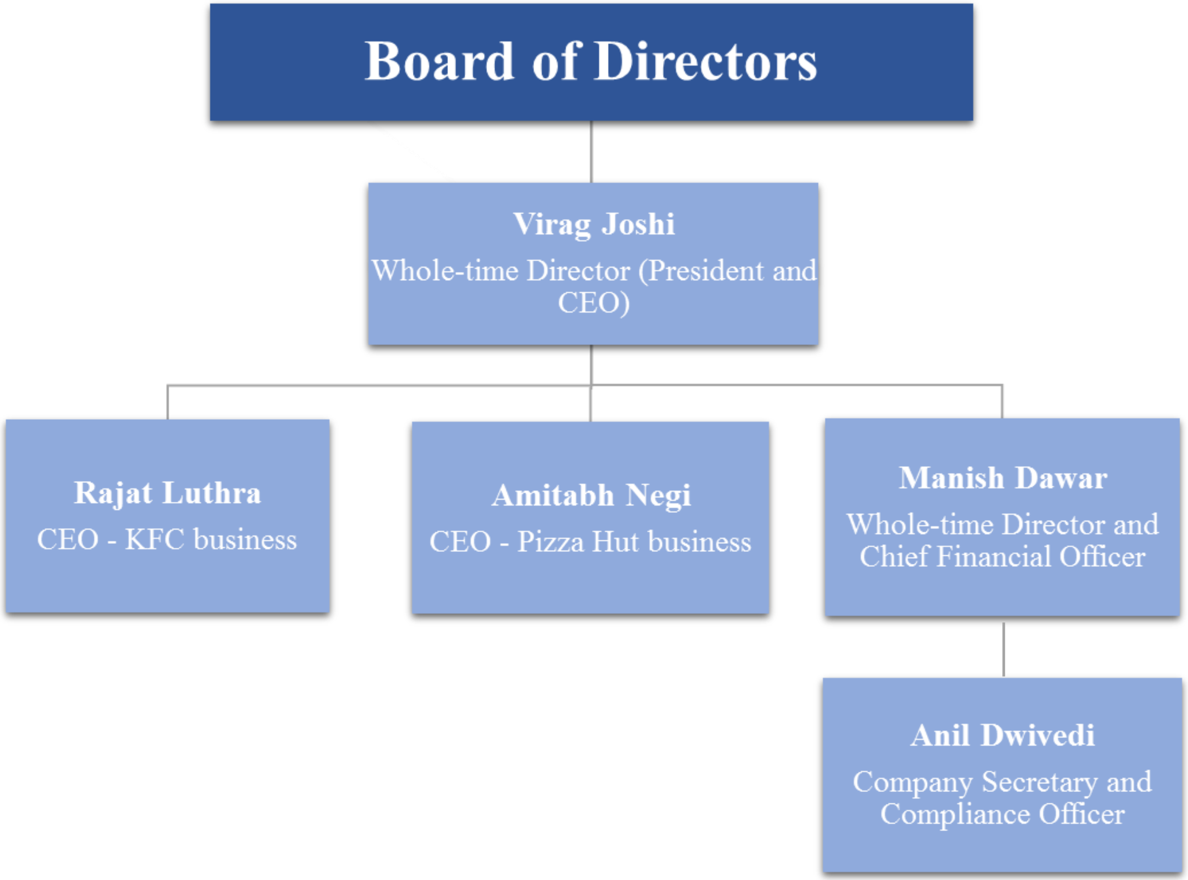
b) to recommend the amount of expenditure to be incurred on the CSR activities;

c) to monitor the CSR Policy and its implementation by the Company from time to time;

d) to formulate and recommend to the Board of Directors, an annual action plan in pursuance of the CSR policy in accordance with the applicable laws; and

e) To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of section 135 of the Companies Act, 2013, as amended and the rules framed thereunder.

**Management Organisation Structure**



**Key Managerial Personnel**

The details of the Key Managerial Personnel, as of the date of this Prospectus are as follows:

Virag Joshi is the Whole-time Director (President & CEO) of our Company and Manish Dawar is the Whole-time Director and Chief Financial Officer of our Company. For details, see " – *Brief Biographies of Directors*" on pages 180 – 181. For details of compensation paid to our Whole-time Directors during Financial Year 2021, see "- *Payment or benefit to Directors of our Company – Remuneration to our Whole-time Directors*" on page 182.

**Anil Dwivedi** is the company secretary and compliance officer of our Company. He has been associated with our Company since February 7, 2020. He holds a bachelor's degree in commerce from the University of Allahabad and a bachelor's degree in law from the Dr Bhimrao Ambedkar University, Agra. He is a qualified Company Secretary from the Institute of Company Secretaries of India. He has over 15 years of experience in legal and compliance functions. Prior to joining our Company, he was associated with ATS Group as a general manager - corporate affairs. During the Financial Year 2021, he received a remuneration of ₹ 2.59 million.

**Rajat Luthra** is the chief executive officer of the KFC business of our Company. He has been associated with our Company since November 7, 2011. He has completed his graduation in arts from the University of Delhi and a diploma in hotel management from the National Council for Hotel Management and Catering Technology, New Delhi. He also holds a postgraduate certificate in business management from XLRI. Previously, he has been associated with Hindustan Lever Limited, Barista Coffee Company Limited, Celio* Future Fashion Limited. Domino's Pizza India Limited, Essar Telecom Retail Limited, Quality Inns India Private Limited, Sterling Catering Services, and The Mobilestore Limited. During the Financial Year 2021, he received a remuneration of ₹ 12.20 million.

**Amitabh Negi** is the chief executive officer of the Pizza Hut business of our Company. He has been associated with our Company since April 1, 2016. He holds a bachelor's degree in commerce from the University of Jammu and has completed the senior management programme from the Indian Institute of Management, Calcutta. He has also completed a senior management programme from the Indian Institute of Management, Indore. Previously, he has been associated with Specialty Restaurants Private Limited, Dominos Pizza India Limited, PICK 'N' EAT Ltd., Dodsal Corporation Private Limited., Amalgamated Holdings Ltd., Serge Enterprise Private Limited, Sbarro Restaurants (India) Limited, and Yum Restaurants (India) Private Limited. During the Financial Year 2021, he received a remuneration of ₹ 5.21 million.

All our Key Managerial Personnel are permanent employees of our Company.

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Key Managerial Personnel have been appointed.

**Shareholding of Key Managerial Personnel in our Company**

As on the date of this Prospectus, none of our Key Managerial Personnel hold any Equity Shares, except as disclosed below:

| Name of the Key Managerial Personnel | Number of Equity Shares held |
|---|---:|
| Virag Joshi | 10,000,000 |
| Rajat Luthra | 320,000 |

Certain of our Key Managerial Personnel have been granted certain options under the ESOP Schemes. For details in relation to the options granted to our Key Managerial Personnel see, "*Capital Structure – Employee Stock Option Plans of our Company*" on pages 90.

**Interests of Key Managerial Personnel**

None of the Key Managerial Personnel of our Company have any interests in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. There is no contingent or deferred compensation accrued for the year payable to the Key Managerial Personnel, even if the compensation is payable at a later date.

Further, the Key Managerial Personnel may be regarded as interested in the Equity Shares which may be allotted to them (together with dividends in respect of such Equity Shares). Our Key Managerial Personnel may also be deemed to be interested to the extent of options granted to them under the ESOP Schemes. For details, see "*Capital Structure*" beginning on page 78.

No loans have been availed by our Key Managerial Personnel from our Company.

**Changes in our Key Managerial Personnel in the three immediately preceding years**

Details of the changes in our Key Managerial Personnel in the three immediately preceding years are set forth below.

| Name | Date of change | Reason for change |
|---|---|---|
| Manish Dawar | February 17, 2021 | Appointment as Chief Financial Officer |
| Sanjeev Arora | February 15, 2021 | Cessation as Chief Financial Officer |
| Anil Dwivedi | February 7, 2020 | Appointment as Company Secretary |
| Vivek Singh | October 16, 2019 | Cessation as Company Secretary |
| Vivek Singh | September 1, 2019 | Appointment as Company Secretary |
| Lalit Yadav | March 18, 2019 | Cessation as Company Secretary |
| Sanjeev Arora | January 18, 2019 | Appointment as Chief Financial Officer |
| Som Nath Chopra | December 20, 2018 | Cessation as Chief Financial Officer |

**Payment or benefit to officers of our Company**

Except statutory entitlements for benefits upon termination of their employment in our Company or retirement, no officer of our Company, including our Directors, Key Managerial Personnel, is entitled to any benefits upon termination of employment under any service contract entered into with our Company.

Except as stated otherwise in this Prospectus and any statutory payments made by our Company, no amount or benefit has been paid or given, in the two years preceding the date of this Prospectus, or is intended to be paid or given to any of our Company's officers except remuneration for services rendered as Directors, officers or employees of our Company.

**Bonus or profit sharing plans for our Key Managerial Personnel**

Our Key Managerial Personnel or are not parties to any bonus or profit sharing plan of our Company.

**Employee stock option plan and employee stock purchase plan**

For details of our employee stock option plans, see "*Capital Structure – Employee Stock Option Plans of our Company*" on pages 90.

## OUR PROMOTERS AND PROMOTER GROUP

***Our Promoters***

The Promoters of our Company are:

1. Ravi Kant Jaipuria,

2. Varun Jaipuria, and

3. RJ Corp.

As on the date of this Prospectus, the Promoters, in aggregate, hold 846,561,690 Equity Shares in our Company, representing 73.38% of the issued, subscribed and paid-up Equity Share capital of our Company.

For details of the build-up of the Promoters' shareholding in our Company, see "*Capital Structure – History of the Equity Share capital held by our Promoters*", on pages 84 - 86.

***Details of our Promoters***

**Individual Promoters**

1. **Ravi Kant Jaipuria**

**Ravi Kant Jaipuria**, born on November 28, 1954 aged 66 years, is a citizen of India. He resides at 7A, Aurangzeb Road, Delhi 110 011. For further details, see "*Our Management – Brief biographies of Directors*" beginning on page 180.

His PAN is ANJPJ6194Q and he does not hold a driving license.

His Aadhaar card number is [redacted].

2. **Varun Jaipuria**

**Varun Jaipuria**, born on November 10, 1987, aged 33 years, is a citizen of India. He resides at 7A, Aurangzeb Road, Delhi 110 011. For further details, see "*Our Management – Brief biographies of Directors*" beginning on page 180.

His PAN is AHAPJ9246N and his driving license number is DL02 20069010944.

His Aadhaar card number is [redacted].

**Corporate Promoter**

**RJ Corp Limited (RJ Corp)**

*Corporate information*

RJ Corp was incorporated on March 1, 1980 as Cheers Beverages Private Limited, a private limited company under the Companies Act, 1956 with the RoC. Its name changed from Cheers Beverages Private Limited to Arctic Drinks Private Limited pursuant to a fresh certificate of incorporation dated January 31, 1985. Arctic Drinks Private Limited converted into a public limited company and changed its name to Arctic Drinks Limited with effect from May 13, 2005 pursuant to a fresh certificate of incorporation consequent upon change of name on conversion to public limited company. Arctic Drinks Limited's name changed to RJ Corp Limited pursuant to a fresh certificate of incorporation dated May 29, 2008. The CIN of RJ Corp is U62200DL1980PLC010262. Its registered office is situated at F-2/7, Okhla Industrial Area, Phase-I, New Delhi 110 020.

RJ Corp is authorised under its constitutional documents to undertake, *inter alia*, the business of manufacturing, bottle produce, process, prepare, improve, treat, buy, sell, distribute and deal in all kinds of beverages; distribution / selling rights from other manufacturers on agency consignment or any other terms of beverages and; buy, sell, improve, treat, preserve refine, aerate, mineralise bottle and otherwise deal in artificial and mineral waters, carbonate drinks, alcoholic and non-alcoholic drinks and preparations. RJ Corp is currently engaged in running franchise of a sports brand, trading in ice-cream and milk products, and investment activities in group and other companies.

*Promoters of our Corporate Promoter*

1. Ravi Kant Jaipuria

2. Varun Jaipuria

*Details of change in control*

There has been no change in the control of our Corporate Promoter in the last three years preceding the date of this Prospectus.

*Board of directors of our corporate Promoter*

The board of directors of our Corporate Promoter as on the date of this Prospectus are:

| *S. No.* | *Name* | *Designation* |
|---|---|---|
| 1. | Ravi Kant Jaipuria | Director |
| 2. | Varun Jaipuria | Director |
| 3. | Raj Pal Gandhi | Director |
| 4. | Rashmi Dhariwal | Independent Director |
| 5. | Girish Kumar Ahuja | Independent Director |

*Shareholding Pattern of our Corporate Promoter*

The shareholding pattern of our Corporate Promoter as on August 9, 2021 is as follows-

| *S. No.* | *Name* | *Number of equity shares* | *Percentage (%)* |
|---|---|---|---|
| 1. | Ravi Kant Jaipuria | 189,410,221 | 87.21 |
| 2. | Varun Jaipuria | 19,985,966 | 9.20 |
| 3. | Devyani Jaipuria | 5,524,519 | 2.54 |
| 4. | Dhara Jaipuria | 2,253,251 | 1.04 |
| 5. | Empire Stocks Private Limited | 10,010 | Negligible |
| 6. | Vivek Gupta | 8,008 | Negligible |
| 7. | Sellwell Foods and Beverages Private Limited | 5,005 | Negligible |

Our Company confirms that the PAN, bank account numbers and passport numbers, to the extent available, of our Individual Promoters shall be submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus.

Our Company confirms that the PAN, bank account number, the company registration number and addresses of the registrar of companies where our Corporate Promoter is registered, shall be submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus.

**Change of control of our Company**

Except for Varun Jaipuria who was appointed as Director of our Company with effect from November 13, 2009, our Promoters are the original Promoters of our Company and there has not been any change in the management or control of our Company during the last five years preceding the date of this Prospectus.

**Interests of our Promoters**

Our Promoters are interested in our Company to the extent that they have promoted our Company and hold Equity Shares in our Company to the extent applicable and dividends and distributions declared thereon, if any. For details on the shareholding of our Promoters in our Company, see "*Capital Structure – Shareholding of our Promoters and Promoter Group*" on page 86. Our Individual Promoters, who are also Directors, may be deemed to be interested to the extent of their remuneration/ fees and reimbursement of expenses, payable to them, if any. For further details, see "*Our Management – Payment or benefit to Directors of our Company – Remuneration to our Non-Executive Directors*" on page 182.

Further, our Individual Promoters are also directors on the boards, or are shareholders, members or partners, of certain Promoter Group entities and may be deemed to be interested to the extent of the payments made by our Company, if any, to these Promoter Group entities. For the payments that are made by our Company to certain Promoter Group entities, see "*Restated Consolidated Financial Statements – Note 38: Related Party Disclosures*" on page 282.

Other than as disclosed in "*Restated Consolidated Financial Statements – Note 38: Related Party Disclosures*" on page 282, and except as disclosed herein above, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Prospectus in which our Promoters are directly or indirectly interested and no payments have been made to our Promoters in respect of the contracts, agreements or arrangements which are proposed to be made with our Promoters other than in the normal course of business. For the payments that are made by our Company to certain Promoter Group entities, see "*Restated Consolidated Financial Statements – Note 38: Related Party Disclosures*" on page 282.

Other than as disclosed below, our Promoters are not interested in the properties acquired by our Company in the three years preceding the date of filing of this Prospectus or proposed to be acquired by our Company, or in any transaction by our Company for the acquisition of land, construction of building or supply of machinery.

Our Company has, on December 22, 2020, purchased property situated at 4th Floor, Plot No. 1, Sector 66, Phase-IX, Mohali, Punjab, 160 055 from our Corporate Promoter for a purchase consideration of ₹ 180 million, at an arm's length price based on an independent fair valuation certificate. For details, see "*Restated Consolidated Financial Statements – Note 38: Related Party Disclosures*" on page 282.

No sum has been paid or agreed to be paid to any of our Promoters or to the firms or companies in which our Promoters are interested as members in cash or shares or otherwise by any person, either to induce them to become or to qualify them, as directors or promoters or otherwise for services rendered by our Promoters or by such firms or companies in connection with the promotion or formation of our Company.

None of our Promoters are engaged in business activities similar to those of our Company.

Additionally, other than as disclosed in "*History and Certain Corporate Matters – Our Subsidiaries*" and "*Our Promoters and Promoter Group*" and "*Our Group Companies*" beginning on pages 172, 192 and 197, respectively, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company. Our Company will adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when it arises.

**Payment of benefit to our Promoters or Promoter Group**

Except in the ordinary course of business and as disclosed in "*Restated Consolidated Financial Statements – Note 38: Related Party Disclosures*" on page 282, no amount or benefit has been paid or given to our Promoters or members of our Promoter Group during the two years preceding the filing of this Prospectus nor is there any intention to pay or give any amount or benefit to our Promoters or members of our Promoter Group.

**Experience in the business of our Company**

For details in relation to experience of Ravi Kant Jaipuria and Varun Jaipuria in the business of our Company, see "*Our Management – Brief Biographies of Directors*" on page 180.

**Material guarantees given by our Promoters**

Our Promoters have not given any material guarantee to any third party with respect to the Equity Shares, as on the date of this Prospectus.

**Companies or firms with which our Promoters have disassociated in the last three years**

Except as disclosed below, our Promoters have not disassociated themselves from any company or firm during the three years immediately preceding the date of filing this Prospectus:

| Name of Promoter | Name of Entity | Nature of Change | Date of Disassociation | Reason |
|---|---|---|---|---|
| RJ Corp | Diagno Labs Private Limited | Disassociation | March 27, 2020 | Sale of stake |
| RJ Corp | Lineage Healthcare Limited | Disassociation | March 11, 2020 | Sale of stake |
| RJ Corp | Alisha Retail Private Limited | Disassociation | February 19, 2020 | Sale of stake |
| RJ Corp | Agarwal Cold Drinks Private Limited | Disassociation | October 30, 2019 | Defunct company |
| RJ Corp | Ratnaker Foods and Beverages Private Limited | Disassociation | October 30, 2019 | Defunct company |

**Confirmations**

Except as disclosed in "*Outstanding Litigation and Material Developments – Litigation involving our Promoters*" on page 367, there are no litigation or legal action pending or taken by any department of the Central Government or statutory authority during the five years immediately preceding the date of this Prospectus against our Promoters.

Our Promoters and members of our Promoter Group have not been declared as Wilful Defaulters.

Our Promoters and members of our Promoter Group have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters and members of the Promoter Group are not promoters, directors or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

***Our Promoter Group***

The persons forming part of our Promoter Group (other than our Promoters) are as follows:

| Name of Promoter | Name of relative | Relationship |
|---|---|---|
| Ravi Kant Jaipuria | Dhara Jaipuria | Spouse |
| | Varun Jaipuria | Son |
| | Devyani Jaipuria | Daughter |
| | Vivek Gupta | Spouse's brother |
| | Bela Jyotikumar Saha | Spouse's sister |
| | Madhu Rajendra Jindal | Spouse's sister |
| Varun Jaipuria | Kimaya Jaipuria | Spouse |
| | Ravi Kant Jaipuria | Father |
| | Dhara Jaipuria | Mother |
| | Devyani Jaipuria | Sister |
| | Madhav H Mariwala | Spouse's father |
| | Nandini M Mariwala | Spouse's mother |
| | Aishwarya M Mariwala | Spouse's sister |

* *Our Company has received an exemption from SEBI vide letter no. SEBI/HO/CFD/DIL-1/P/OW/2021/0000015608/1 dated July 16, 2021 under Regulation 300(1)(c) of the SEBI ICDR Regulations from disclosing Mr. Chandra Kant Jaipuria ("**CKJ**") and Mr. Surya Kant Jaipuria ("**SKJ**") and entities/bodies corporate/firms/HUFs in which they have an interest, as members of the promoter group of our Company based on the exemption application dated May 14, 2021 filed by our Company.*

**Entities forming part of the Promoter Group**

1. Accor Developers Private Limited;
2. Accor Industries Private Limited;
3. AccorBev (Telangana) Private Limited;
4. Africare Limited;
5. Arctic International Private Limited;
6. Arctic Overseas Pte. Ltd.;
7. Capital Infracon Private Limited;
8. Chanda Exports Private Limited;
9. Cryoviva Bangladesh Private Limited;
10. Cryoviva Biotech Private Limited;
11. Cryoviva International Pte. Limited;
12. Cryoviva Singapore Pte. Limited;
13. CV Biotech Private Limited;
14. Devyani Airport Services (Mumbai) Private Limited;
15. Devyani Food Industries (Kenya) Ltd.;
16. Devyani Food Industries Limited;
17. Devyani Food Street Private Limited;
18. Devyani International (Nepal) Private Limited;
19. Devyani International (UK) Private Limited;
20. Diagno Labs Private Limited;
21. Empire Stocks Private Limited;
22. Gee Kay Builders and Development Services Private Limited;
23. Geld Consultancy Services Private Limited;
24. Iclinic Healthcare Private Limited;
25. Jacore Energy Private Limited;
26. KV Retail Private Limited;
27. Lineage Healthcare Limited;
28. Lotus Holdings
29. Lunarmech Technologies Private Limited;
30. Madhav Mariwala HUF
31. Manog Securities Private Limited;
32. Marison Finvest Private Limited

33. Modern Montessori International (India) Private Limited;
34. Parkview City Limited;
35. RDJ Trading DMCC
36. Reviva Cell (Thailand) Company Limited;
37. RV Enterprises Pte. Limited;
38. S V S India Private Limited;
39. Sara Ferrous Private Limited;
40. SFT Syscon Private Limited;
41. Varun Beverages Limited;
42. Varun Developers Private Limited;
43. Varun Food & Beverages (Zambia) Limited;
44. Vivek Gupta HUF; and
45. Wellness Holdings Limited.

# OUR GROUP COMPANIES

In accordance with the SEBI ICDR Regulations and the Ind AS 24, for the purpose of identification of group companies, our Company has formulated a policy for identification of group companies and considered (i) the companies (other than our Corporate Promoter and Subsidiaries) with which there were related party transactions, as disclosed in the Restated Consolidated Financial Statements; and (ii) the companies forming part of the Promoter Group with which there were transactions in the most recent financial year and stub period, if any, included in the offer documents ("**Test Period**") which individually or in the aggregate, exceed 10% of the total restated consolidated revenue of the Company for the Test Period, as its group companies.

Accordingly, in terms of the policy for determining group companies approved pursuant to a resolution which was passed by our Board in its meeting held on July 20, 2021, our Company has identified the following as group companies of our Company* ("**Group Companies**").

1. Varun Beverages Limited ("**VBL**");
2. Chellarams Plc ("**Chellarams**");
3. Varun Beverages (Nepal) Private Limited ("**VBNPL**");
4. Devyani Food Industries Limited ("**DFIL**");
5. Diagno Labs Private Limited ("**DLPL**");
6. Lineage Healthcare Limited ("**LHL**");
7. Parkview City Limited ("**PCL**");
8. Modern Montessori International (India) Private Limited ("**MMIPL**");
9. S V S India Private Limited ("**SVS**");
10. The Minor Food Group (India) Private Limited ("**MFGPL**"); and
11. Arctic International Private Limited ("**AIPL**").

* *Our Company has received an exemption from SEBI vide letter no. SEBI/HO/CFD/DIL-1/P/OW/2021/0000015608/1 dated July 16, 2021 under Regulation 300(1)(c) of the SEBI ICDR Regulations from disclosing High Street Food Services Private Limited and Alisha Retail Private Limited as our Group Company and the relevant disclosures in relation thereto, based on the exemption application dated May 14, 2021 filed by our Company.*

## A. Details of our Group Companies

### I. Top five Group Companies

Our top five Group Companies comprising (a) two listed Group Companies and (b) three unlisted Group Companies (on the basis of turnover in Calendar/Fiscal 2020 calculated on a standalone basis), are as follows.

### 1. *Varun Beverages Limited (VBL)*

*Corporate Information*

VBL was incorporated as a public limited company on June 16, 1995 under the Companies Act, 1956. VBL received its certificate for commencement of business on July 4, 1995. The corporate identity number of VBL is L74899DL1995PLC069839. Its registered office is situated at F-2/7, Okhla Industrial Area Phase- I, New Delhi – 110020, India. The equity shares of VBL are listed on the National Stock Exchange of India Limited and BSE Limited.

*Nature of Activities*

VBL is authorised under its constitutional documents to carry on the business of manufacturing, producing, selling, distributing and bottling of beverages, aerated waters, soft drinks, concentrate and fruit juices. As on date of this Prospectus, VBL carries on the business of manufacturing of beverages.

*Financial Performance*

The financial information derived from the standalone audited financial statements of VBL for the Calendar Years 2020, 2019 and 2018 are set forth below:

*(Figures in ₹ million except per share data)*

| Particulars | Calendar Year** | | |
|---|---|---|---|
| | 2020 | 2019 | 2018 |
| Equity capital | 2,886.89 | 2,886.89 | 1,826.42 |
| Reserves and surplus (excluding revaluation reserve) | 36,696.85 | 35,250.35 | 23,873.47 |
| Sales/ Turnover | 48,764.51 | 56,156.64 | 38,622.76 |
| Profit/ (Loss) after tax | 2,264.29 | 4,485.47 | 3,323.59 |
| Earnings per share (Basic) (in ₹) (Face value ₹10) | 7.84 | 16.10 | 12.13* |
| Earnings per share (Diluted) (in ₹) (Face value ₹10) | 7.84 | 16.10 | 12.13* |
| Net asset value per share (in ₹) | 137.11 | 132.10 | 141.75 |

* *Earnings per share has been calculated based on number of shares outstanding in Calendar Year 2018, as increased for issuance of bonus shares.*

** *As approved by the Hon'ble Company Law Board, Varun Beverages Limited follows a calendar year of reporting (January to December).*

There are no significant notes of the auditors in relation to the aforementioned financial statements for the last three Fiscals.

*Highest and lowest market price of shares during the preceding six months*

Details of the highest and lowest market prices of the equity shares of VBL during the six immediately preceding months is as set out below:

| Month | BSE | | NSE | |
|---|---|---|---|---|
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| July 2021 | 804.60 | 710.00 | 804.00 | 709.00 |
| June 2021 | 1,178.00 | 714.25 | 1,178.00 | 714.00 |
| May 2021 | 1,055.40 | 964.00 | 1,054.85 | 961.30 |
| April 2021 | 1,028.00 | 874.00 | 1,030.00 | 873.45 |
| March 2021 | 1,065.30 | 958.40 | 1,070.00 | 958.00 |
| February 2021 | 1,095.85 | 866.40 | 1,130.00 | 866.00 |

*Source: Websites of NSE and BSE*

**2. *Chellarams Plc (Chellarams)***

*Corporate Information*

Chellarams was incorporated as a private limited liability company on August 13, 1947 under the laws of Nigeria. Chellarams became a public limited company on November 29, 1974. The corporate identity number of Chellarams is RC 639. Its registered office is situated at Plot No 110 / 114, Oshodi, Apapa, Expressway, Isolo, Lagos, Nigeria. The equity shares of Chellarams are listed on the Nigerian Stock Exchange.

*Nature of Activities*

Chellarams is authorised under its constitutional documents to carry on the businesses of trading, distribution, services, plastics, textiles, real estate, power generation, quick service restaurants and industrial equipment. As on date of this Prospectus, Chellarams is engaged in the trading and distribution of fast-moving consumer goods, ingredients, consumer durables and industrial chemicals.

*Financial Performance*

The financial information derived from the audited financial statements of Chellarams for the Fiscals 2020, 2019 and 2018 are set forth below:

*(Figures in million Naira, except per share data)*

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2020 | 2019 | 2018 |
| Equity capital | 361.463 | 361.463 | 361.463 |
| Reserves and surplus (excluding revaluation reserve) in Naira | (6,745.73) | (2,540.60) | (703.65) |
| Sales/ Turnover in Naira | 1,973.99 | 4,156.67 | 4,847.17 |
| Profit/ (Loss) after tax in Naira | (4,205.13) | (1,836.95) | 448.65 |
| Earnings per share (Basic) (in Naira) (Face value 0.5 Kobo) | (5.82) | (2.54) | 0.62 |
| Earnings per share (Diluted) (in Naira) (Face value 0.5 Kobo) | (5.82) | (2.54) | 0.62 |
| Net asset value per share (in Naira) | (8.83) | (3.01) | (0.47) |

Except as disclosed below, there are no significant notes of the auditors in relation to the aforementioned financial statements for the last three Fiscals:

The group incurred a loss before taxation of Naira 3.8 billion during the year ended March 31, 2020 (2019: Naira 2.7 billion) and as at that date its current liabilities exceeded its current assets by Naira 7.3 billion (2019: Naira 3.7 billion) and had a negative shareholders' funds of Naira 3.3 billion (2019: Positive shareholders' fund of Naira 647 million). The net current liabilities position and negative shareholders' funds arose from significant balances of Naira 8.1 billion (2019: Naira 8.4 billion) payable to Nigerian banks. The group was not able to meet up with repayment plan for the loans, and in the process, United Bank for Africa Plc obtained a Mareva Injunction restraining the operations of the parent company's bank accounts. Accordingly, there is an immediate need to address the impact of the huge losses recorded in order to return the group to a profitable position.

*Highest and lowest market price of shares during the preceding six months*

Details of the highest and lowest market prices of the equity shares of Chellarams during the six immediately preceding months is as set out below:

| Month | Nigerian Stock Exchange | |
|---|---|---|
| | High (Naira/share) | Low (Naira/Share) |
| July 2021 | 2.24 | 2.24 |
| June 2021 | 2.24 | 2.24 |
| May 2021 | 2.24 | 2.24 |
| April 2021 | 2.24 | 2.24 |
| March 2021 | 2.26 | 2.24 |
| February 2021 | 2.26 | 2.26 |

*Source: Website of Nigerian Stock Exchange*

### 3. *Varun Beverages (Nepal) Private Limited (VBNPL)*

*Corporate Information*

VBNPL was incorporated as Swastik Aerated Products (P) Ltd. as a private limited company on July 21, 1985 under the Companies Act. 2063 of Nepal. Subsequently, the name was changed to Pepsicola Nepal Private Limited on July 21, 1996 and Varun Beverages (Nepal) Private Limited on January 9, 2000. The registration number of VBNPL is 2080/042. Its registered office is situated at Post Box 2968, Sinamangal – 32, Koteshwar, Kathmandu, Nepal.

*Nature of Activities*

As on date of this Prospectus, VBNPL is authorised under its constitutional documents to carry on the business to manufacture & bottle carbonated soft drinks, water and juices.

*Financial Performance*

The financial information derived from the audited standalone financial statements of VBNPL for the Fiscals 2020, 2019 and 2018 are set forth below:

*(Figures in NPR million except per share data)*

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2020 | 2019 | 2018 |
| Equity capital | 1,080.00 | 1,080.00 | 1,080.00 |
| Reserves and surplus (excluding revaluation reserve) | 458.77 | 437.14 | 395.99 |
| Sales/ Turnover | 5,141.01 | 6,877.32 | 6,922.06 |
| Profit/ (Loss) after tax | 345.62 | 348.95 | 303.60 |
| Earnings per share (Basic) (in NPR) (Face value NPR 1,000) | 320.02 | 323.10 | 1,076.86 |
| Earnings per share (Diluted) (in NPR) (Face value NPR 1,000) | 320.02 | 323.10 | 1,076.86 |
| Net asset value per share (in NPR) | 1,424.78 | 1,404.76 | 1,366.66 |

There are no significant notes of the auditors in relation to the aforementioned financial statements for the last three Fiscals.

### 4. *Devyani Food Industries Limited (DFIL)*

*Corporate Information*

DFIL was incorporated as Shri Hanuman Traders Private Limited as a private limited company on November 14, 1991 under the Companies Act, 1956. Subsequently, the name was changed to Devyani Food Industries Private Limited on April 3, 2003 and thereafter, the name was changed to Devyani Food Industries Limited on December 1, 2010 upon conversion to public limited company. The corporate identity number of DFIL is U74899DL1991PLC046403. Its registered office is situated at F- 2/7, Okhla Industrial Area Phase- I, New Delhi – 110 020, India.

*Nature of Activities*

DFIL is authorised under its constitutional documents to carry on the business of manufacturing, producing, selling, distributing and bottling of beverages, aerated water, soft drinks, concentrate and fruit juices and to manufacture, bottle, produce, process, prepare, improve, create, buy, sell, distribute, import, export and deal in all kinds of foods, food products, cereals, spices, sugar, rice, wheat, flour, sugarcane, sugar products, jams, jellies, pickles, chutneys, marmalades, vinegars, sausages, ketchups, essences, ghee, butter, cheese, malted foods, garden products, preserved, canned and tinned fruits and vegetables, biscuits, ice cream, dairy products, milk products and condensed milk, cakes, chocolates, potato wafers, noodles, potato products, snack foods, vegetable products, preserved provisions and foods and food products. As on date of this Prospectus, DFIL carries on the business of manufacturing, selling and distributing ice cream, dairy products and non-dairy cream of Cream Bell brand.

*Financial Performance*

The financial information derived from the audited standalone financial statements of DFIL for the Fiscals 2020, 2019 and 2018 are set forth below:

*(Figures in ₹ million except per share data)*

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2020 | 2019 | 2018 |
| Equity capital | 125.00 | 125.00 | 125.00 |
| Reserves and surplus (excluding revaluation reserve) | 1,172.10 | 1,393.62 | 1,512.82 |
| Sales/ Turnover | 4,917.83 | 5,104.15 | 5,101.75 |
| Profit/ (Loss) after tax | (220.79) | (104.66) | 23.78 |
| Earnings per share (Basic) (in ₹) (Face value ₹10) | (17.66) | (8.37) | 1.90 |
| Earnings per share (Diluted) (in ₹) (Face value ₹10) | (17.66) | (8.37) | 1.90 |
| Net asset value per share (in ₹) | 103.77 | 121.49 | 131.02 |

There are no significant notes of the auditors in relation to the aforementioned financial statements for the last three Fiscals.

**5. *Diagno Labs Private Limited (DLPL)***

*Corporate Information*

DLPL was incorporated as a private limited company on August 13, 2013 under the Companies Act, 1956. The corporate identity number of DLPL is U74900DL2013PTC256548. Its registered office is situated at F- 2/7, Okhla Industrial Area Phase- I, New Delhi – 110020, India.

*Nature of Activities*

DLPL is authorised under its constitutional documents to carry on the business to set up, engage, collaborate, acquire, purchase, maintain, open diagnostic centers, research centers, sample collection centers, conduct, manage, administer, own, run laboratories for the purposes of carrying out pathological investigations of various branches of bio-chemistry, hematology, histopathology, micro-biology, electrophoresis, immuno-chemistry, immunology, virology, cytology and other pathological investigations in India or abroad. As on date of this Prospectus, DLPL carries on the business of providing lab testing facilities.

*Financial Performance*

The financial information derived from the audited standalone financial statements of DLPL for the Fiscals 2020, 2019 and 2018 are set forth below:

*(Figures in ₹ million except per share data)*

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2020 | 2019 | 2018 |
| Equity capital | 1,000.00 | 200.00 | 0.20 |
| Reserves and surplus (excluding revaluation reserve) | (1,982.01) | (1,519.04) | (1,163.30) |
| Sales/ Turnover | 495.46 | 655.37 | 659.24 |
| Profit/ (Loss) after tax | (456.37) | (359.70) | (399.16) |
| Earnings per share (Basic) (in ₹) (Face value ₹10) | (1.23) | (39.03) | (19,957.81) |
| Earnings per share (Diluted) (in ₹) (Face value ₹10) | (1.23) | (39.03) | (19,957.81) |
| Net asset value per share (in ₹) | (9.82) | (65.95) | (58,154.88) |

There are no significant notes of the auditors in relation to the aforementioned financial statements for the last three Fiscals.

**II. Other Group Companies**

The details of the rest of our Group Companies are as follows:

**1.** ***Lineage Healthcare Limited (LHL)***

*Corporate Information*

LHL was incorporated as a public limited company on April 25, 2011 under the Companies Act, 1956. LHL received its certificate for commencement of business on July 22, 2011. The corporate identity number of LHL is U85100DL2011PLC217993. Its registered office is situated at F- 2/7, Okhla Industrial Area Phase- I, New Delhi – 110020, India.

*Nature of Activities*

LHL is authorised under its constitutional documents to carry on the business to establish, maintain, operate, run, manage, administer, purchase, lease or otherwise acquire hospitals, medicare, health care, diagnostic, health aids, nursing homes, cardiographic & sonographic centers and research centers, pathological laboratories, blood bank, rehabilitation centers, health centers, polyclinics, maternity home and mother and child care centers, immunization centers and research centers. As on date of this Prospectus, LHL carries on the business of providing healthcare services.

**2.** ***Modern Montessori International (India) Private Limited (MMIPL)***

*Corporate Information*

MMIPL was incorporated as a private limited company on January 2, 2003 under the Companies Act, 1956 as 'Maria Montessori International (India) Private Limited'. Its name was changed to its existing name on February 11, 2003. The corporate identity number of MMIPL is U80301DL2003PTC118290. Its registered office is situated at F- 2/7, Okhla Industrial Area Phase- I, New Delhi – 110020, India.

*Nature of Activities*

MMIPL is authorised under its constitutional documents to carry on the business to establish, manage, assist in or collaborate, render consultancy to establish and/or manage educational and/or research institutions in all fields of education. As on date of this Prospectus, MMIPL carries on the business of running school and teacher training.

**3.** ***Parkview City Limited (PCL)***

*Corporate Information*

PCL was incorporated as Shri Vishnu Traders Private Limited as a private limited company on November 14, 1991 under the Companies Act, 1956. Subsequently, the name was changed to Parkview City Private Limited on May 13, 2008 and thereafter, name was changed to Parkview City Limited on May 15, 2008 upon conversion to public limited company. The corporate identity number of PCL is U74899DL1991PLC046405. Its registered office is situated at F-2/7, Okhla Industrial Area Phase- I, New Delhi – 110020, India.

*Nature of Activities*

PCL is authorised under its constitutional documents to carry on the business of builders and colonisers, landlords or proprietors, occupiers, lessors, managers, contractors and mortgagors. As on date of this Prospectus, PCL carries on the business of builders and developers.

**4.** ***S V S India Private Limited (SVS)***

*Corporate Information*

SVS was incorporated as a private limited company on November 15, 1985 under the Companies Act, 1956. The corporate identity number of SVS India is U74899DL1985PTC022537. Its registered office is situated at F- 2/7, Okhla Industrial Area Phase- I, New Delhi – 110020, India.

*Nature of Activities*

SVS is authorised under its constitutional documents to carry on the business to promote, establish, acquire and run or otherwise carry on the business of any plastic or rubber industry. As on date of this Prospectus, SVS is engaged in renting property to the group companies and has no other business.

**5.** ***The Minor Food Group (India) Private Limited (MFGPL)***

*Corporate Information*

MFGPL was incorporated as a private limited under the Companies Act, 2013 on March 11, 2014. The corporate identity number of MFGPL is U55101DL2014PTC266136. Its registered office is situated at F- 2/7, Okhla Industrial Area, Phase- I, New Delhi - 110020, India.

*Nature of Activities*

MFGPL is authorised under its constitutional documents to carry on the business of restaurants, parlors, cafés, kiosks, food corners or centers, refreshment rooms, refreshment and/or fast food counters, food courts, entertainment services, canteens and the like. As on date of this Prospectus, MFGPL carries on the business of preparation and provision of various kinds of ice-creams, coffee and tea, food and beverages, shakes, mocktails, dairy products, milk products, condensed milk, prepared foods, bakery products, cakes, pastries, snacks, fast food and savory products.

**6.** ***Arctic International Private Limited (AIPL)***

*Corporate Information*

AIPL was incorporated as a private limited company on July 20, 2007 under the Laws of Mauritius. Its registered office is situated at 3rd Floor, Rogers House, 5 President John-Kennedy Street, Port Louis, Republic of Mauritius.

*Nature of Activities*

AIPL is authorised under its constitutional documents to carry on the business of investment holding of management and consultancy services. As on date of this Prospectus, Arctic International Private Limited carries on the business of investment holding of management and consultancy services.

## B. Litigation

Our Group Companies are not party to any pending litigation which has a material impact on our Company.

## C. Group Companies that have become sick or under winding-up/insolvency proceedings

Our Group Companies have neither become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor are they under winding-up or insolvency proceedings under the Insolvency and Bankruptcy Code, 2016 or under the corresponding bankruptcy laws in the jurisdictions our Group Companies are incorporated.

## D. Loss making Group Companies

Except as disclosed below, none of our Group Companies have made any losses in the Financial Year 2020.

*(in ₹ million, unless otherwise stated)*

| Sr. No. | Name of the Group Company(ies) | Profit/ (Loss) for last three Fiscals | | |
|---|---|---|---|---|
| | | 2020 | 2019 | 2018 |
| 1. | Chellarams | (4,205.13)# | (1,836.95) # | 448.65# |
| 2. | DFIL | (220.79) | (104.66) | 23.78 |
| 3. | DLPL | (456.37) | (359.70) | (399.16) |
| 4. | LHL | (95.89) | (92.51) | (86.30) |
| 5. | PCL | (357.79) | (312.35) | (150.03) |
| 6. | SVS | (0.73) | (0.99) | 0.01 |
| 7. | MFGPL | (2.13) | (91.35) | (58.33) |
| 8. | AIPL | (12.51)* | (0.35)* | 0.20* |

\# *Amount in Naira million*

* *Amount in US$ million.*

## E. Defunct Group Companies

Our Group Companies are not defunct and no applications have been made to the concerned registrar of companies for striking off the name of our Group Companies in the five years immediately preceding the date of filing of the Red Herring Prospectus and this Prospectus.

**F. Nature and extent of interest of Group Companies**

***In the promotion of our Company***

Our Group Companies do not have any interest in the promotion of our Company.

***In the properties acquired by our Company in the past three years prior to filing this Prospectus or proposed to be acquired by our Company***

Our Group Companies are not interested in the properties acquired by our Company in the three years preceding the filing of this Prospectus or proposed to be acquired by our Company.

***In transactions for acquisition of land, construction of building, supply of machinery, etc.***

Except for DFIL and VBL, our Group Companies are not interested in any transactions for the acquisition of land, construction of building or supply of machinery, etc. For details, see "*Restated Consolidated Financial Statements – Note: 38: Related Party Disclosures*" on page 282.

**G. Common pursuits between our Group Companies and our Company**

None of our Group Companies are in the same line of business as our Company and our Subsidiaries and there are no common pursuits between our Group Companies and our Company and our Subsidiaries.

**H. Related business transactions within the Group Companies and significance on the financial performance of our Company**

Other than the transactions disclosed in "*Restated Consolidated Financial Statements – Note 38: Related Party Disclosures*" on page 282, there are no other related business transactions between the Group Companies and our Company.

**I. Business interests or other interests**

There are related party transactions between the Group Companies and our Company as disclosed in "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Related Party Transactions*" on page 355. Other than the related party transactions, our Group Companies do not have any business interest or other interest in our Company.

**J. Other confirmations**

Except for VBL and Chellarams, equity shares of which are listed on the Stock Exchanges and the Nigerian Stock Exchange, respectively, the equity shares of our Group Companies are not listed on any stock exchange. None of our listed Group Companies have made any public or rights issue of securities in the preceding three years.

Further, none of our Group Companies have been refused listing by any stock exchange in India or abroad or any has failed to meet the listing requirements of any stock exchanges in India or abroad.

## DIVIDEND POLICY

The declaration and payment of dividend on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of our Articles of Association and the applicable laws including the Companies Act, 2013 together with the applicable rules issued thereunder. The dividend distribution policy of our Company was approved and adopted by our Board on March 17, 2021. We may retain all our future earnings, if any, for use in the operations and expansion of our business. The dividend, if any, will depend on a number of factors, including but not limited to our Company's profits, accumulated reserves, earnings outlook, capital requirements, financial commitments and financial requirements including business expansion plans, applicable legal restrictions, cost of raising funds from alternate sources, cash flows and other factors considered relevant by our Board. In addition, the dividend, if any, will also depend on a number of external factors including but not limited to applicable laws and regulations including taxation laws, economic conditions, prevalent market practices, and technological changes.

Further, our shareholders should not expect dividend in certain circumstances including growth opportunities which require our Company to allocate a significant amount of capital, in the event of a higher working capital requirement for business operations or otherwise, inadequacy of cashflow available for distribution, inadequacy or absence of profits, utilization of surplus cash for buyback of securities or setting off previous year losses, prohibition to declare dividend by any regulatory body and other factors which may be considered relevant by the Board. Our Company may also, from time to time, pay interim dividends. For details in relation to risks involved in this regard, see "*Risk Factors - Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements*" on page 52.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, see "*Financial Indebtedness*" beginning on page 320.

We have not declared and paid any dividends on the Equity Shares in any of the three Financial Years preceding the date of the Draft Red Herring Prospectus and until the date of this Prospectus.

# SECTION V: FINANCIAL INFORMATION

## RESTATED CONSOLIDATED FINANCIAL STATEMENTS

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**Walker Chandiok & Co LLP**
*Chartered Accountants*
21st Floor, DLF Square
Jacaranda Marg, DLF Phase II
Gurugram– 122002, India
T +91 124 462 8000

**APAS & Co LLP**
*Chartered Accountants*
606, 6th floor, PP City Centre, Road
No. 44, Pitampura, New Delhi
110034,
T +91 11 4905 8720

**INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION**

The Board of Directors
**Devyani International Limited**
Plot No-18, Sector 35,
Gurugram – 122004
India

Dear Sirs,

1. We have examined the attached Restated Consolidated Financial Information of Devyani International Limited (the "Company" or the "Issuer") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group") and its joint venture, comprising the Restated Consolidated Statement of Assets and Liabilities as at 31 March 2021, 31 March 2020 and 31 March 2019, the Restated Consolidated Statements of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity, the Restated Consolidated Cash Flow Statement for the years ended 31 March 2021, 31 March 2020 and 31 March 2019, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on 20 July 2021 for the purpose of inclusion in the Red Herring Prospectus/Prospectus ('Offer Documents") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:

    a. Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "Act");
    b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
    c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited and Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi in connection with the proposed IPO. The Restated Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Note 2.1 (a) to the Restated Consolidated Financial Information. The responsibility of the respective Board of Directors of the companies included in the Group and of its joint venture includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective Board of Directors are also responsible for identifying and ensuring that the Group and its joint venture complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Consolidated Financial Information taking into consideration:
    a. The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 1 March 2021 in connection with the proposed IPO of equity shares of the Issuer;
    b. The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
    c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and
    d. The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

4. These Restated Consolidated Financial Information have been compiled by the management from audited consolidated financial statements of the Group and its joint venture as at and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 prepared in accordance with the Indian Accounting

Standards (referred to as “Ind AS”) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 21 April 2021, 09 September 2020 and 23 September 2019, respectively.

5. For the purpose of our examination, we have relied on:

   a. Auditors’ reports issued by us dated 21 April 2021 and 09 September 2020 on the consolidated financial statements of the Group and its joint venture as at and for the years ended 31 March 2021 and 31 March 2020 as referred in Paragraph 4 above; and

   b. Auditors’ Report issued by the predecessor joint auditors, B S R & Co LLP Chartered Accountants and APAS & Co LLP Chartered Accountants dated 23 September 2019 on the consolidated financial statements of the Group and its joint venture as at and for the year ended 31 March 2019, as referred in Paragraph 4 above.

6. The audit reports on the consolidated financial statements issued by us and predecessor joint auditors included following paragraphs (also refer note 55 to the Restated Consolidated Financial Information):

   - Emphasis of Matter paragraph in the audit report dated 21 April 2021 issued by us as on the consolidated financial statements of the Group and its joint venture as at and for the year ended 31 March 2021:

     “We draw attention to Note XX of the accompanying consolidated financial statements, which describes the uncertainties relating to the effect of COVID-19 pandemic outbreak and the management’s evaluation of the impact on the consolidated financial statements of the Group as at the balance sheet date. The extent of the impact of these uncertainties on the Group’s operations is significantly dependent on future developments.

     The above matter has also been reported as emphasis of matter in the audit reports issued by one of the joint auditors on the separate financial statements of two subsidiaries of the Group. Our opinion is not modified in respect of this matter.”

   - Emphasis of Matter paragraph in the audit report dated 09 September 2020 issued by us on the consolidated financial statements of the Group and its joint venture as at and for the year ended 31 March 2020:

     “We draw attention to Note XX of the accompanying consolidated financial statements, which describes the uncertainties relating to the effect of COVID-19 pandemic outbreak and the management’s evaluation of the impact on the consolidated financial statements of the Group as at the balance sheet date. The extent of the impact of these uncertainties on the Group’s operations is significantly dependent on future developments.

     The above matter has also been reported as emphasis of matter in the audit reports issued by one of the joint auditors on the separate financial statements of two subsidiaries for the year ended 31 March 2020. Our opinion is not modified in respect of this matter.”

   - Material Uncertainty Related to Going Concern paragraph in the audit report dated 23 September 2019 issued by predecessor joint auditors, B S R & Co LLP and APAS & Co LLP on the consolidated financial statements of the Group and its joint venture as at and for the year ended 31 March 2019:

     "We draw attention to Note XX in the consolidated financial statements, wherein it is mentioned that the Group and its joint venture has incurred losses in current year and has accumulated losses as at 31 March 2019, which has resulted in erosion of the net worth of the Group and its joint venture as at 31 March 2019. Further, the Group and its joint venture’s current liabilities exceed its current assets as at 31 March 2019. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Group and its joint venture’s ability to continue as a going concern. However, as a result of the mitigating factors elaborated in note i.e. projected cash flows of the Group and its joint venture, available revolving undrawn credit facility, current liquidity position and continued financial and operational support from ultimate holding company, the management is confident of its ability to continue as a going concern and have accordingly, prepared these consolidated financial statements on going concern basis. Consequently, no adjustments have been made to the carrying values of the assets and liabilities in the consolidated financial statements.

     Our opinion is not modified in respect of this matter."

7. As indicated in our audit reports as at and for the years ended 31 March 2021 and 31 March 2020, we did not audit the financial statements of six subsidiaries of respective years, whose share of total assets, total revenues, net cash inflows / (outflows) and share of loss in its joint venture included in the consolidated financial statements, for the relevant years is tabulated below. Out of the above, the financial statements of two subsidiaries which are incorporated in India, whose financial statements reflect total assets, total revenues, net cash inflows / outflows for the year ended on respective dates (as tabulated below), as considered in the consolidated financial statements have been audited by APAS & Co LLP. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) for the year ended 31 March 2020 as tabulated below, in respect of one joint venture, whose financial statements has not been audited by us.

The consolidated financial statements as at and for the year ended 31 March 2021 also include the Group's share of net loss (including other comprehensive income) tabulated below, as considered in the consolidated financial statements, in respect of one joint venture, whose financial statements has not been audited by us. The financial statements of aforesaid company (join venture of the Group) as at and for the year ended 31 March 2021 is unaudited and has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid joint venture, are based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, the financial statements of aforesaid company is not material to the Group.

These financial statements of six subsidiaries as at and for the years ended 31 March 2021 and 31 March 2020 and of a joint venture as at and for the year ended 31 March 2020, have been audited by APAS & Co LLP and other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the APAS & Co LLP and other auditors.

Further, of these six subsidiaries, four subsidiaries which are located outside India, whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. APAS & Co LLP, have audited these conversion adjustments made by the Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the balances and affairs of these subsidiaries located outside India, are based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by APAS & Co LLP.

(INR in million)

| **Particulars** | **Audited by other auditors (including APAS & Co LLP)** | | **Audited by APAS & Co LLP** | |
|---|---|---|---|---|
| | **As at/ for the year ended 31 March 2021** | **As at/ for the year ended 31 March 2020** | **As at/ for the year ended 31 March 2021** | **As at/ for the year ended 31 March 2020** |
| Total assets | 3,750.72 | 7,090.16 | 1,141.17 | 1,406.51 |
| Total revenues | 1,979.50 | 3,510.98 | 467.83 | 1,593.16 |
| Net cash inflows/(outflows) | 10.59 | 10.17 | 5.29 | (8.13) |
| Share of profit/ loss in its joint venture | - | Nil | - | - |

Our opinion on the consolidated financial statements was not modified in respect of these matters.

For the years ended 31 March 2021 and 31 March 2020, the four subsidiaries as mentioned above, which are located outside India, were audited by other auditors who have issued examination report on the restated financial information of those subsidiaries prepared in accordance with accounting principles generally accepted in their respective countries. The Company's management has converted that restated financial information prepared as per accounting principles generally accepted in their respective countries to accounting principles generally accepted in India and these conversion adjustments have been examined by APAS & Co LLP, for the purpose of inclusion in these Restated Consolidated Financial Information of the Company.

These other auditors of the subsidiaries and APAS & Co LLP, as mentioned above, have examined the restated financial information of the respective subsidiaries and have confirmed that the restated financial information of those subsidiaries for the purposes of inclusion in Restated Consolidated Financial Information of the Company:

a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial year ended 31 March 2020 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended 31 March 2021;

b) do not require any adjustments for the matters giving rise to matters mentioned in paragraph 6 above; and

c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

8. As indicated in audit report as at and for the year ended 31 March 2019, of predecessor joint auditors, they did not audit the financial statements of six subsidiaries of that year, whose share of total assets, total revenues, net cash inflows / (outflows) and share of loss in its joint venture included in the consolidated financial statements, is tabulated below. Out of the above, the financial statements of two subsidiaries incorporated in India, whose financial statements reflect total assets, total revenues, net cash inflows / outflows for the year then ended as tabulated below, as considered in the consolidated financial statements, have been audited by APAS & Co LLP. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) tabulated below, as considered in the consolidated financial statements, in respect of one joint venture, whose financial statements has not been audited by previous joint auditors.

These financial statements of six subsidiaries and a joint venture, have been audited by APAS & Co LLP and other auditors whose reports were furnished to predecessor joint auditors by the management and their opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture was based solely on the reports of the APAS & Co LLP and other auditors.

Further, of these six subsidiaries, four subsidiaries which are located outside India, whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries incorporated outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. Other auditors audited these conversion adjustments made by the Company's management. Predecessor joint auditors opinion on the consolidated financial statements, in so far as it relates to the balances and affairs of such subsidiaries are based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by other auditors.

(INR in million)

| **Particulars** | **Audited by other auditors As at/ for the year ended 31 March 2019** | **Audited by APAS & Co LLP As at/ for the year ended 31 March 2019** |
|---|---:|---:|
| Total assets | 2,720.67 | 574.58 |
| Total revenues | 1,538.99 | 1,564.90 |
| Net cash outflows | (114.69) | (18.66) |
| Share of profit/ loss in its joint venture | Nil | - |

Predecessor joint auditors' opinion on the consolidated financial statements was not modified in respect of these matters.

For the year ended 31 March 2019, the four subsidiaries as mentioned above, which are located outside India, were audited by other auditors who have issued examination report on the restated financial information of those subsidiaries prepared in accordance with accounting principles generally accepted in their respective countries. The Company's management has converted that restated financial information prepared as per accounting principles generally accepted in their respective countries to accounting principles generally accepted in India and these conversion adjustments have been examined by APAS & Co LLP, for the purpose of inclusion in these Restated Consolidated Financial Information of the Company.

These other auditors of the subsidiaries and APAS & Co LLP, as mentioned above, have examined the restated financial information of the respective subsidiaries and have confirmed that the restated financial information of the those subsidiaries for the purposes of inclusion in Restated Consolidated Financial Information of the Company:

a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial year ended 31 March 2019 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended 31 March 2021;

b) do not require any adjustments for the matters giving rise to matters mentioned in paragraph 6 above; and

c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

9. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination reports submitted by the other auditors and APAS & Co LLP as mentioned above, for the respective years, we report that the Restated Consolidated Financial Information:

   a. have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended 31 March 2020 and 31 March 2019 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended 31 March 2021;

   b. do not require any adjustments for the matters giving rise to matters mentioned in paragraph 6 above; and

   c. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

10. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited consolidated financial statements mentioned in paragraph 4 above.

11. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or the previous joint auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for use of the Board of Directors for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited and Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No: 001076N/N500013

**Nitin Toshniwal**
Partner
Membership No.: 507568

UDIN: 21507568AAAACZ2115

**Place:** Faridabad
**Date:** 20 July 2021

For **APAS & Co LLP**
Chartered Accountants
Firm's Registration No: 000340C/C400308

**Sumit Kathuria**
Partner
Membership No.: 520078

UDIN: 21520078AAAAHD6286

**Place:** Gurugram
**Date:** 20 July 2021

**Devyani International Limited**
**Restated Consolidated Statement of Assets and Liabilities**
*(INR in millions, except for share data and if otherwise stated)*

| Particulars | Note | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 3A | 4,306.74 | 4,786.54 | 4,840.49 |
| Capital work-in-progress | 3B | 142.75 | 135.27 | 115.18 |
| Right-of-use assets | 3C | 6,660.20 | 10,350.83 | 9,946.55 |
| Investment properties | 3D | 455.89 | 413.99 | 470.66 |
| Goodwill | 4 | 644.45 | 224.34 | 161.33 |
| Other intangible assets | 5 | 1,855.19 | 577.42 | 363.85 |
| Investments accounted for using equity method | 6 | - | - | - |
| Financial assets | | | | |
| (i) Loans | 7 | 435.36 | 491.60 | 458.41 |
| (ii) Other financial assets | 8 | 167.38 | 182.27 | 112.60 |
| Deferred tax assets (net) | 33 | 95.78 | 75.49 | 80.75 |
| Income tax assets (net) | 33 | 80.46 | 94.95 | 96.22 |
| Other non-current assets | 9 | 194.56 | 71.22 | 39.04 |
| **Total non-current assets** | | **15,038.76** | **17,403.92** | **16,685.08** |
| **Current assets** | | | | |
| Inventories | 10 | 621.97 | 720.87 | 549.42 |
| Financial assets | | | | |
| (i) Trade receivables | 11 | 168.80 | 172.99 | 229.84 |
| (ii) Cash and cash equivalents | 12 | 399.62 | 132.26 | 265.72 |
| (iii) Bank balances other than cash and cash equivalents | 13 | 5.71 | 28.06 | 5.10 |
| (iv) Loans | 7 | 141.57 | 128.13 | 95.80 |
| (v) Other financial assets | 8 | 106.06 | 36.38 | 0.58 |
| Other current assets | 9 | 201.58 | 213.15 | 243.36 |
| **Total current assets** | | **1,645.31** | **1,431.84** | **1,389.82** |
| **Total assets** | | **16,684.07** | **18,835.76** | **18,074.90** |
| **Equity and liabilities** | | | | |
| **Equity** | | | | |
| Equity share capital | 14 | 1,153.63 | 1,061.67 | 1,061.67 |
| Other equity | 15 | (15.90) | (2,952.68) | (1,764.05) |
| **Equity attributable to owners of the Company** | | **1,137.73** | **(1,891.01)** | **(702.38)** |
| Non-controlling interests | 48 | (419.15) | (391.14) | (509.61) |
| **Total equity** | | **718.58** | **(2,282.15)** | **(1,211.99)** |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| (i) Borrowings | 17 | 3,593.65 | 3,402.17 | 3,324.84 |
| (ii) Lease liabilities | 16 | 7,936.96 | 11,759.04 | 11,240.91 |
| (iii) Other financial liabilities | 19 | 49.30 | 52.82 | 33.72 |
| Provisions | 20 | 169.15 | 115.73 | 138.05 |
| Other non-current liabilities | 21 | 9.74 | 10.49 | 6.90 |
| **Total non-current liabilities** | | **11,758.80** | **15,340.25** | **14,744.42** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| (i) Borrowings | 18 | 211.10 | 904.56 | 676.93 |
| (ii) Lease liabilities | 16 | 787.38 | 1,122.83 | 1,105.74 |
| (iii) Trade payables | 22 | | | |
| (a) total outstanding dues of micro enterprises and small enterprises | | 150.53 | 20.91 | 23.64 |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,468.47 | 1,610.98 | 1,344.54 |
| (iv) Other financial liabilities | 19 | 1,305.94 | 1,896.91 | 1,179.27 |
| Other current liabilities | 21 | 193.48 | 170.44 | 177.27 |
| Provisions | 20 | 82.94 | 44.15 | 32.26 |
| Current tax liabilities (net) | 33 | 6.85 | 6.88 | 2.82 |
| **Total current liabilities** | | **4,206.69** | **5,777.66** | **4,542.47** |
| **Total equity and liabilities** | | **16,684.07** | **18,835.76** | **18,074.90** |

The accompanying notes form an integral part of these Restated Consolidated Financial Information

**As per our report of even date attached**

*For* **Walker Chandiok & Co LLP**
*Chartered Accountants*
Firm's Registration No.: 001076N/N500013

*For* **APAS & Co LLP**
*Chartered Accountants*
Firm's Registration No.: 000340C/C400308

***For* and on behalf of the Board of Directors of**
**Devyani International Limited**

**Nitin Toshniwal**
*Partner*
Membership No.: 507568

**Sumit Kathuria**
*Partner*
Membership No.: 520078

**Virag Joshi**
*CEO and Whole-time Director*
DIN: 01821240

**Raj P. Gandhi**
*Director*
DIN: 00003649

**Manish Dawar**
*CFO and Director*
DIN: 00319476

**Anil Dwivedi**
*Company Secretary*
Membership No.: 18893

**Place:** Faridabad
**Date:** 20 July 2021

**Place:** Gurugram
**Date:** 20 July 2021

**Place:** Gurugram
**Date:** 20 July 2021

**Devyani International Limited**

**Restated Consolidated Statement of Profit and Loss**

*(INR in millions, except for share data and if otherwise stated)*

| Particulars | Note | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|---|
| **Income** | | | | |
| Revenue from operations | 23 | 11,348.38 | 15,163.86 | 13,105.98 |
| Other income | 24 | 640.57 | 186.55 | 130.85 |
| **Total income** | | **11,988.95** | **15,350.41** | **13,236.83** |
| **Expenses** | | | | |
| Cost of materials consumed | 25 | 3,386.93 | 4,487.18 | 3,772.90 |
| Purchases of stock-in-trade | 26 | 59.67 | 116.78 | 115.76 |
| Employee benefits expense | 27 | 1,543.32 | 2,254.85 | 1,915.73 |
| Finance costs | 28 | 1,528.03 | 1,584.37 | 1,356.04 |
| Depreciation and amortisation expense | 29 | 2,294.53 | 2,233.14 | 2,028.26 |
| Impairment of non-financial assets | 30 | 480.05 | 38.77 | 247.53 |
| Other expenses | 31 | 4,089.18 | 5,750.21 | 4,511.97 |
| **Total expenses** | | **13,381.71** | **16,465.30** | **13,948.19** |
| **Loss before exceptional items and tax** | | **(1,392.76)** | **(1,114.89)** | **(711.36)** |
| Exceptional items | 32 | (568.84) | (345.78) | (131.48) |
| **Loss before tax** | | **(823.92)** | **(769.11)** | **(579.88)** |
| **Tax expense** | 33 | | | |
| Current tax | | 9.75 | 13.48 | 8.53 |
| Deferred tax expense/(credit) | | (20.43) | 4.93 | 4.49 |
| **Total tax expense** | | **(10.68)** | **18.41** | **13.02** |
| **Loss for the year from continuing operations (A)** | | **(813.24)** | **(787.52)** | **(592.90)** |
| **Profit/(loss) from discontinued operations before tax** | | 183.37 | (426.66) | (348.28) |
| Tax expense of discontinued operations | | - | - | 0.26 |
| **Profit/(loss) for the year from discontinued operations after tax (B)** | | **183.37** | **(426.66)** | **(348.54)** |
| **Loss for the year (A+B)** | | **(629.87)** | **(1,214.18)** | **(941.44)** |
| **Other comprehensive income** | | | | |
| Items that will not to be reclassified to profit or loss | | | | |
| Remeasurements of defined benefit plans | | (12.94) | 3.73 | (9.55) |
| Income tax relating to above mentioned item | | (0.14) | (0.34) | 0.39 |
| | | **(13.08)** | **3.39** | **(9.16)** |
| Items that will be reclassified to profit or loss | | | | |
| Exchange difference in translating financial statements of foreign operations | | 124.14 | 156.95 | (17.02) |
| Exchange differences on translation of discontinued operations | | (58.86) | (17.76) | (5.30) |
| Income tax relating to above mentioned item | | - | - | - |
| | | **65.28** | **139.19** | **(22.32)** |
| **Other comprehensive income for the year** | | **52.20** | **142.58** | **(31.48)** |
| **Total comprehensive income for the year** | | **(577.67)** | **(1,071.60)** | **(972.92)** |
| **Loss attributable to:** | | | | |
| Owners of the Company | | (552.08) | (1,216.73) | (792.26) |
| Non controlling interests | 48 | (77.79) | 2.55 | (149.17) |
| **Loss for the year** | | **(629.87)** | **(1,214.18)** | **(941.44)** |
| **Other comprehensive income attributable to:** | | | | |
| Owners of the Company | | 9.61 | 106.98 | (16.62) |
| Non controlling interests | 48 | 42.59 | 35.60 | (14.86) |
| **Other comprehensive income for the year** | | **52.20** | **142.58** | **(31.48)** |
| **Total comprehensive income for the year attributable to:** | | | | |
| Owners of the Company | | (542.47) | (1,109.75) | (808.89) |
| Non controlling interests | 48 | (35.20) | 38.15 | (164.03) |
| **Total comprehensive income for the year** | | **(577.67)** | **(1,071.60)** | **(972.92)** |
| **Loss per equity share from continuing operations** | 34 | | | |
| Basic (INR) | | (0.67) | (0.74) | (0.42) |
| Diluted (INR) | | (0.67) | (0.74) | (0.42) |
| **Earnings/(loss) per equity share from discontinued operations** | | | | |
| Basic (INR) | | 0.17 | (0.40) | (0.33) |
| Diluted (INR) | | 0.17 | (0.40) | (0.33) |

The accompanying notes form an integral part of these Restated Consolidated Financial Information

**As per our report of even date attached**

*For* **Walker Chandiok & Co LLP**
*Chartered Accountants*
Firm's Registration No.: 001076N/N500013

**Nitin Toshniwal**
*Partner*
Membership No.: 507568

**Place:** Faridabad
**Date:** 20 July 2021

*For* **APAS & Co LLP**
*Chartered Accountants*
Firm's Registration No.: 000340C/C400308

**Sumit Kathuria**
*Partner*
Membership No.: 520078

**Place:** Gurugram
**Date:** 20 July 2021

***For*** **and on behalf of the Board of Directors of Devyani International Limited**

**Virag Joshi**
*CEO and Whole-time Director*
DIN: 01821240

**Raj P. Gandhi**
*Director*
DIN: 00003649

**Manish Dawar**
*CFO and Director*
DIN: 00319476

**Anil Dwivedi**
*Company Secretary*
Membership No.: 18893

**Place:** Gurugram
**Date:** 20 July 2021

**Devyani International Limited**
**Restated Consolidated Statement of Cash Flows**
*(INR in millions, except for share data and if otherwise stated)*

| | | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|---|
| **A.** | **Cash flows from operating activities** | | | |
| | **Profit/(loss) before tax** | | | |
| | Continuing operations | (823.92) | (769.11) | (579.88) |
| | Discontinued operations | 183.37 | (426.66) | (348.28) |
| | **Adjustments for:** | | | |
| | Depreciation and amortisation expense | 2,356.94 | 2,467.04 | 2,257.32 |
| | Impairment loss of non-financial assets | 529.90 | 38.77 | 247.53 |
| | Liabilities no longer required written back | (43.09) | (28.97) | (12.79) |
| | Loss on disposal of property plant and equipment | 87.38 | 187.67 | 11.49 |
| | Bad debts and advances written off | - | 0.13 | 0.69 |
| | Loss allowance | 12.36 | 27.04 | 6.38 |
| | Unrealised foreign exchange (gain)/loss | (19.63) | 108.09 | (1.23) |
| | Finance costs | 1,621.75 | 1,687.91 | 1,421.17 |
| | Derivatives at fair value through profit and loss | (6.75) | 8.62 | 5.36 |
| | Employee stock option scheme expenses/(reversal) | 22.62 | (12.18) | 2.53 |
| | Interest income | (103.95) | (93.47) | (73.55) |
| | Gain on termination of leases | (611.39) | (365.66) | (131.48) |
| | Gain on modification of leases | (52.71) | (18.84) | - |
| | Gain on net investment in finance leases | - | (18.76) | (42.07) |
| | Rent concession [refer note 36 A (iii)] | (1,158.89) | - | - |
| | **Operating profit before working capital changes** | **1,993.98** | **2,791.62** | **2,763.18** |
| | Adjustments for changes in: | | | |
| | - trade receivables | 4.19 | 29.31 | (52.87) |
| | - inventories | 126.01 | (171.45) | (103.10) |
| | - loans, other financial assets, and other assets | 163.94 | (67.64) | (3.00) |
| | - trade payables, other financial liabilities and other liabilities | 102.60 | 433.13 | 176.26 |
| | **Cash generated from operating activities** | **2,390.72** | **3,014.97** | **2,780.47** |
| | Income tax refund/(paid) (net) | 4.85 | (7.81) | (2.85) |
| | **Net cash generated from operating activities** | **2,395.57** | **3,007.16** | **2,777.62** |
| **B.** | **Cash flows from investing activities** | | | |
| | Payment for acquisition of stores under business combination | (2,300.00) | - | (288.29) |
| | Payment for property, plant and equipment and other intangible assets other than above | (1,373.37) | (999.09) | (1,422.56) |
| | Proceeds from sale of property plant and equipment | 43.94 | 10.95 | 15.69 |
| | Deposits made with banks | - | (22.96) | (176.01) |
| | Proceeds from maturity of deposits | 22.35 | 21.10 | 179.13 |
| | Proceeds from transfer of business | 13.60 | - | - |
| | Interest received | 7.52 | 15.71 | 15.30 |
| | **Net cash used in investing activities** | **(3,585.96)** | **(974.29)** | **(1,676.74)** |
| **C.** | **Cash flows from financing activities** | | | |
| | Proceeds from issue of equity share capital | 3,476.43 | - | - |
| | Proceeds from long term borrowings | 2,355.86 | 800.00 | 1,921.78 |
| | Repayment of long term borrowings | (2,401.08) | (651.19) | (619.36) |
| | (Repayment of)/proceeds from cash credit facilities from banks (net) | (693.46) | 227.63 | (249.54) |
| | Payment of lease liabilities- principal | - | (1,043.52) | (981.25) |
| | Payment of lease liabilities- interest | (825.69) | (1,123.90) | (1,038.40) |
| | Interest paid | (492.24) | (435.17) | (338.27) |
| | **Net cash generated from/(used in) financing activities** | **1,419.82** | **(2,226.15)** | **(1,305.04)** |

*(This space has been intentionally left blank)*

**Devyani International Limited**
**Restated Consolidated Statement of Cash Flows**
*(INR in millions, except for share data and if otherwise stated)*

| | | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|---|
| **D.** | **Effect of foreign currency fluctuation arising out of consolidation** | **37.93** | **59.81** | **26.86** |
| | **Net decrease in cash and cash equivalents during the year (A+B+C+D)** | **267.36** | **(133.47)** | **(177.29)** |
| | **Effect of exchange rate changes on cash and cash equivalent held in foreign currency** | **-** | **0.01** | **(0.02)** |
| **E** | **Cash and cash equivalents at the beginning of the year** | **132.26** | **265.72** | **443.03** |
| **F** | **Cash and cash equivalents as at the end of the year** (refer note 12) | **399.62** | **132.26** | **265.72** |

**Notes:**

1. The Restated Consolidated Statement of Cash Flows has been prepared in accordance with 'Indirect method' as set out in the Ind AS - 7 on 'Statement of Cash Flows', as notified under Section 133 of the Companies Act, 2013, read with the relevant rules thereunder.
2. Significant non cash transactions: Acquisition of right-of-use assets and investment properties (refer note 36 and 37).

**As per our report of even date attached**

*For* **Walker Chandiok & Co LLP**
*Chartered Accountants*
Firm's Registration No.: 001076N/N500013

*For* **APAS & Co LLP**
*Chartered Accountants*
Firm's Registration No.: 000340C/C400308

*For* and on behalf of the **Board of Directors of Devyani International Limited**

**Nitin Toshniwal**
*Partner*
Membership No.: 507568

**Sumit Kathuria**
*Partner*
Membership No.: 520078

**Virag Joshi**
*CEO and Whole-time Director*
DIN: 01821240

**Raj P. Gandhi**
*Director*
DIN: 00003649

**Manish Dawar**
*CFO and Director*
DIN: 00319476

**Anil Dwivedi**
*Company Secretary*
Membership No.: 18893

**Place:** Faridabad
**Date:** 20 July 2021

**Place:** Gurugram
**Date:** 20 July 2021

**Place:** Gurugram
**Date:** 20 July 2021

**Devyani International Limited**
**Restated Consolidated Statement of Changes in Equity**
*(INR in millions, except for share data and if otherwise stated)*

**A. Equity share capital**

| | Note | As at 31 March 2021 | | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|---|---|---|
| | | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount |
| **Balance at the beginning of the year** | 14 | 106,166,666 | 1,061.67 | 106,166,666 | 1,061.67 | 106,166,666 | 1,061.67 |
| Changes in equity share capital | | 9,196,833 | 91.96 | - | - | - | - |
| **Balance at the end of the year*** | | **115,363,499** | **1,153.63** | **106,166,666** | **1,061.67** | **106,166,666** | **1,061.67** |
| | | **1,153,634,990** | **1,153.63** | **106,166,666** | **1,061.67** | **106,166,666** | **1,061.67** |

*The face value of equity shares of the Company has been split from INR 10/- to INR 1/- per share with effect from 25 March 2021

**B. Other equity**

| | Note | Attributable to owners of the Company | | | | | | | Attributable to Non controlling interests (NCI) | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Reserves and Surplus | | | | Items of Other comprehensive income | | Total attributable to owners of the Company | | |
| | | Securities premium | Employee stock options outstanding account | General reserve | Retained earnings | Exchange difference of translation of foreign | Other item of other comprehensive income* | | | |
| **Balance as at 01 April 2018** | | **4,632.61** | **110.89** | **5.47** | **(4,947.60)** | **528.32** | **-** | **329.69** | **(336.19)** | **(6.50)** |
| Changes in accounting policy (on account of adoption of Ind AS 116, | | - | - | - | (1,194.97) | - | - | (1,194.97) | (101.81) | (1,296.78) |
| Leases) [refer note 55] | | - | - | - | - | - | - | - | - | - |
| Loss for the year | | - | - | - | (792.26) | - | - | (792.26) | (149.17) | (941.43) |
| Other comprehensive income for the year | 15 | - | - | - | - | (7.48) | (9.14) | (16.62) | (14.86) | (31.48) |
| **Total comprehensive income for the year** | | **-** | **-** | **-** | **(1,987.23)** | **(7.48)** | **(9.14)** | **(2,003.85)** | **(265.84)** | **(2,269.69)** |
| Transferred to retained earnings | | - | - | - | (9.14) | - | 9.14 | - | - | - |
| Employee stock options scheme expenses | 42 | - | 2.53 | - | - | - | - | 2.53 | - | 2.53 |
| Transactions with NCI | 48 | - | - | - | (92.42) | - | - | (92.42) | 92.42 | - |
| **Balance as at 31 March 2019** | | **4,632.61** | **113.42** | **5.47** | **(7,036.39)** | **520.84** | **-** | **(1,764.05)** | **(509.61)** | **(2,273.66)** |
| Impact of change in transition date (refer note 55) | | - | - | - | 13.48 | 0.57 | - | 14.05 | (0.43) | 13.62 |
| Profit/(loss) for the year | | - | - | - | (1,216.73) | - | - | (1,216.73) | 2.55 | (1,214.18) |
| Other comprehensive income for the year | 15 | - | - | - | - | 103.59 | 3.39 | 106.98 | 35.60 | 142.58 |
| **Total comprehensive income for the year** | | **-** | **-** | **-** | **(1,203.25)** | **104.16** | **3.39** | **(1,095.70)** | **37.72** | **(1,057.98)** |
| Transferred to retained earnings | | - | - | - | 3.39 | - | (3.39) | - | - | - |
| Employee stock options scheme reversal | 42 | - | (12.18) | - | - | - | - | (12.18) | - | (12.18) |
| Transactions with NCI | 48 | - | - | - | (80.75) | - | - | (80.75) | 80.75 | - |
| **Balance as at 31 March 2020** | | **4,632.61** | **101.24** | **5.47** | **(8,317.00)** | **625.00** | **-** | **(2,952.68)** | **(391.14)** | **(3,343.82)** |
| Loss for the year | | - | - | - | (552.08) | - | - | (552.08) | (77.79) | (629.87) |
| Reclassified on account of derecognition of foreign operations | | - | - | - | - | 64.67 | - | 64.67 | - | 64.67 |
| Other comprehensive income for the year | 15 | - | - | - | - | 22.69 | (13.08) | 9.61 | 42.59 | 52.20 |
| **Total comprehensive income for the year** | | **-** | **-** | **-** | **(552.08)** | **87.36** | **(13.08)** | **(477.80)** | **(35.20)** | **(513.00)** |
| Securities premium received during the year | | 3,384.47 | - | - | - | - | - | 3,384.47 | - | 3,384.47 |
| Transferred to retained earnings | | - | - | - | (13.08) | - | 13.08 | - | - | - |
| Employee stock options scheme expenses/(reversal) | 42 | - | 22.62 | - | - | - | - | 22.62 | - | 22.62 |
| Transferred to securities premium on exercise of stock options | | 109.46 | (109.46) | - | - | - | - | - | - | - |
| Transactions with NCI | 48 | - | - | - | 7.49 | - | - | 7.49 | 7.19 | 14.68 |
| **Balance as at 31 March 2021** | | **8,126.54** | **14.40** | **5.47** | **(8,874.67)** | **712.36** | **-** | **(15.90)** | **(419.15)** | **(435.05)** |

*Other comprehensive income represents remeasurement of defined benefit plans (net of tax)

The accompanying notes form an integral part of these Restated Consolidated Financial Information

**As per our report of even date attached**

**For Walker Chandiok & Co LLP**
*Chartered Accountants*
Firm's Registration No.: 001076N/N500013

**Nitin Toshniwal**
*Partner*
Membership No.: 507568

**Place:** Faridabad
**Date:** 20 July 2021

*For* **APAS & Co LLP**
*Chartered Accountants*
Firm's Registration No.: 000340C/C400308

**Sumit Kathuria**
*Partner*
Membership No.: 520078

**Place:** Gurugram
**Date:** 20 July 2021

**For and on behalf of the Board of Directors of**
**Devyani International Limited**

**Virag Joshi**
*CEO and Whole-time Director*
DIN: 01821240

**Raj P. Gandhi**
*Director*
DIN: 00003649

**Manish Dawar**
*CFO and Director*
DIN: 00319476

**Anil Dwivedi**
*Company Secretary*
Membership No.: 18893

**Place:** Gurugram
**Date:** 20 July 2021

## 1. Company information/overview

Devyani International Limited (the 'Company' or ‘the Holding Company’) is a public limited company domiciled in India, having its registered office at F-2/7, Okhla Industrial Area, Phase-I, New Delhi - 110020. The Company was incorporated on 13 December 1991 as a private limited company in India. Subsequently, the Company changed its legal status from a private company to a public company on 7 June 2000. These consolidated financial statements comprise the financial statements of the Company, its subsidiaries (collectively referred to as the 'Group') and its joint venture.

The Group is primarily engaged in the business of developing, managing and operating quick service restaurants and food courts for brands such as Pizza Hut, KFC, Costa Coffee, Vaango etc. and retail stores of TWG Tea.

Details relating to Group and its joint venture considered in these consolidated financial statements are as follows:

**i) Subsidiaries**

| Name of the company | Country of incorporation | % voting power held as at 31 March 2021 | % voting power held as at 31 March 2020 | % voting power held as at 31 March 2019 |
|---|---|---|---|---|
| Devyani International (Nepal) Private Limited | Nepal | 100% | 100% | 100% |
| Devyani Food Street Private Limited | India | 100% | 100% | 100% |
| Devyani International (UK) Private Limited (till 16th February 2021) | United Kingdom | - | 100% | 100% |
| RV Enterprizes Pte. Limited | Singapore | 87% | 87% | 87% |
| Devyani International (Nigeria) Limited (subsidiary of RV Enterprizes Pte. Limited) | Nigeria | 78.75% | 78.75% | 78.75% |
| Devyani Airport Services (Mumbai) Private Limited | India | 51% | 51% | 51% |

**ii) Equity accounted investee**

| Name of the company | Country of incorporation | % voting power held as at 31 March 2021 | % voting power held as at 31 March 2020 | % voting power held as at 31 March 2019 |
|---|---|---|---|---|
| The Minor Food Group (India) Private Limited (till 25th March 2021) | India | - | 30% | 30% |

The financial statements of the above entities (Subsidiaries and Equity accounted investee) are drawn up-to the same accounting period as that of the Group.

## 2.1 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of this restated consolidated financial information. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

The Restated Consolidated Financial Information relates to the Group and has been specifically prepared for inclusion in the document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with the proposed Initial Public Offer ('IPO') of equity shares of the Company (referred to as the "Issue"). The Restated Consolidated Financial Information comprise of the Restated Consolidated Balance Sheet as at 31 March 2021, 31 March 2020, and 31 March 2019, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Cash Flow Statement, the Restated Consolidated Statement of Changes in Equity and Notes forming part of the restated consolidated financial information for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 (hereinafter collectively referred to as "Restated Consolidated Financial Information").

The Restated Consolidated Financial Information has been prepared by the Management of the Holding Company to comply in all material respects with the requirements of:

a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");
b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI), as amended (the "Guidance Note").

The Restated Consolidated Financial Information has been compiled by the Management from the audited consolidated financial statements as at and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act, which have been approved by the Board of Directors at their meeting held on 21 April 2021, 09 September 2020 and 23 September 2019, respectively.

The accounting policies have been consistently applied by the Holding Company in preparation of the Restated Consolidated Financial Information and are consistent with those adopted in the preparation of financial statements for the year ended 31 March 2021. This Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of board meeting on the audited consolidated financial statements mentioned above.

The Restated Consolidated Financial Information have been prepared so as to contain information/disclosures and incorporating adjustments set out below in accordance with the ICDR Regulations:

a. Adjustments to the profits or losses of the earlier periods and of the period in which the change in the accounting policy has taken place is recomputed to reflect what the profits or losses of those periods would have been if a uniform accounting policy was followed in each of these periods, if any;

b. Adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited consolidated financial statements of the Group and its joint venture for the year ended 31 March 2021 and the requirements of the SEBI Regulations, if any;

c. The resultant impact of tax due to the aforesaid adjustments, if any.

**(b) Basis of measurement**

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and financial liabilities that are measured at fair value or amortized cost, defined benefit obligations and share based payments.

**(c) Critical accounting estimates and judgements**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and if material, their effects are disclosed in the notes to the consolidated financial statements.

Information about significant areas of estimation /uncertainty and judgements in applying accounting policies that have the most significant effect on the consolidated financial statements are as follows: -

- measurement of defined benefit obligations: key actuarial assumptions;
- measurement of useful life and residual values of property, plant and equipment, fair valuation of investment properties and useful life of intangible assets;
- judgment required to determine probability of recognition of deferred tax assets;
- fair value measurement of financial instruments;
- impairment assessment of non-financial assets key assumptions underlying recoverable amount;
- impairment assessment of financial assets;
- measurement of share based payments; measurement of financial guarantee contracts, provisions and contingent liabilities;
- judgment required to ascertain lease classification, lease term, incremental borrowing rate, lease and non-lease component, and impairment of ROU;
- judgment is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim;
- measurement of consideration and assets acquired as part of business combination;
- cash flow projections and liquidity assessment with respect to Covid-19.

There are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year except for as disclosed in these financial statements.

**(d) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to / by the Group.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole.

- Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value of financial instruments measured at fair value through profit and loss and amortised cost.

**(e) Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries together with the share of the total comprehensive income of joint venture.

**Subsidiaries**

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The standalone financial statements of the Company and financial statements of the subsidiaries are consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after eliminating intra-group balances, intra-group transactions and any unrealised incomes and expenses arising from intra-group transactions. These consolidated financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interest ("NCI") which represents part of consolidated net Statement of profit and loss and net assets of subsidiary that are not, directly or indirectly, owned or controlled by the Company, are excluded and presented in the consolidated Balance Sheet separately within Equity.

The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognised as 'Goodwill on Consolidation' being an asset in the consolidated financial statements. The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for.
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former

subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the consolidated Statement of profit and loss.

**The equity accounted investee**

The Group's interest in equity accounted investee comprise interest in joint venture.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

Interest in joint venture is accounted for by using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of joint venture until the date on which joint control ceases.

Unrealised gains arising from transactions with equity accounted investee are eliminated against the investment to the extent of Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its equity accounted investee. At each reporting date, the Group determines whether there is objective evidence that the equity accounted investee is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity accounted investee and its carrying value, and then recognises the loss in the consolidated Profit or Loss.

In case, Group's share of losses of equity accounted investee equals or exceeds the interest in equity accounted investee (carrying value of investment), the Group discontinues recognising its share of future losses.

**2.2 Other significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in the consolidated financial statements.

**(a) Property, plant and equipment**

**Recognition and measurement**

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises: (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Expenditure which are directly attributable to commissioning of quick service restaurants are capitalised. Other expenditure incurred during the commissioning phase, which is not directly attributable, is charged off to consolidated Profit and Loss.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other cost directly attributable to bringing the item to working condition for its intended use.

The cost of improvements to leasehold premises, if recognition criteria are met, are capitalised and disclosed separately under leasehold improvement.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated Statement of profit and loss when such asset is derecognised.

**Subsequent cost**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Group and the cost of the item can be measured reliably. All other subsequent cost are charged to consolidated Statement of profit and loss at the time of incurrence.

**Depreciation**

Depreciation on PPE is provided on the straight-line method computed on the basis of useful life prescribed in Schedule II to the Companies Act, 2013 ('Schedule II') on a pro-rata basis from the date the asset is ready to put to use. Considering the applicability of Schedule II as mentioned above, in respect of certain class of assets- the Group has assessed the useful lives (as mentioned in the table below) lower than as prescribed in Schedule II, based on the technical assessment.

| Asset Category | Useful life estimated by the management based on technical assessment (years) | Useful life as per Schedule II (years) |
|---|---|---|
| Building | 30 | 60 |
| Plant and equipment | 12 | 15 |
| Electrical Fitting | 10 | 10 |
| Office equipment | 10 | 5 |
| Computers | 4- 6 | 3-6 |
| Furniture and fixtures | 6 | 10 |
| Vehicles | 5 | 6 |
| Utensil and Kitchen Equipment | 4-10 | 15 |

Freehold land is not depreciated.

Leasehold improvements are depreciated on a straight line basis over the period of the initial lease term or 10 years, whichever is lower. Any refurbishment of structure is depreciated over a period of 5 years.

Depreciation is calculated on a pro rata basis for assets purchased/sold during the year.

The residual values, useful lives and methods of depreciation of property plant and equipment are reviewed by management at each reporting date and adjusted prospectively, as appropriate.

**Capital work-in-progress**

Cost of property, plant and equipment not ready for use as at the reporting date are disclosed as capital work-in-progress.

**Investment properties**

(*Recognition and initial measurement)*
Investment properties are properties held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at their cost of acquisition, including transaction costs. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group. All other repair and maintenance costs are recognized in Statement of profit and loss as incurred

Properties held under leases are classified as investment properties when it is held to earn rentals or for capital appreciation or for both, rather than for sale in the ordinary course of business or for use in production or administrative functions. In case of subleases, where the Group is immediate lessor, the right of use arising out of related sub leases is assessed for classification as investment property.

*Subsequent measurement (depreciation and useful lives)*
Investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on investment properties is provided on the straight-line method over the lease period of the right-of-use assets.

Though, the Group measures investment properties using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model acceptable internationally.

*De-recognition*
Investment properties are de-recognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognized in the Statement of profit and loss in the period of de-recognition.

**(b) Business combination and intangible assets**

**Business combination and goodwill**
The Group accounts for the business combinations using the acquisition method when control is transferred to the respective company of the Group. The consideration transferred in the acquisition is generally measured at fair value as at the date the control is acquired ('acquisition date'), as are the net identifiable assets (tangible and other intangible assets) acquired and any non-controlling interest in the acquired business. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in Other Comprehensive Income ('OCI') and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

Any goodwill that arises is not amortised but is tested for impairment at least on an annual basis, based on a number of factors, including operating results, business plans and future cash flows.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquirer. Such amounts are generally recognised in the consolidated Statement of profit and loss.

**Other intangible assets**

Intangible assets that are acquired are recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of assets can be measured reliably. The other intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation and are carried at cost less accumulated amortisation and impairment losses, if any.

Gain or losses arising from derecognition of other intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the other intangible assets and are recognised in the consolidated Statement of profit and loss when the asset is derecognised.

**i. Subsequent cost**

Subsequent cost is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All the subsequent expenditure on other intangible assets is recognised in consolidated Statement of profit and loss, as incurred.

ii. **Amortisation**

Amortisation is calculated to write off the cost of other intangible assets over their estimated useful lives as stated below using straight-line method. Amortisation is calculated on a pro-rata basis for assets purchased /disposed during the year.

Amortisation has been charged based on the following useful lives:

| Asset description | Useful life of asset (in years) |
|---|---|
| License fee | 10 |
| Franchisee rights | 10 |
| Computer software | 6 |

Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

**(c) Inventories**

Inventories consist of raw materials which are of a perishable nature and traded goods. Inventories are valued at lower of cost and net realisable value ('NRV'). Raw materials are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished goods will exceed their NRV. Cost of inventories has been determined using weighted average cost method and comprise all costs of purchase after deducting non-refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition. Provision is made for items which are not likely to be consumed and other anticipated losses wherever considered necessary. The comparison of cost and NRV for traded goods is made on at item group level basis at each reporting date.

**(d) Leases**

**Transition to Ind AS 116 – Leases**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 - Leases which replaces the earlier leases standard, Ind AS 17 – Leases (effective during year ended 31 March 2019), and other interpretations. Ind AS 116 – Leases sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted Ind AS 116, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases using the modified retrospective approach, under which the cumulative effect of initially applying the standard, is recognized on the date of initial application 1 April 2019.

However, for the purpose of preparing restated consolidated financial information, Ind AS 116 has been applied using the modified retrospective approach with effect from 1 April 2018 (refer note 55 for further details).

**The Group as a lessee**

The Group enters into an arrangement for lease of buildings and office equipments. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with Ind AS 116 – Leases, at inception of the contract, the Group assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group assessese whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**Measurement and recognition of leases as a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses (unless such right of use assets fulfills the requirements of Ind AS 40 -

Investment Property and is accounted for as there under), if any and adjusted for any re-measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of profit and loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in Statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Group presents right-of-use assets that do not meet the definition of investment property on the face of balance sheet below 'property, plant and equipment' and lease liabilities under 'financial liabilities' in the balance sheet.

The Group has elected not to apply the requirements of Ind AS 116-Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

**The Group as a lessor**

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from Ind AS 116. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

**Lease payments**
Lease payments in respect of assets taken on operating lease are charged to the consolidated Statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases.

**(e) Borrowing costs**
Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost includes exchange differences to the extent regarded as an adjustment to the borrowing costs, if any.

**(f) Impairment - non-financial assets**
At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication of impairment exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ('CGU'). Goodwill arising from a business combination is allocated to a CGU or groups of CGU that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in the consolidated Statement of profit and loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(g) Provisions and contingent liabilities and assets**

**Provisions**
Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**Contingent liabilities**
Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

**(h) Employee benefits**

**Short-term employee benefits**
Employee benefit liabilities such as salaries, wages and bonus, etc. that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at an undiscounted amount expected to be paid when the liabilities are settled.

**Post-employment benefit plans**

*Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

*Defined benefit plans*

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service.

Gratuity liability is partially funded by the Group through annual contribution to DIL Employees Gratuity Trust (the 'Trust') against ascertained gratuity liability. The Trustees administer contributions made to the Trust and contributions are invested in a scheme with the Life Insurance Corporation of India as permitted by the laws of India.

The liability recognised in the consolidated Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost and other costs are included in employee benefits expense in the consolidated Statement of profit and loss.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in other comprehensive income and transferred to retained earnings.
Changes in the present value of the defined benefit obligation resulting from settlement or curtailments are recognised immediately in consolidated Statement of profit and loss as past service cost.

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

**Other long-term employee benefits**

*Compensated absences*

The Group's net obligation in respect of compensated absences is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Remeasurements are recognised in consolidated Statement of profit and loss in the period in which they arise.

**(i) Share based payments**

The grant-date fair value of equity-settled share-based payment arrangements granted to eligible employees of the Group under the Employee Stock Option Scheme ('ESOS') is recognised as employee stock option scheme expenses in the consolidated Statement of profit and loss, in relation to options granted to employees of the Group (over the vesting period of the awards), with a corresponding increase in other equity. The amount recognised as an expense to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. The increase in equity recognised in connection with a share based payment transaction is presented in the "Employee stock options outstanding account", as separate component in other equity. For share-based payment awards with market conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. At the end of each period, the Group revises its estimates of the number of options that are expected to be vested based on the non-market performance conditions at the vesting date.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**(j) Income taxes**

Income tax expense comprises of current tax and deferred tax. It is recognised in the consolidated profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

*Current tax*
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any relating to income taxes. It is measured using tax rates enacted for the relevant reporting period.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis.

*Deferred tax*
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternative Tax ('MAT') credit entitlement under the provisions of the Indian Income-tax Act, 1961 is recognised as a deferred tax asset when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Group and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Group becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is recognised to the extent that is probable that future taxable profits will be available against which they can be used. MAT credit entitlement has been presented as deferred tax asset in consolidated Balance Sheet. Significant management judgment is required to determine the probability of recognition of MAT credit entitlement.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets levied by the same tax authorities.

**(k) Foreign currency transactions and translations**

Monetary and non-monetary transactions in foreign currencies are initially recorded in the functional currency of the Group at the exchange rates at the date of the transactions.

Monetary foreign currency assets and liabilities remaining unsettled on reporting date are translated at the rates of exchange prevailing on reporting date. Gains/(losses) arising on account of realisation/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognised in the consolidated Statement of profit and loss.

Foreign exchange gains / (losses) arising on translation of foreign currency monetary loans are presented in the consolidated Statement of profit and loss on net basis. However, foreign exchange differences arising from foreign currency monetary loans to the extent regarded as an adjustment to borrowing costs are presented in the consolidated Statement of profit and loss, within finance costs.

**Foreign operations**
The assets and liabilities of foreign operations including goodwill and fair value adjustments arising on acquisition, are translated into Indian rupees (INR), the functional currency of the Group at the exchange rate at the reporting date. The income and expenses of foreign operations are translated to Indian rupees (INR) at exchange rates at the date of transactions or an average rate if the average rate approximates the actual rate at the date of transaction.

Foreign currency translation differences are recognised in other comprehensive income and accumulated in equity and attributed to non-controlling interests as applicable.

**(l) Revenue recognition**

Under Ind AS 115 - Revenue from Contracts with Customers, revenue is recognised upon transfer of control of promised goods or services to customers. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, incentives, performance bonuses, price concessions, amounts collected on behalf of third parties, or other similar items, if any, as specified in the contract with the customer. Revenue is recorded provided the recovery of consideration is probable and determinable.

**Sale of products**
Revenue from the sale of manufactured and traded goods products is recognised upon transfer of control of products to the customers which coincides with their delivery to customer and is measured at fair value of consideration received/receivable, net of discounts, amount collected on behalf of third parties and applicable taxes.

Revenue from outdoor catering services is recognised at a point in time, on completion of the respective services agreed to be provided, the consideration is reliably determinable and no significant uncertainty exists regarding the collection. The amount recognised as revenue is net of applicable taxes.

**Service income and management fee**
Revenue from marketing support services, management fee and auxiliary and business support services are in terms of agreements with the customers and are recognised on the basis of satisfaction of performance obligation over the duration of the contract from the date the contracts are effective or signed provided the consideration is reliably determinable and no significant uncertainty exists regarding the collection. The amount recognised as revenue is net of applicable taxes.

**Rental income**
Revenue from rentals is recognised over the period of the contract provided the consideration is reliably determinable and no significant uncertainty exists regarding the collection. The amount recognised as revenue is net of applicable taxes.

**Scrap sale**
Sale of scrap is recognised upon transfer of control of products to the customers which coincides with their delivery to customer.

**Interest income**
Interest income on financial assets (including deposits with banks) is recognised using the effective interest rate method.

**(m) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**<u>Financial assets</u>**

**Recognition and initial measurement**
Trade receivables and debt instruments are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument. All financial assets are initially measured at fair value plus, for an item not at fair value through consolidated Statement of profit and loss, transaction costs that are attributable to its acquisition or use.

**Classification**
For the purpose of initial recognition, the Group classifies its financial assets in following categories:

• Financial assets measured at amortised cost;

• Financial assets measured at fair value through other comprehensive income (FVTOCI); and

• Financial assets measured at fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.
A financial asset being 'debt instrument' is measured at the amortised cost if both of the following conditions are met:

• The financial asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

A financial asset being 'debt instrument' is measured at the FVTOCI if both of the following criteria are met:
• The asset is held within the business model, whose objective is achieved both by collecting contractual cash flows and selling the financial assets, and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

A financial asset being equity instrument is measured at FVTPL.
All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL.

**Subsequent measurement**

*Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment are recognised in the consolidated Statement of profit and loss.

*Financial assets at FVTPL*

These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognised in the consolidated Statement of profit and loss.

**Derecognition**
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any gain or loss on derecognition is recognised in the consolidated Statement of profit and loss.

**Impairment of financial assets (other than at fair value)**
The Group recognises loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those financial assets are measured at lifetime ECL. The changes (incremental or reversal) in loss allowance computed using ECL model, are recognised as an impairment gain or loss in the consolidated Statement of profit and loss.

**Write-off**
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

**Financial liabilities**

**Recognition and initial measurement**
All financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are initially measured at fair value minus, for an item not at fair value through profit and loss, transaction costs that are attributable to the liability.

**Classification and subsequent measurement**
Financial liabilities are classified as measured at amortised cost or FVTPL.
A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the consolidated Statement of profit and loss.

Financial liabilities other than classified as FVTPL, are subsequently measured at amortised cost using the effective interest method. Interest expense are recognised in consolidated Statement of profit and loss. Any gain or loss on derecognition is also recognised in the consolidated Statement of profit and loss.

**Compound financial instruments**
Compound financial instruments are bifurcated into liability and equity components based on the terms of the contract.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to the initial recognition, the liability component of the compound financial instrument is measured at amortised cost using the effective interest method. The equity component of the compound financial instrument is not measured subsequently.

Interest on liability component is recognised in consolidated Statement of profit and loss. On conversion, the liability component is reclassified to equity and no gain or loss is recognised.

**Derecognition**
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the consolidated Statement of profit and loss.

**Offsetting of financial instruments**
Financial assets and financial liabilities are offset, and the net amount presented in the consolidated Balance Sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

**Derivative financial instruments**
The Group holds derivative financial instruments to hedge its interest rate risk exposures. Such derivative financial instruments are initially recognised at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in consolidated Statement of profit and loss.

**(n) Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its equity shares. Basic EPS is calculated by dividing the consolidated Statement of profit and loss attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the year. Diluted EPS is determined by adjusting consolidated Statement of profit and loss attributable to equity shareholders and the weighted average number of equity shares outstanding, for the effects of all dilutive potential equity shares, which comprise share options granted to employees.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

**(o) Current and non-current classification**

All assets and liabilities are classified into current and non-current.

**Assets**
An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

**Liabilities**
A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting period; or

- the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Operating cycle**

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle being a period of 12 months for the purpose of classification of assets and liabilities as current and non- current.

**(p) Cash and cash equivalents**

Cash and cash equivalents comprises of cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**(q) Segment reporting**

As the Group's business activity primarily falls within a single business and the geographical segments considered are "within India" and "outside India" and the Chief Operating Decision Maker monitors the operating results of its business units not separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements, accordingly the relevant disclosures has been provided under Ind AS 108 –"Segment Reporting". The management considers that the various goods and services provided by the Group constitutes single business segment, since the risk and rewards from these services are not different from one another.The analysis of geographical segments is based on geographical location of the customers.

**(r) Functional and presentation currency**

The management has determined the currency of the primary economic environment in which the Group operates, i.e., the functional currency, to be Indian Rupees (INR). The financial statements are presented in Indian Rupees, which is the Group's functional and presentation currency. All amounts have been rounded to the nearest millions up to two decimal places, unless otherwise stated. Consequent to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute amounts.

**(s) Exceptional items**

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of the Group's financial performance.

**(t) Cash flow statement**

Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Group are segregated. Cash and cash equivalents in the cash flow comprise cash at bank, cash/cheques in hand and short-term investments with an original maturity of three months or less.

**(u) Discontinued operations**

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations separately in the statement of profit and loss.

**(v) Share issue expense**

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of profit and loss.

**(w) Recent accounting pronouncements**

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable to the Group from 01 April 2021.

*(This space has been intentionally left blank)*

*(INR in millions, except for share data and if otherwise stated)*

**3A. Property, plant and equipment**

| Particulars | Freehold Land | Buildings | Leasehold improvements | Plant and equipment | Furniture and fixtures | Electrical fittings | Office equipments | Computers | Utensil and kitchen equipments | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | | | | | | |
| **As at 1 April 2018** | 103.91 | 431.93 | 1,707.64 | 2,300.34 | 296.31 | 107.89 | 94.60 | 197.88 | 167.31 | 60.46 | 5,468.27 |
| Acquisitions through business combination (refer note 50) | - | - | 177.90 | 45.41 | 5.16 | 23.52 | 0.04 | 6.05 | 0.01 | 0.11 | 258.20 |
| Additions other than above | - | - | 462.46 | 648.42 | 219.16 | 2.91 | 79.94 | 72.33 | 71.71 | 10.09 | 1,567.02 |
| Disposals | - | - | 58.02 | 30.89 | 3.26 | 1.33 | 0.88 | 1.42 | 2.72 | 3.33 | 101.85 |
| Exchange differences on translation of foreign operations | - | - | 21.24 | 10.45 | 6.28 | 0.02 | 0.47 | 0.01 | - | 0.02 | 38.49 |
| **As at 31 March 2019** | **103.91** | **431.93** | **2,311.22** | **2,973.73** | **523.65** | **133.01** | **174.17** | **274.85** | **236.31** | **67.35** | **7,230.13** |
| Acquisitions through business combination (refer note 50) | - | - | 44.67 | 24.03 | 1.79 | - | 0.01 | 1.72 | 3.85 | 0.25 | 76.32 |
| Additions other than above | - | - | 268.41 | 297.16 | 55.15 | 9.06 | 23.17 | 133.79 | 55.48 | 6.95 | 849.17 |
| Disposals | - | - | 198.75 | 171.84 | 91.35 | 2.94 | 2.70 | 17.93 | 17.47 | 9.00 | 511.98 |
| Exchange differences on translation of foreign operations | - | - | 26.50 | 25.35 | 10.95 | 0.14 | 0.46 | (0.03) | - | (0.09) | 63.28 |
| **As at 31 March 2020** | **103.91** | **431.93** | **2,452.05** | **3,148.43** | **500.19** | **139.27** | **195.11** | **392.40** | **278.17** | **65.46** | **7,706.92** |
| Acquisitions through business combination (refer note 50) | - | - | 216.80 | 98.96 | 10.83 | - | 0.03 | 8.51 | 23.23 | 2.34 | 360.70 |
| Additions other than above | - | 23.39 | 275.43 | 415.77 | 42.66 | 6.13 | 26.49 | 80.95 | 54.21 | 13.47 | 938.50 |
| Disposals | - | - | 603.92 | 590.78 | 171.74 | 39.79 | 32.05 | 87.69 | 106.68 | 36.35 | 1,669.00 |
| Exchange differences on translation of foreign operations | - | - | (28.02) | (19.36) | (12.41) | - | (0.70) | - | - | (0.23) | (60.72) |
| **As at 31 March 2021** | **103.91** | **455.32** | **2,312.34** | **3,053.02** | **369.53** | **105.61** | **188.88** | **394.17** | **248.93** | **44.69** | **7,276.40** |
| **Accumulated depreciation** | | | | | | | | | | | |
| **As at 1 April 2018** | - | 15.34 | 412.15 | 446.54 | 96.26 | 27.11 | 19.04 | 73.67 | 41.92 | 29.52 | 1,161.56 |
| Depreciation | - | 12.93 | 244.01 | 297.63 | 89.40 | 15.57 | 18.96 | 43.28 | 32.33 | 16.29 | 770.39 |
| Disposals | - | - | 22.01 | 15.88 | 0.92 | 0.82 | 0.57 | 0.95 | 2.36 | 2.15 | 45.66 |
| Exchange differences on translation of foreign operations | - | - | 10.10 | 3.31 | 2.02 | (0.06) | 0.25 | (0.82) | (0.11) | 0.01 | 14.70 |
| **As at 31 March 2019** | **-** | **28.27** | **644.25** | **731.60** | **186.76** | **41.80** | **37.68** | **115.18** | **71.78** | **43.67** | **1,900.99** |
| Depreciation | - | 12.93 | 321.74 | 316.55 | 90.13 | 18.38 | 19.85 | 55.75 | 39.95 | 10.41 | 885.69 |
| Disposals | - | - | 62.15 | 52.33 | 32.91 | 1.49 | 0.76 | 12.37 | 9.88 | 8.40 | 180.29 |
| Exchange differences on translation of foreign operations | - | - | 11.79 | 5.92 | 4.50 | 0.04 | 0.45 | 0.02 | - | (0.07) | 22.65 |
| **As at 31 March 2020** | **-** | **41.20** | **915.63** | **1,001.74** | **248.48** | **58.73** | **57.22** | **158.58** | **101.85** | **45.61** | **2,629.04** |
| Depreciation | - | 14.16 | 260.55 | 365.88 | 65.03 | 11.70 | 22.37 | 63.68 | 37.02 | 7.69 | 848.08 |
| Disposals | - | - | 253.20 | 241.84 | 98.90 | 26.33 | 15.47 | 73.00 | 59.33 | 32.77 | 800.84 |
| Exchange differences on translation of foreign operations | - | - | (17.57) | (11.22) | (6.58) | - | (0.54) | - | - | (0.07) | (35.98) |
| **As at 31 March 2021** | **-** | **55.36** | **905.41** | **1,114.56** | **208.03** | **44.10** | **63.58** | **149.26** | **79.54** | **20.46** | **2,640.30** |
| **Accumulated impairment** | | | | | | | | | | | |
| **As at 1 April 2018** | - | 41.96 | 117.23 | 144.16 | 11.23 | 4.47 | 4.14 | 10.84 | 2.68 | 5.43 | 342.14 |
| Impairment loss (refer note 42) | - | 15.06 | 119.82 | 88.75 | 14.41 | 2.28 | 2.97 | 3.59 | 7.58 | 0.85 | 255.31 |
| Impairment (reversal) (refer note 42) | - | (14.75) | (9.94) | (38.01) | (1.74) | (1.27) | (1.15) | (3.22) | (1.30) | (1.80) | (73.18) |
| Disposals | - | - | 22.70 | 9.61 | 1.64 | 0.49 | 0.22 | 0.03 | 0.12 | 0.81 | 35.62 |
| **As at 31 March 2019** | **-** | **42.27** | **204.41** | **185.29** | **22.26** | **4.99** | **5.74** | **11.18** | **8.84** | **3.67** | **488.65** |
| Impairment loss (refer note 42) | - | - | 40.04 | 68.71 | 2.43 | 2.58 | 3.06 | 3.17 | 2.87 | 0.13 | 122.99 |
| Impairment (reversal) (refer note 42) | - | (18.10) | (51.71) | (81.77) | (3.52) | (2.92) | (3.27) | (6.69) | (4.61) | (0.74) | (173.33) |
| Disposals | - | - | 103.20 | 30.11 | 10.73 | 0.63 | 0.26 | 1.26 | 0.55 | 0.23 | 146.97 |
| **As at 31 March 2020** | **-** | **24.17** | **89.54** | **142.12** | **10.44** | **4.02** | **5.27** | **6.40** | **6.55** | **2.83** | **291.34** |
| Impairment loss (refer note 42) | 22.65 | 1.90 | 216.39 | 165.23 | 10.70 | 10.91 | 19.56 | 10.82 | 45.95 | 2.46 | 506.57 |
| Impairment (reversal) (refer note 42) | - | - | (16.69) | (29.69) | (1.07) | (1.07) | (0.58) | (1.99) | (0.41) | (0.01) | (51.51) |
| Disposals | 22.65 | - | 246.97 | 63.90 | 9.57 | 8.74 | 10.43 | 7.78 | 43.56 | 3.44 | 417.04 |
| **As at 31 March 2021** | **-** | **26.07** | **42.27** | **213.76** | **10.50** | **5.12** | **13.82** | **7.45** | **8.53** | **1.84** | **329.36** |
| **Net carrying amount** | | | | | | | | | | | |
| **As at 31 March 2019** | **103.91** | **361.39** | **1,462.56** | **2,056.84** | **314.63** | **86.22** | **130.75** | **148.49** | **155.69** | **20.01** | **4,840.49** |
| **As at 31 March 2020** | **103.91** | **366.56** | **1,446.88** | **2,004.57** | **241.27** | **76.52** | **132.62** | **227.42** | **169.77** | **17.02** | **4,786.54** |
| **As at 31 March 2021** | **103.91** | **373.89** | **1,364.66** | **1,724.70** | **151.00** | **56.39** | **111.48** | **237.46** | **160.86** | **22.39** | **4,306.74** |

**Note:**
i) For details regarding charge on property, plant and equipment- refer note 17.
ii) For details regarding capitalisation of expenses incurred during construction period- refer note 41.
iii) For details regarding contractual commitments for the acquisition of property, plant and equipment- refer note 39.

*(INR in millions, except for share data and if otherwise stated)*

| Particulars | Amount |
|---|---|
| **3B. Capital work-in-progress** | |
| **As at 1 April 2018** | 563.90 |
| Additions | 1,108.21 |
| Transfers to property, plant and equipment | (1,556.93) |
| **As at 31 March 2019** | **115.18** |
| Additions | 862.31 |
| Transfers to property, plant and equipment | (842.22) |
| **As at 31 March 2020** | **135.27** |
| Additions | 909.12 |
| Transfers to property, plant and equipment | (901.64) |
| **As at 31 March 2021** | **142.75** |

**3C. Right-of-use assets** (refer note 36)

**Amounts recognised in balance sheet**

The balance sheet shows the following amounts relating to leases:

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| **Right-of-use assets** | | | |
| Leasehold property | 7,204.70 | 11,510.25 | 11,340.45 |
| Accumulated depreciation | (424.26) | (1,076.56) | (1,393.90) |
| Accumulated impairment (refer note 42) | (120.24) | (82.86) | - |
| **Net carrying amount** | **6,660.20** | **10,350.83** | **9,946.55** |

**3D. Investment properties** (refer note 37)

| Gross carrying amount | Leasehold Investment Property | Owned Investment Property | Total |
|---|---|---|---|
| **As at 1 April 2018** | | | |
| Recognition on transition to Ind AS 116, Leases | 505.36 | - | 505.36 |
| Additions | - | - | - |
| Disposals | - | - | - |
| **As at 31 March 2019** | **505.36** | **-** | **505.36** |
| Additions | 5.90 | - | 5.90 |
| Disposals | (9.07) | - | (9.07) |
| **As at 31 March 2020** | **502.19** | **-** | **502.19** |
| Additions | 11.96 | 169.63 | 181.59 |
| Disposals | (122.73) | - | (122.73) |
| **As at 31 March 2021** | **391.42** | **169.63** | **561.05** |
| **Accumulated depreciation** | | | |
| **As at 1 April 2018** | | | |
| Depreciation | 34.70 | - | 34.70 |
| **As at 31 March 2019** | **34.70** | **-** | **34.70** |
| Depreciation | 52.73 | - | 52.73 |
| **As at 31 March 2020** | **87.43** | **-** | **87.43** |
| Depreciation | 46.74 | 1.41 | 48.15 |
| Disposals | (31.19) | - | (31.19) |
| **As at 31 March 2021** | **102.98** | **1.41** | **104.39** |
| **Accumulated impairment** | | | |
| **As at 1 April 2018** | - | - | - |
| Impairment loss (refer note 42) | - | - | - |
| Disposals | - | - | - |
| **As at 31 March 2019** | **-** | **-** | **-** |
| Impairment loss (refer note 42) | 0.77 | - | 0.77 |
| Disposals | - | - | - |
| **As at 31 March 2020** | **0.77** | **-** | **0.77** |
| Impairment loss (refer note 42) | - | - | - |
| Disposals | - | - | - |
| **As at 31 March 2021** | **0.77** | **-** | **0.77** |
| **Net carrying amount as at 31 March 2019** | **470.66** | **-** | **470.66** |
| **Net carrying amount as at 31 March 2020** | **413.99** | **-** | **413.99** |
| **Net carrying amount as at 31 March 2021** | **287.67** | **168.22** | **455.89** |

*(INR in millions, except for share data and if otherwise stated)*

**4. Goodwill**

| Particulars | Goodwill on consolidation | Goodwill on business combination | Amount |
|---|---|---|---|
| **Gross carrying amount** | | | |
| **As at 1 April 2018** | 206.17 | - | **206.17** |
| Acquisitions through business combination (refer note 50) | - | 9.49 | 9.49 |
| **As at 31 March 2019** | **206.17** | **9.49** | **215.66** |
| Acquisitions through business combination (refer note 50) | - | 74.97 | 74.97 |
| **As at 31 March 2020** | **206.17** | **84.46** | **290.63** |
| Acquisitions through business combination (refer note 50) | - | 420.11 | 420.11 |
| **As at 31 March 2021** | **206.17** | **504.57** | **710.74** |
| **Accumulated impairment** | | | |
| **As at 1 April 2018** | - | - | - |
| Impairment loss | 54.33 | - | 54.33 |
| **As at 31 March 2019** | **54.33** | **-** | **54.33** |
| Impairment loss | 11.96 | - | 11.96 |
| **As at 31 March 2020** | **66.29** | **-** | **66.29** |
| Impairment loss | - | - | - |
| **As at 31 March 2021** | **66.29** | **-** | **66.29** |
| **Net carrying amount** | | | |
| **As at 31 March 2019** | **151.84** | **9.49** | **161.33** |
| **As at 31 March 2020** | **139.88** | **84.46** | **224.34** |
| **As at 31 March 2021** | **139.88** | **504.57** | **644.45** |

**<u>Impairment testing for goodwill</u>**

***<u>Goodwill on consolidation</u>***

The Group tests goodwill on consolidation for impairment annually. For the purposes of impairment testing, goodwill on consolidation is allocated to respective subsidiary entity "CGU" within the Group.

The carrying amount of goodwill is attributable to the following CGU / group of CGUs:

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| Devyani Food Street Private Limited | 139.88 | 139.88 | 139.88 |
| Devyani Airport Services (Mumbai) Private Limited | - | - | - |
| RV Enterprizes Pte. Limited | - | - | 11.96 |
| **Total** | **139.88** | **139.88** | **151.84** |

For CGU's containing goodwill, management conducts impairment assessment and compares the carrying amount of such CGU with its recoverable amount. Recoverable amount is value in use of the CGU computed based upon discounted cash flow projections. The key assumptions used for computation of value in use are the sales growth rate and discount rate as specified below. The key assumptions have been determined based on management's calculations after considering, past experiences and other available internal information and are consistent with external sources of information to the extent applicable.

| Key assumptions | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| Discount rate | 19.00% - 21.00% | 12.11% - 29.90 | 12.97% - 24.48% |
| Sales growth rate | 32 -36% | Nil - 20%. | 5% -18% |

Discount rate is the weighted average cost of capital of the respective subsidiary (CGU).

As at each reporting period end, for CGU, the Group has considered it appropriate to undertake the impairment assessment with reference to the latest business plan which includes a 5 years (approximately) cash flow forecast and applicable terminal growth rate. Terminal growth is used to extrapolate the cash flows beyond the projected period.

During the year ended 31 March 2020, based on management’s impairment assessment in respect of RV Enterprizes Pte. Limited, recoverable amount was expected to be lower than the carrying amount for such CGU due to higher operating costs and this resulted in provision for impairment loss of goodwill of INR 11.96 during then year ended and the provision for impairment loss has been disclosed under "Impairment on non-financial assets" in the Restated Consolidated Statement of Profit and loss.

Further, during the year ended 31 March 2019, based on management’s impairment assessment in respect of Devyani Airport Services (Mumbai) Limited, recoverable amount was lower than the carrying amount for such CGU due to higher operating costs and this resulted in provision for impairment of goodwill of INR 54.33 and such provision amount had been disclosed under "Impairment on non-financial assets" in the Restated Consolidated Statement of Profit and loss.

For other CGUs containing goodwill, the impairment assessment did not result in any impairment loss and the management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the said CGUs.

***Goodwill on business combination***

In accordance with Ind AS 36 "Impairment of Assets", the Group has identified individual quick service restaurants (stores) as a separate cash generating unit (CGU) for the purpose of impairment review.
Goodwill amounting to INR 504.57 (31 March 2020: INR 74.97; 31 March 2019: 9.49)is allocated across multiple stores acquired under business combination during the current year. The entire goodwill allocated over the stores acquired under business combination agreement, is tested for impairment wherein the recoverable amount is compared with the carrying amount of these stores.

The key assumptions have been determined based on management's calculations after considering, past experiences and other available internal information and are consistent with external sources of information to the extent applicable (also refer note 42).
For goodwill impairment assessment management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the said stores.

**5. Other intangible assets**

| **Particulars** | **Franchisee rights** | **License fee** | **Computer software** | **Amount** |
|---|---|---|---|---|
| **Gross carrying amount** | | | | |
| **As at 1 April 2018** | - | 338.91 | 89.84 | 428.75 |
| Acquisitions through business combination (refer note 50) | - | 20.60 | - | 20.60 |
| Additions other than above | - | 130.23 | 6.22 | 136.45 |
| Disposals | - | 12.06 | 0.20 | 12.26 |
| Exchange differences on translation of foreign operations | - | 1.86 | - | 1.86 |
| **As at 31 March 2019** | **-** | **479.54** | **95.86** | **575.40** |
| Acquisitions through business combination (refer note 50) | 143.61 | 33.91 | - | 177.52 |
| Additions other than above | - | 92.80 | 15.47 | 108.27 |
| Disposals | - | 44.59 | 1.74 | 46.33 |
| Exchange differences on translation of foreign operations | - | 2.22 | - | 2.22 |
| **As at 31 March 2020** | **143.61** | **563.88** | **109.59** | **817.08** |
| Acquisitions through business combination (refer note 50) | 916.22 | 198.79 | - | 1,115.01 |
| Additions other than above | - | 343.31 | 5.14 | 348.45 |
| Disposals | - | 51.36 | 8.97 | 60.33 |
| Exchange differences on translation of foreign operations | - | (2.04) | - | (2.04) |
| **Balance as at 31 March 2021** | **1,059.83** | **1,052.58** | **105.76** | **2,218.17** |
| **Accumulated amortisation** | | | | |
| **As at 1 April 2018** | - | 70.39 | 40.02 | 110.41 |
| Amortisation | - | 41.44 | 17.39 | 58.83 |
| Disposals | - | 2.21 | 0.13 | 2.34 |
| Exchange differences on translation of foreign operations | - | 0.54 | - | 0.54 |
| **As at 31 March 2019** | **-** | **110.16** | **57.28** | **167.44** |
| Amortisation | - | 52.97 | 12.84 | 65.81 |
| Disposals | - | 19.19 | 1.20 | 20.39 |
| Exchange differences on translation of foreign operations | - | 1.21 | - | 1.21 |
| **As at 31 March 2020** | **-** | **145.15** | **68.92** | **214.07** |
| Amortisation | 48.46 | 80.34 | 14.54 | 143.34 |
| Disposals | - | 19.91 | 8.37 | 28.28 |
| Exchange differences on translation of foreign operations | - | (1.21) | - | (1.21) |
| **As at 31 March 2021** | **48.46** | **204.37** | **75.09** | **327.92** |
| **Accumulated impairment** | | | | |
| **As at 1 April 2018** | - | 28.95 | 7.39 | 36.34 |
| Impairment loss (refer note 42) | - | 17.05 | 1.59 | 18.64 |
| Impairment (reversal) (refer note 42) | - | (6.53) | (1.04) | (7.57) |
| Disposals | - | 3.24 | 0.06 | 3.30 |
| **As at 31 March 2019** | **-** | **36.23** | **7.88** | **44.11** |
| Impairment loss (refer note 42) | - | 10.83 | - | 10.83 |
| Impairment (reversal) (refer note 42) | - | (17.31) | - | (17.31) |
| Disposals | - | 11.82 | 0.22 | 12.04 |
| **As at 31 March 2020** | **-** | **17.93** | **7.66** | **25.59** |
| Impairment loss (refer note 42) | - | 41.17 | 0.35 | 41.52 |
| Impairment (reversal) (refer note 42) | - | (4.07) | - | (4.07) |
| Disposals | - | 27.37 | 0.61 | 27.98 |
| **As at 31 March 2021** | **-** | **27.66** | **7.40** | **35.06** |
| **Net carrying amount** | | | | |
| **As at 31 March 2019** | **-** | **333.15** | **30.70** | **363.85** |
| **As at 31 March 2020** | **143.61** | **400.80** | **33.01** | **577.42** |
| **As at 31 March 2021** | **1,011.37** | **820.55** | **23.27** | **1,855.19** |

Note: There are no internally generated/ developed intangible assets.

*(INR in millions, except for share data and if otherwise stated)*

**6 Investments accounted for using equity method**

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| **Investment in unquoted equity shares** | | | |
| (accounted using equity method per Ind AS 28, Investments in Associates and Joint Ventures) | | | |
| Nil (31 March 2020: 7,223,144, 31 March 2019: 7,223,144) equity shares of The Minor Food Group (India) Private Limited of INR 10/- each, fully paid up (refer note 47) | - | 25.00 | 25.00 |
| Provision for impairment loss in the value of investments | - | (25.00) | (25.00) |
| **Aggregate value of unquoted non-current investment** | - | - | - |
| Aggregate provision for impairment in value of investments | - | 25.00 | 25.00 |

The Group does not have any quoted investments during the current and previous years.

**7 Loans**

| Particulars | Non-current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
| Security deposits (considered good, unsecured) | 435.36 | 491.60 | 458.41 | 143.11 | 129.17 | 95.80 |
| Less: loss allowance | - | - | - | (1.54) | (1.04) | - |
| | **435.36** | **491.60** | **458.41** | **141.57** | **128.13** | **95.80** |

**8 Other financial assets**

| Particulars | Non-current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
| *Unsecured, considered good* | | | | | | |
| Bank deposits ^ # | 14.95 | 18.45 | 39.82 | 0.07 | 0.36 | 0.09 |
| Lease rental receivables | 56.27 | 21.59 | - | 11.73 | 1.04 | - |
| Finance lease receivable | 96.16 | 142.23 | 72.78 | 10.03 | 11.19 | - |
| Other receivables | - | - | - | 84.23 | 23.79 | 0.49 |
| | **167.38** | **182.27** | **112.60** | **106.06** | **36.38** | **0.58** |
| Other receivables *(credit impaired)* | - | - | - | 2.96 | 2.96 | - |
| Less: loss allowance | - | - | - | (2.96) | (2.96) | - |
| | **167.38** | **182.27** | **112.60** | **106.06** | **36.38** | **0.58** |

^Bank deposits include INR 14.95 (31 March 2020 : INR 16.24; 31 March 2019 : INR 37.87) as deposits with banks under lien. These deposits are used for issuing letter of credit/standby letter of credit/ bank guarantees.

# Includes interest accrued but not due on bank deposits amounting to INR 0.01 (31 March 2020: INR 2.21; 31 March 2019: INR 2.04)

*(INR in millions, except for share data and if otherwise stated)*

**9 Other assets**

| Particulars | Non-current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
| Capital advances | 147.42 | 25.20 | 23.99 | - | - | - |
| Prepaid expenses | 15.13 | 8.92 | 0.31 | 33.01 | 52.32 | 90.35 |
| Prepaid rent | 5.73 | 9.68 | - | 1.59 | 1.89 | - |
| Balance with statutory/government authorities | 26.13 | 26.96 | 14.60 | 72.21 | 69.67 | 90.56 |
| Advances to employees | - | - | - | 25.07 | 19.48 | 8.53 |
| Share issue expenses (refer note 56) | - | - | - | 5.88 | - | - |
| Advance to suppliers | 0.15 | 0.46 | 0.14 | 70.10 | 70.56 | 53.92 |
| Less: loss allowance | - | - | - | (6.28) | (0.77) | - |
| | **194.56** | **71.22** | **39.04** | **201.58** | **213.15** | **243.36** |

**10 Inventories**

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| *(Valued at the lower of cost and net realisable value)* | | | |
| Raw materials including packaging materials | 621.97 | 539.41 | 396.78 |
| Stock-in-trade | - | 181.46 | 152.64 |
| | **621.97** | **720.87** | **549.42** |

**11 Trade receivables**

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| Trade receivables | | | |
| - Considered good- unsecured | 168.80 | 172.99 | 229.84 |
| - Credit impaired | 34.00 | 28.66 | 6.38 |
| | **202.80** | **201.65** | **236.22** |
| Less: loss allowance | (34.00) | (28.66) | (6.38) |
| | **168.80** | **172.99** | **229.84** |

Sub notes:

Trade receivables includes receivables from related parties. Refer note 38.

The carrying amount of trade receivables approximates their fair values, is included in note 35.

The Group's exposure to credit and currency risks, and impairment allowances related to trade receivables is disclosed in note 35.

*(INR in millions, except for share data and if otherwise stated)*

**12 Cash and cash equivalents**

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** | **As at 31 March 2019** |
|---|---|---|---|
| Balance with banks : | | | |
| - On current accounts | 351.16 | 125.04 | 202.50 |
| Cheques on hand | - | - | 0.04 |
| Cash in hand | 38.97 | 6.47 | 50.26 |
| Cash in transit | 9.49 | 0.75 | 12.92 |
| | **399.62** | **132.26** | **265.72** |

**13 Bank balances other than cash and cash equivalents**

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** | **As at 31 March 2019** |
|---|---|---|---|
| Other bank balances* | | | |
| - On deposit accounts^ | 5.71 | 28.06 | 5.10 |
| | **5.71** | **28.06** | **5.10** |

*Bank deposits INR 5.71 (31 March 2020: INR 28.06; 31 March 2019: INR 5.10) as deposits with banks under lien. These deposits are used for issuing letter of credit/ standby letter of credit/ bank guarantees."

^ Includes interest accrued but not due on bank deposits amounting to INR 0.01 (31 March 2020: INR 0.01; 31 March 2019: INR 0.01)

**14 Equity share capital**

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** | **As at 31 March 2019** |
|---|---|---|---|
| **Authorised capital** | | | |
| 125,000,000 equity shares of INR 10/- each | - | 1,250.00 | 1,250.00 |
| 1,250,000,000 equity shares of INR 1/- each * | 1,250.00 | - | - |
| | **1,250.00** | **1,250.00** | **1,250.00** |
| **Issued, subscribed and fully paid -up** | | | |
| 106,166,666 equity shares of INR 10/- each | - | 1,061.67 | 1,061.67 |
| 1,153,634,990 equity shares of INR 1/- each * | 1,153.63 | - | - |
| | **1,153.63** | **1,061.67** | **1,061.67** |

*The face value of equity shares of the Company has been split from INR 10/- to INR 1/- per share with effect from 25 March 2021

**a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year:**

| | **As at 31 March 2021** | | **As at 31 March 2020** | | **As at 31 March 2019** | |
|---|---|---|---|---|---|---|
| | **No. of shares** | **Amount** | **No. of shares** | **Amount** | **No. of shares** | **Amount** |
| **Equity shares issued, subscribed and paid up** | | | | | | |
| At the beginning of the year | 106,166,666 | 1,061.67 | 106,166,666 | 1,061.67 | 106,166,666 | 1,061.67 |
| Addition during the year | 9,196,833 | 91.96 | - | - | - | - |
| At the end of the year | **115,363,499** | **1,153.63** | **106,166,666** | **1,061.67** | **106,166,666** | **1,061.67** |
| Equity shares of INR. 1/- each as at 31 March 2021 pursuant to share split with effect from 25 March 2021 | 1,153,634,990 | 1,153.63 | | | | |

*(INR in millions, except for share data and if otherwise stated)*

**b) Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity share having a par value of INR 1/- per share (pursuant to the share split from INR 10/- to INR 1/- per share with effect from 25 March 2021) . Each holder of the equity share is entitled to one vote per share and is entitled to dividend declared, if any. The paid up equity shares of the Company rank pari-passu in all respects, including dividend. In the event of liquidation of the Company, the holders of the equity shares will be entitled to remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholder.

During the current year, Yum Restaurants India Private Limited ("YRIPL") has been allotted 5,308,333 (pre-split of shares) equity shares of INR 10/- each of the Company. Further, Dunearn Investments (Mauritius) Pte Limited ("Dunearn"), and YRIPL, both the investors in the Company, enjoy certain exit rights as defined in their respective Shareholder's Agreements executed with the Company, including buyback of equity shares by the Company, equity swap in another listed entity of the Promoters ('RJ Corp Limited'), purchase by the Promoters or sale to third party, in either of the manner - as the case may be, in an eventuality of DIL not able to complete an IPO by a specified date.

**c) Shares reserved for issue under options and contracts:**

For terms and other details of shares reserved for issue and options excercised during the year under Employee Stock Option Scheme ("ESOS") of the Group- refer note 40.

**d) Shares held by holding/ultimate holding company and/or their subsidiaries/associates**

| | As at 31 March 2021 | | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|---|---|
| | **No. of shares** | **% holding in the class** | **No. of shares** | **% holding in the class** | **No. of shares** | **% holding in the class** |
| **Equity shares of INR 10/- each fully paid-up held by:** | | | | | | |
| -RJ Corp Limited, India, holding company | | | | | | |
| Equity shares of INR 10/- each fully paid-up | - | - | 81,108,607 | 76.40 | 81,108,607 | 76.40 |
| Equity shares of INR 1/- each fully paid-up * | 804,821,970 | 69.76 | - | - | - | - |
| | **804,821,970** | **69.76** | **81,108,607** | **76.40** | **81,108,607** | **76.40** |

**e) Particulars of shareholders holding more than 5% shares in the Company**

| | As at 31 March 2021 | | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|---|---|
| | **No. of shares** | **% holding** | **No. of shares** | **% holding** | **No. of shares** | **% holding** |
| **Equity shares of INR 10/- each fully paid-up held by:** | | | | | | |
| -RJ Corp Limited, India, holding company | | | | | | |
| Equity shares of INR 10/- each | - | - | 81,108,607 | 76.40 | 81,108,607 | 76.40 |
| Equity shares of INR 1/- each* | 804,821,970 | 69.76 | - | - | - | - |
| -Dunearn Investments (Mauritius) Pte Limited | | | | | | |
| Equity shares of INR 10/- each | - | - | 16,333,333 | 15.38 | 16,333,333 | 15.38 |
| Equity shares of INR 1/- each* | 163,333,330 | 14.16 | - | - | - | - |
| -Mr. Varun Jaipuria | | | | | | |
| Equity shares of INR 10/- each | - | - | 7,004,726 | 6.60 | 7,004,726 | 6.60 |
| Equity shares of INR 1/- each* | 70,047,260 | 6.07 | - | - | - | - |

*The face value of equity shares of the Company has been split from INR 10/- to INR 1/- per share with effect from 25 March 2021

f) For the period of five years immediately preceding the date of the Balance Sheet, there was no share allotment made for consideration other than cash. Further, no bonus shares have been issued and there has been no buy back of shares during the period of five years immediately preceding 31 March 2021, 31 March 2020 and 31 March 2019.

*(INR in millions, except for share data and if otherwise stated)*

**15 Other equity** (refer Restated Consolidated Statement of Changes in Equity)

**a) Reserve and Surplus** (attitbutable to owners of the Company)

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** | **As at 31 March 2019** |
|---|---|---|---|
| Securities premium | 8,126.54 | 4,632.61 | 4,632.61 |
| General reserve | 5.47 | 5.47 | 5.47 |
| Retained earnings | (8,874.67) | (8,317.00) | (7,036.39) |
| Employee stock options outstanding account (refer note 40) | 14.40 | 101.24 | 113.42 |
| Exchange differences on translation of foreign operations | 712.36 | 625.00 | 520.84 |
| **Total** | **(15.90)** | **(2,952.68)** | **(1,764.05)** |

i.) Securities premium is used to record the premium on issue of shares. It will be utilised in accordance with the provisions of the Companies Act, 2013.

ii.) General reserve are free reserves of the Group which are kept aside out of the Company's profit to meet the future requirements as and when they arise. The Group had, in the previous years, transferred a portion of profit after tax to general reserve pursuant to the provisions of the erstwhile Companies Act, 1956.

iii.) Retained earnings are the accumulated losses earned by the Company till date, as adjusted for distribution to owners.

iv.) Employee stock option outstanding account is used to record the impact of employee stock option schemes. Refer note 40 for further details of these plans.

**b) Other comprehensive income-Exchange differences of translation of foreign operations**

i.) Other comprehensive income pertains to remeasurement gains/ (losses) on defined benefit plans
ii.) Exchange differences on translation of foreign operations are foreign currency translation differences which are recognised in other comprehensive income.

**16 Lease liabilities** (refer note 36)

| **Particulars** | **Non-current** | | | **Current** | | |
|---|---|---|---|---|---|---|
| | **As at 31 March 2021** | **As at 31 March 2020** | **As at 31 March 2019** | **As at 31 March 2021** | **As at 31 March 2020** | **As at 31 March 2019** |
| Lease liabilities (unsecured) # | 7,936.96 | 11,759.04 | 11,240.91 | 787.38 | 1,122.83 | 1,105.74 |
| | **7,936.96** | **11,759.04** | **11,240.91** | **787.38** | **1,122.83** | **1,105.74** |

# Secured to the extent of security deposit of INR 911.58 (31 March 2020 INR 919.29, 31 March 2019 INR 890.13)

*(INR in millions, except for share data and if otherwise stated)*

**17 Borrowings**

| Particulars | Non-current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
| Term loans (secured) from banks: | | | | | | |
| Indian rupee term loans | 2,923.83 | 2,653.76 | 2,533.57 | 447.12 | 712.09 | 572.34 |
| Foreign currency term loans | 143.90 | 235.11 | 321.22 | 111.68 | 113.96 | 108.79 |
| Vehicle loans (secured) from a body corporate | - | - | - | - | - | 1.17 |
| Unsecured term loans from others: | | | | | | |
| Redeemable, non-cumulative, non-convertible preference shares | 77.23 | 47.91 | 104.30 | 24.18 | 59.68 | - |
| Bodies corporate (refer note 38) | 448.69 | 465.39 | 365.75 | 245.54 | 248.47 | 198.08 |
| | **3,593.65** | **3,402.17** | **3,324.84** | **828.52** | **1,134.20** | **880.38** |
| Less. Current portion of long-term borrowings disclosed under "Other financial liabilities" | - | - | - | 828.52 | 1,134.20 | 880.38 |
| | **3,593.65** | **3,402.17** | **3,324.84** | **-** | **-** | **-** |

*(This space has been intentionally left blank)*

*(INR in millions, except for share data and if otherwise stated)*

**Changes in liabilities arising from financing activities**

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **Opening balance of loans:** | | | |
| Indian rupee term loan | 3,365.85 | 3,107.08 | 2,283.64 |
| Term Loan- Unsecured | 713.86 | 563.83 | 520.77 |
| Foreign currency term loan | 349.07 | 430.01 | 407.88 |
| Cash credit facilities from banks | 904.56 | 676.93 | 407.25 |
| Redeemable, non-cumulative, non-convertible preference shares (unsecured) | 107.59 | 104.30 | 100.29 |
| Lease liabilities | 12,881.87 | 12,346.65 | - |
| **Cash flows** | | | |
| Proceeds from long term borrowings | 2,355.86 | 800.00 | 1,921.78 |
| Repayment of long term borrowings | (2,401.07) | (651.19) | (619.36) |
| (Repayments)/proceeds of cash credit and overdraft facilities from banks (net) | (693.46) | 227.63 | (249.54) |
| Finance cost paid | (492.24) | (435.17) | (338.27) |
| Payment of lease liabilities- principal # | - | (1,043.52) | (981.25) |
| Payment of lease liabilities- interest | (825.69) | (1,123.90) | (1,038.40) |
| **Non-cash changes** | | | |
| Foreign currency exchange fluctuations due to reinstatement | (9.24) | 52.99 | 45.97 |
| Foreign currency exchange fluctuations due to reinstatement (Unsecured loan) | (19.63) | - | - |
| Exchange difference of translation of foreign operations | (9.80) | 0.52 | 14.24 |
| Changes in loans received at amortisation cost | (3.79) | (59.68) | 4.73 |
| Finance cost expense | 1,577.59 | 1,687.91 | 1,421.17 |
| Lease liabilities recognised on adoption of Ind AS 116 | - | | 9,962.62 |
| Gain on modification of leases | (52.71) | (18.84) | - |
| Gain on termination of leases | (611.39) | (365.66) | (131.48) |
| Rent concession | (1,158.89) | - | - |
| Additions/remeasurement of lease liabilities | (2,620.73) | 1,963.23 | 3,496.76 |
| **Closing balance of loans** | | | |
| Indian rupee term loans (secured) | 3,370.95 | 3,365.85 | 3,107.08 |
| Foreign currency term loans (secured) | 255.58 | 349.07 | 430.01 |
| Term loans from others (unsecured) | 694.23 | 713.86 | 563.83 |
| Redeemable, non-cumulative, non-convertible preference shares (unsecured) | 101.41 | 47.91 | 104.30 |
| Lease liabilities (unsecured) | 8,724.34 | 12,881.87 | 12,346.65 |
| Cash credit facilities from banks (secured) | 211.10 | 904.56 | 676.93 |

The information about the Group’s exposure to interest rate, foreign currency and liquidity risks is included in Note 35.

*Current portion of long term borrowings includes interest accrued of INR 0.88 (31 March 2020: INR 7.52; 31 March 2019: INR 9.34 ). The same has been included in 'Other current financial liabilities'. Refer note 19.

#Nil on account of adjustment for rent concessions

*(INR in millions, except for share data and if otherwise stated)*

## 18 Current borrowings

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| **Loans repayable on demand from banks** | | | |
| Cash credit facilities from banks (secured) | 211.10 | 904.56 | 676.93 |
| | **211.10** | **904.56** | **676.93** |

**Details for short term borrowings:**

| Terms of loan | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| The credit facility taken from Standard Chartered Bank carries interest rate of 18% p.a.(31 march 2020 : 18% p.a; 31 March 2019 : 19% p.a) The facility is secured by:<br>- Charge on all the assets of Devyani International (Nigeria) Limited<br>- Corporate Guarantee from Chellarams Plc<br>- Corporate Guarantee from RV Enterprises Pte Ltd | 75.06 | 127.47 | 190.40 |
| The credit facility taken from ICICI Bank Limited carries variable interest rate, currenty 9.75% p.a (31 March 2020: 9.75%; 31 March 2019 : Nil). The facility is secured by: first pari passu charge on current assets of the Holding Company, subservient charge over movable property, plant and equipment of the of Holding Company. | - | 255.82 | - |
| The credit facility taken from HDFC Bank Limited carries interest rate at 7.75 % p.a. (31 March 2020: 9.15 % p.a; 31 March 2019: 8.80 % p.a), (interest payable on monthly rests).<br>The credit facility is secured by:<br>- First pari passu charge on entire current assets of the Company with IDBI Bank.<br>- Second pari passu charge on all property, plant and equipment of the Company. | 136.04 | 496.55 | 486.53 |
| The credit facility taken from IndusInd Bank Limited carries variable interest rate, currently 9.95% p.a. (31 March 2020: 9.95%; 31 March 2019: Nil). The facility is secured by: first pari passu charge on current assets of the Company, subservient charge over movable property, plant and equipment of the of Holding Company. | - | 24.72 | - |

## 19 Other financial liabilities

| Particulars | Non-current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
| Current portion of long-term borrowings (refer note 17) | - | - | - | 828.52 | 1,134.20 | 880.38 |
| Security deposits payable | 42.07 | 38.84 | 28.36 | 13.62 | 20.79 | 17.23 |
| Derivatives (interest rate swap) | 7.23 | 13.98 | 5.36 | - | - | - |
| Employee related payables | - | - | - | 110.29 | 258.54 | 116.51 |
| Capital creditors | - | - | - | 341.26 | 467.69 | 143.82 |
| Other payables | - | - | - | 12.25 | 15.69 | 21.33 |
| | **49.30** | **52.82** | **33.72** | **1,305.94** | **1,896.91** | **1,179.27** |

*(INR in millions, except for share data and if otherwise stated)*

**20 Provisions**

| Particulars | Non-current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
| Provision for employee benefits | | | | | | |
| Gratuity (refer note 45) | 110.66 | 76.26 | 82.70 | 54.63 | 27.25 | 8.41 |
| Compensated absences | 58.49 | 39.47 | 55.35 | 28.31 | 16.90 | 23.85 |
| | **169.15** | **115.73** | **138.05** | **82.94** | **44.15** | **32.26** |

**21 Other liabilities**

| Particulars | Non-current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
| Deferred income | 9.74 | 10.49 | 6.90 | 5.05 | 3.62 | 3.16 |
| Advances from customers* | - | - | - | 31.72 | 32.40 | 31.19 |
| Statutory dues payable | | | | | | |
| Goods and service tax/ value added tax payables | - | - | - | 85.80 | 42.67 | 57.78 |
| Tax deducted at source payable | - | - | - | 36.88 | 49.28 | 34.52 |
| Other statutory dues payable | - | - | - | 33.09 | 42.47 | 43.94 |
| Other payable | - | - | - | 0.94 | - | 6.68 |
| | **9.74** | **10.49** | **6.90** | **193.48** | **170.44** | **177.27** |

***Contract balances**
The following table provides information about contractual liability (advance from customers) from contract with customers:

| ***Contract liabilities (advances from customers against sale of goods)*** | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| Opening balance | 32.40 | 31.19 | 20.13 |
| Revenue recognized that was included in the contract liability balance at the beginning of the year | (32.40) | (31.19) | (20.13) |
| Closing balance | 31.72 | 32.40 | 31.19 |

**22 Trade payables**

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| Micro enterprises and small enterprises (refer note below) | 150.53 | 20.91 | 23.64 |
| Other than micro enterprises and small enterprises* | 1,468.47 | 1,610.98 | 1,344.54 |
| | **1,619.00** | **1,631.89** | **1,368.18** |

* Includes payable to related parties. Refer note 38.
The Group’s exposure to currency and liquidity risk related to the above financial liabilities is disclosed in note 35.

*(INR in millions, except for share data and if otherwise stated)*

**Dues to micro and small enterprises**

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** | **As at 31 March 2019** |
|---|---|---|---|
| The amounts remaining unpaid to micro and small suppliers as at the end of the year | | | |
| - Principal | 146.53 | 20.37 | 23.36 |
| - Interest | 4.00 | 0.54 | 0.28 |
| The amount of interest paid by the buyer as per the Micro, Small and Medium Enterprises Development Act, 2006 | - | - | - |
| The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year. | 231.32 | 21.65 | 38.93 |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the interest specified under MSMED Act, 2006. | 3.16 | 0.39 | 0.24 |
| The amount of interest accrued and remaining unpaid at the end of each accounting year. | 3.46 | 0.55 | 0.29 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006. | 0.89 | 0.58 | 0.29 |

*(This space has been intentionally left blank)*

*(INR in millions, except for share data and if otherwise stated)*

**17 Borrowings**

| SI No | Bank/Party | Description | 31 March 2021 | | Terms of repayment | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Non-current | Current | Repayment schedule | No. of instalments outstanding | Instalments frequency | Interest rates range (p.a.) |
| 1 | Axis Bank Limited | INR Term loan - 1 | - | 59.80 | - 1 instalments during FY 2021-22 - INR 60 each | 1 | Quarterly | 7.30% |
| 2 | Yes Bank Limited | INR Term loan - 2 | - | - | The loan is fully repaid on 30th December 2020 | - | Annualy | - |
| 3 | Ratnakar Bank Limited | INR Term loan - 3 | - | - | The loan is fully repaid on 19th March 2021 | - | Quarterly | - |
| 4 | Ratnakar Bank Limited | INR Term loan - 10 | 836.25 | 55.90 | -3 instalments during FY 2021-22 - INR 18.58 each<br>-12 instalments during FY 2022-23 - INR 18.58 each<br>-12 instalments during FY 2023-24 - INR 18.58 each<br>-12 instalments during FY 2024-25 - INR 18.58 each<br>-9 instalments during FY 2025-26 - INR 18.58 each | 48 | Monthly | 6.00% |
| 5 | Yes Bank Limited | USD Term loan - 1 | 70.68 | 56.47 | - 4 instalments during FY 2021-22- USD 0.19 million each<br>- 4 instalments during FY 2022-23- USD 0.19 million each<br>- 1 instalments during FY 2023-24- USD 0.19 million<br>Loan instalments are deferred by 3 months as Company opted for RBI Loan moratorium scheme. | 9 | Quarterly | 5.25% |
| 6 | Yes Bank Limited | USD Term loan - 2 | 60.91 | 48.58 | - 4 instalments during FY 2021-22- USD 0.17 million each<br>- 4 instalments during FY 2022-23- USD 0.17 million each<br>- 1 instalments during FY 2023-24- USD 0.17 million<br>Loan instalments are deferred by 3 months as Company opted for RBI Loan moratorium scheme. | 9 | Quarterly | 5.50% |
| 7 | IndusInd Bank Limited | INR Term loan - 4 | 550.00 | 0.11 | - 1 instalment during FY 2022-23- INR 62.5<br>- 3 instalments during FY 2023-24- INR 62.5 each<br>- 1 instalment during FY 2023-24- INR 75<br>- 3 instalments during FY 2024-25- INR 75 each<br>Loan instalments are deferred by 3 months as Company opted for RBI Loan moratorium scheme. Further prepayment of INR 87.50 made in July-20. | 8 | Quarterly | 7.50% |
| 8 | IDFC First Bank Limted | INR Term loan - 5 | - | - | The loan is fully repaid on 26th March 2021 | - | Quarterly | - |
| 9 | IndusInd Bank Limited | INR Term loan - 6 | 650.00 | 0.13 | - 1 instalments during FY 2022-23- INR 40 each<br>- 4 instalments during FY 2023-24- INR 40 each<br>- 1 instalment during FY 2024-25- INR 40<br>- 3 instalments during FY 2024-25- INR 50 each<br>- 4 instalments during FY 2025-26- INR 50 each<br>- 1 instalment during FY 2026-27- INR 60 | 14 | Quarterly | 7.50% |
| 10 | SBM Bank Limited | INR Term loan - 7 | - | 198.87 | - INR 200 of loan is paid on 19 March 2021<br>- remaining 50% of loan to be paid in 1 instalments on 1st April 2021 - INR 200 | 1 | Quarterly | 9.30% |
| 11 | Axis Bank Limited | INR Term loan - 8 | 440.19 | 98.99 | - 3 instalments during FY 2021-22 - INR 34.375 each<br>- 4 instalments during FY 2022-23 - INR 34.375 each<br>- 4 instalments during FY 2023-24 - INR 34.375 each<br>- 4 instalments during FY 2024-25 - INR 34.375 each<br>- 1 instalment during FY 2025-26 - INR 34.375 each | 16 | Quarterly | 7.30% |
| 12 | IndusInd Bank Limited | INR Term loan - 9 | 447.39 | 33.31 | - 3 instalments during FY 2021-22 - INR 12.50 each<br>- 4 instalments during FY 2022-23 - INR 12.50 each<br>- 1 instalment during FY 2023-24 - INR 12.50<br>- 3 instalments during FY 2023-24 - INR 18.75 each<br>- 4 instalments during FY 2024-25 - INR 18.75 each<br>- 1 instalment during FY 2025-26 - INR 18.75<br>- 3 instalments during FY 2025-26 - INR 31.25 each<br>- 4 instalments during FY 2026-27 - INR 31.25 each<br>- 1 instalment during FY 2027-28 - INR 31.25 | 24 | Quarterly | 7.50% |
| 13 | High Street Food Services Private Limited | INR Term Loan | | 0.95 | The term loan is repayable in 1 quarterly instalment as below mentioned :<br><br>- 1 instalment during 2021-22- INR 0.39<br><br>Period of maturity from the balance sheet date is 3 months. | 1 | Quarterly | 12.00% |

| SI No | Bank/Party | Description | 31 March 2021 | | Terms of repayment | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Non-current | Current | Repayment schedule | No. of instalments outstanding | Instalments frequency | Interest rates range (p.a.) |
| 14 | High Street Food Services Private Limited | Preference Share | 77.23 | 24.18 | 2.25 million redeemable preference shares were issued during the year 2017-2018 as fully paid with a par value of INR 10/-. The redeemable preference shares are mandatorily redeemable at par and the Group is obliged to pay holders of these shares dividends at the rate of 8 % of the par amount per annum, subject to availability of distributable profits. The terms of redemption of preference shares (which were due for redemption) has been extended for further period of five years in the current year. | - | - | 8.00% |
| 15 | Yes Bank Limited | INR Term Loan | - | - | The term loan is fully repaid in the month of December 2020 | - | Quarterly | 0.00% |
| 16 | Everest Bank Limited | NPR Term Loan 1 | 6.26 | 3.93 | The term loan is repayable in 11 quarterly instalments as below mentioned :<br>- 4 instalments during 2021-22- INR 0.984 each<br>- 4 instalments during 2022-23- INR 0.984 each<br>- 2 instalments during 2023-24- INR 0.984 each<br>- 1 instalment during 2023-24-of INR 0.35 each<br><br>Period of maturity from the balance sheet date is 33 months. | 11 | Quarterly | 8.52% |
| 17 | Everest Bank Limited | NPR Term Loan 2 | 6.06 | 2.70 | The term loan is repayable in 13 quarterly instalments as below mentioned :<br><br>- 4 instalments during 2021-22- INR0.674 each<br>- 4-installments during 2022-23- INR0.674 each<br>-4-installments during 2023-24- INR0.674 each<br>-1-installments during 2023-24- INR0.664 each<br>Period of maturity from the balance sheet date is 33 months. | 13 | Quarterly | 8.52% |
| 18 | Chellarams Plc | NGN Unsecured TL | 1.63 | 1.09 | The term loan rescheduled in financial year 2020-21 and repayable in 5 semi-annual instalments as below mentioned :<br>- 2 instalments during 2021-22- INR 0.54 each<br>- 2 instalments during 2022-23- INR 0.54 each<br>- 1 instalment during 2023-24- INR 0.54 each<br><br>Period of maturity from the balance sheet date is 27 months. | 5 | Quarterly | 5.00% |
| 19 | Chellarams Plc | NGN Unsecured TL | 6.00 | 4.80 | The term loan rescheduled in financial year 2020-21 and repayable in 5 semi-annual instalments as below mentioned :<br>- 2 instalments during 2021-22- INR 2.16 each<br>- 2 instalments during 2022-23- INR 2.16 each<br>- 1 instalment during 2023-24- INR 2.16<br><br>Period of maturity from the balance sheet date is 27 months. | 5 | | |
| 20 | Chellarams Plc | NGN Unsecured TL | 7.56 | 6.04 | The term loan rescheduled in financial year 2020-21 and repayable in 5 semi-annual instalments as below mentioned :<br>- 2 instalments during 2021-22- INR 2.72 each<br>- 2 instalments during 2022-23- INR 2.72 each<br>- 1 instalment during 2023-24- INR 2.72<br><br>Period of maturity from the balance sheet date is 27 months. | 5 | Quarterly | 5.00% |
| 21 | Chellarams Plc | NGN Unsecured TL | 12.00 | 6.00 | The term loan rescheduled in financial year 2020-21 and repayable in 12 quarterly instalments as below mentioned :<br>- 4 instalments during 2021-22- INR 1.50 each<br>- 4 instalments during 2022-23- INR 1.50 each<br>- 4 instalments during 2023-24- INR 1.50 each<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |
| 22 | Chellarams Plc | USD Unsecured TL | 104.19 | 52.06 | The term loan rescheduled in financial year 2020-21 and repayable in 12 quarterly instalments as below mentioned :<br>- 4 instalments during 2021-22- INR 13.02 each<br>- 4 instalments during 2022-23- INR 13.02 each<br>- 4 instalments during 2023-24- INR 13.02 each<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |

| SI No | Bank/Party | Description | 31 March 2021 | | Terms of repayment | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Non-current | Current | Repayment schedule | No. of instalments outstanding | Instalments frequency | Interest rates range (p.a.) |
| 23 | Chellarams Plc | USD Unsecured TL | 88.50 | 44.25 | The term loan rescheduled in financial year 2020-21 and repayable in 12 quarterly instalments as below mentioned :<br>- 4 instalments during 2021-22- INR 11.06 each<br>- 4 instalments during 2022-23- INR 11.06 each<br>- 4 instalments during 2023-24- INR 11.06 each<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |
| 24 | Chellarams Plc | USD Unsecured TL | 41.65 | 20.83 | The term loan rescheduled in financial year 2020-21 and repayable in 12 quarterly instalments as below mentioned :<br>- 4 instalments during 2021-22- INR 5.21 each<br>- 4 instalments during 2022-23- INR 5.21 each<br>- 4 instalments during 2023-24- INR 5.21 each<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |
| 25 | Chellarams Plc | USD Unsecured TL | 41.64 | 20.82 | The term loan rescheduled in financial year 2020-21 and repayable in 12 quarterly instalments as below mentioned :<br>- 4 instalments during 2021-22- INR 5.21 each<br>- 4 instalments during 2022-23- INR 5.21 each<br>- 4 instalments during 2022-24- INR 5.21 each<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |
| 26 | Chellarams Plc | USD Unsecured TL | 62.47 | 31.23 | The term loan rescheduled in financial year 2020-21 and repayable in 12 quarterly instalments as below mentioned :<br>- 4 instalments during 2021-22- INR 7.81 each<br>- 4 instalments during 2022-23- INR 7.81 each<br>- 4 instalments during 2023-24- INR 7.81 each<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |
| 27 | Chellarams Plc | USD Unsecured TL | 63.72 | 47.79 | The term loan rescheduled in financial year 2020-21 and repayable in 10 quarterly instalments as below mentioned is repayable in 10 quarterly instalments as below mentioned :<br>- 4 instalments during 2021-22- INR 11.15 each<br>- 4 instalments during 2022-23- INR 11.15 each<br>- 2 instalment during 2023-24- INR 11.15 each<br><br>Period of maturity from the balance sheet date is 28 months. | 10 | Quarterly | 5.00% |
| 28 | Chellarams Plc | USD Unsecured TL | 19.34 | 9.68 | The term loan rescheduled in financial year 2020-21 and repayable in 12 quarterly instalments as below mentioned :<br>- 4 instalments during 2021-22- INR 2.42 each<br>- 4 instalments during 2022-23- INR 2.42 each<br>- 4 instalments during 2023-24- INR 2.42 each<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |

| SI. No | Terms of security |
|---|---|
| 1 to 3 & 5 to 12 | First Pari passu charge by way of hypothecation of the Company's entire moveable property, plant and equipment both present and future. |
| 1 to 3 & 5 to 12 | First Pari passu charge by way of equitable mortgage on the immovable property, plant and equipment of the Company's industrial land at Plot No. 18, Sector-35, Industrial estate, Gurugram-122004. |
| 1 to 2 & 4 to 12 | Second pari passu charge by way of hypothecation on the entire current assets of the Company both present and future. |
| 4 | Second Pari Passu Charge by way of hypothecation of the Company's entire moveable property, plant and equipment both present and future. and equitable mortgage on the immovable property, plant and equipment of the Company's industrial land at Plot No. 18, Sector-35, Industrial estate, Gurugram-122004. |
| 4 | 100% Guaranteed by National Credit Guarantee Trustee Company Limited (NCGTC) |
| 10 to 12 & 16 to 17 | Personal guarantee of Mr. Ravi Kant Jaipuria |
| 11 | Corporate guarantee of RJ Corp Limited |
| 12 | Personal guarantee Ravi Kant Jaipuria and sons (HUF) |
| 16 & 17 | Primary security: First pari passu charge on the entire moveable fixed and current assets of the Company and<br>the loan is secured by the corporate guarantee of Devyani International Limited and personal guarantee of the directors |

*(INR in millions, except for share data and if otherwise stated)*

**17 Borrowings**

| SI No | Bank/Party | Description | 31 March 2020 | | Terms of repayment | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Non-current | Current | Repayment schedule | No. of instalments outstanding | Instalments frequency | Interest rates range (p.a.) |
| 1 | Axis Bank Limited | INR Term loan - 1 | 179.92 | 243.26 | The term loan is repayable in 7 quarterly instalments as below mentioned :<br><br>- 4 instalments during Financial Year 2020-21 - INR 60 each<br>- 3 instalments during Financial Year 2021-22 - INR 60 each<br><br>Period of maturity from the balance sheet date is 21 months. | 7 | Quarterly | 10.05% |
| 2 | Yes Bank Limited | INR Term loan - 2 | 120.00 | 61.59 | The term loan is repayable in 3 annual instalments as below mentioned :<br><br>- 1 instalment during Financial Year 2020-21 - INR 60<br>- 1 instalment during Financial Year 2021-22 - INR 60<br>- 1 instalment during Financial Year 2022-23 - INR 60<br><br>Period of maturity from the balance sheet date is 36 months. | 3 | Annually | 10.40% |
| 3 | Ratnakar Bank - 2 | INR Term loan - 3 | 374.08 | 135.52 | The term loan is repayable in 15 quarterly instalments as below mentioned :<br><br>- 4 instalments during Financial Year 2020-21 - INR 34.09 each<br>- 4 instalments during Financial Year 2021-22 - INR 34.09 each<br>- 4 instalments during Financial Year 2022-23 - INR 34.09 each<br>- 3 instalments during Financial Year 2023-24 - INR 34.09 each<br><br>Period of maturity from the balance sheet date is 43 months. | 15 | Quarterly | 9.10% |
| 4 | Yes Bank Limited | USD Term loan - 1 | 116.02 | 57.86 | The term loan is repayable in 12 quarterly instalments as below mentioned :<br><br>- 4 instalments during Financial Year 2020-21- USD 0.19 million each<br>- 4 instalments during Financial Year 2021-22- USD 0.19 million each<br>- 4 instalments during Financial Year 2022-23- USD 0.19 million each<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.25% |
| 5 | Yes Bank Limited | USD Term loan - 2 | 99.90 | 49.71 | The term loan is repayable in 12 quarterly instalments as below mentioned :<br><br>- 4 instalments during Financial Year 2020-21- USD 0.17 million each<br>- 4 instalments during Financial Year 2021-22- USD 0.17 million each<br>- 4 instalments during Financial Year 2022-23- USD 0.17 million each<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.50% |
| 6 | IndusInd Bank Limited | INR Term loan | 825.00 | 125.21 | The term loan is repayable in 18 quarterly instalments as below mentioned :<br><br>- 2 instalment during Financial Year 2020-21- INR 25 each<br>- 2 instalments during Financial Year 2020-21- INR 37.5 each<br>- 2 instalment during Financial Year 2021-22- INR 37.5 each<br>- 2 instalments during Financial Year 2021-22- INR 50 each<br>- 2 instalment during Financial Year 2022-23- INR 50 each<br>- 2 instalments during Financial Year 2022-23- INR 62.5 each<br>- 2 instalment during Financial Year 2023-24- INR 62.5 each<br>- 2 instalments during Financial Year 2023-24- INR 75 each<br>- 2 instalment during Financial Year 2024-25- INR 75 each<br><br>Period of maturity from the balance sheet date is 52 months. | 18 | Quarterly | 9.90% |
| 7 | IDFC First Bank Limited | INR Term loan - 5 | 300.00 | 100.11 | The term loan is repayable in 16 quarterly instalments as below mentioned :<br><br>- 4 instalments during Financial Year 2020-21- INR 25 each<br>- 4 instalments during Financial Year 2021-22- INR 25 each<br>- 4 instalments during Financial Year 2022-23- INR 25 each<br>- 4 instalments during Financial Year 2023-24- INR 25 each<br><br>Period of maturity from the balance sheet date is 48 months. | 16 | Quarterly | 10.15% |
| 8 | IndusInd Bank Limited | INR Term loan | 780.00 | 20.26 | The term is loan repayable in 23 quarterly instalments as below mentioned :<br><br>- 2 instalment during Financial Year 2020-21- INR 10 each<br>- 4 instalment during Financial Year 2021-22- INR 10 each<br>- 1 instalment during Financial Year 2022-23- INR 10<br>- 3 instalment during Financial Year 2022-23- INR 40 each<br>- 4 instalment during Financial Year 2023-24- INR 40 each<br>- 1 instalment during Financial Year 2024-25- INR 40<br>- 3 instalment during Financial Year 2024-25- INR 50 each<br>- 4 instalment during Financial Year 2025-26- INR 50 each<br>- 1 instalment during Financial Year 2025-26- INR 60<br>Period of maturity from the balance sheet date is 73 months. | 23 | Quarterly | 9.72% |
| 9 | High Street Food Services Private Limited | INR Term Loan | - | 0.39 | The term loan is repayable in 1 quarterly instalment as below mentioned :<br><br>- 1 instalment during 2020-21- INR 0.39<br><br>Period of maturity from the balance sheet date is 3 months. | 1 | Quarterly | 12.00% |

| SI No | Bank/Party | Description | 31 March 2020 | | Terms of repayment | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Non-current | Current | Repayment schedule | No. of instalments outstanding | Instalments frequency | Interest rates range (p.a.) |
| 10 | High Street Food Services Private Limited | Preference Share | 47.91 | 59.68 | 2.25 million redeemable preference shares were issued during the year 2017-2018 as fully paid with a par value of INR 10/-. The redeemable preference shares are mandatorily redeemable at par and the Group is obliged to pay holders of these shares dividends at the rate of 8 % of the par amount per annum, subject to availability of distributable profits .The preference shares are redeemable at the end of fifth year from the date of issue and maturity period has been extended by another term of five years for certain number of preference shares. | - | - | 8.00% |
| 11 | Yes Bank Limited | INR Term Loan | 75.01 | 25.91 | The term loan is repayable in 16 equal quarterly instalments as mentioned below.<br><br>- 4 instalment during 2020-21- INR 6.25 each<br>- 4 instalment during 2021-22- INR 6.25 each<br>- 4 instalment during 2022-23- INR 6.25 each<br>- 4 instalment during 2023-24- INR 6.25 each<br><br>Period of maturity from the balance sheet date is 48 months | 16.00 | Quarterly | 10.00% |
| 12 | Everest Bank Limited | NPR Term Loan | 10.45 | 3.67 | The term loan is repayable in 15 quarterly instalments as below mentioned :<br>- 4 instalments during 2020-21- INR 0.984 each<br>- 4 instalments during 2021-22- INR 0.984 each<br>- 4-installments during 2022-23- INR 0.984 each<br>- 2-installments during 2023-24- INR 0.984 each<br>- 1-installments during 2023-24-of INR 0.35 each<br><br>Period of maturity from the balance sheet date is 45 months. | 15 | Quarterly | 11.70% |
| 13 | Everest Bank Limited | NPR Term Loan | 8.49 | 2.96 | The term loan is repayable in 17 quarterly instalments as below mentioned :<br><br>- 5 instalments during 2020-21- INR 0.674 each<br>- 4 instalments during 2021-22- INR 0.674 each<br>- 4-installments during 2022-23- INR 0.674 each<br>-3-installments during 2023-24- INR 0.674 each<br>-1-installments during 2023-24- INR 0.664 each<br>Period of maturity from the balance sheet date is 45 months. | 17 | Quarterly | 11.70% |
| 14 | Chellarams Plc | NGN Unsecured TL | 4.41 | 2.94 | The term loan rescheduled in financial year 2019-20 and repayable in 5 semi-annual instalments as below mentioned :<br>- 2 instalments during 2020-21- INR 1.47 each<br>- 2 instalments during 2021-22- INR 1.47 each<br>- 1 instalment during 2022-23- INR 1.47 each<br><br>Period of maturity from the balance sheet date is 30 months. | 5 | Quarterly | 5.00% |
| 15 | Chellarams Plc | NGN Unsecured TL | 12.20 | 9.76 | The term loan rescheduled in financial year 2019-20 and repayable in 5 semi-annual instalments as below mentioned :<br>- 2 instalments during 2020-21- INR 4.39 each<br>- 2 instalments during 2021-22- INR 4.39 each<br>- 1 instalment during 2022-23- INR 4.40<br><br>Period of maturity from the balance sheet date is 27 months. | 5 | Quarterly | 5.00% |
| 16 | Chellarams Plc | NGN Unsecured TL | 12.96 | 6.48 | The term loan rescheduled in financial year 2019-20 and repayable in 12 quarterly instalments as below mentioned :<br>- 4 instalments during 2020-21- INR 1.62 each<br>- 4 instalments during 2021-22- INR 1.62 each<br>- 4 instalments during 2022-23- INR 1.62 each<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |
| 17 | Chellarams Plc | USD Unsecured TL | 111.33 | 48.86 | The term loan rescheduled in financial year 2019-20 and repayable in 12 quarterly instalments as below mentioned :<br>- 4 instalments during 2020-21- INR 13.35 each<br>- 4 instalments during 2021-22- INR 13.35 each<br>- 4 instalments during 2022-23- INR 13.34 each<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |
| 18 | Chellarams Plc | USD Unsecured TL | 90.77 | 45.38 | The term loan rescheduled in financial year 2019-20 and repayable in 12 quarterly instalments as below mentioned :<br>- 4 instalments during 2020-21- INR 11.35 each<br>- 4 instalments during 2021-22- INR 11.35 each<br>- 3 instalments during 2022-23- INR 11.35 each<br>- 1 instalment during 2022-23- INR 11.30 each<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |
| 19 | Chellarams Plc | USD Unsecured TL | 42.72 | 21.36 | The term loan rescheduled in financial year 2019-20 and repayable in 12 quarterly instalments as below mentioned :<br>- 4 instalments during 2020-21- INR 5.34 each<br>- 4 instalments during 2021-22- INR 5.34 each<br>- 4 instalments during 2022-23- INR 5.34 each<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |
| 20 | Chellarams Plc | USD Unsecured TL | 42.71 | 21.35 | The term loan rescheduled in financial year 2019-20 and repayable in 12 quarterly instalments as below mentioned :<br>- 4 instalments during 2020-21- INR 5.34 each<br>- 4 instalments during 2021-22- INR 5.34 each<br>- 3 instalments during 2022-23- INR 5.34 each<br>- 1 instalment during 2022-23- INR 5.32<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |

| SI No | Bank/Party | Description | 31 March 2020 | | Terms of repayment | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Non-current | Current | Repayment schedule | No. of instalments outstanding | Instalments frequency | Interest rates range (p.a.) |
| 21 | Chellarams Plc | USD Unsecured TL | 64.07 | 32.03 | The term loan rescheduled in financial year 2019-20 and repayable in 12 quarterly instalments as below mentioned :<br>- 4 instalments during 2020-21- INR 8.01 each<br>- 4 instalments during 2021-22- INR 8.01 each<br>- 3 instalments during 2022-23- INR 8.01 each<br>- 1 instalment during 2022-23- INR 7.99<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |
| 22 | Chellarams Plc | USD Unsecured TL | 71.18 | 53.38 | The term loan rescheduled in financial year 2019-20 and repayable in 10 quarterly instalments as below mentioned is repayable in 10 quarterly instalments as below mentioned :<br>- 4 instalments during 2020-21- INR 12.46 each<br>- 4 instalments during 2021-22- INR 12.46 each<br>- 2 instalments during 2022-23- INR 12.44 each<br><br>Period of maturity from the balance sheet date is 28 months. | 10 | Quarterly | 5.00% |
| 23 | Chellarams Plc | USD Unsecured TL | 13.05 | 6.53 | The term loan rescheduled in financial year 2019-20 and repayable in 12 quarterly instalments as below mentioned :<br>- 4 instalments during 2020-21- INR 1.63 each<br>- 4 instalments during 2021-22- INR 1.63 each<br>- 3 instalments during 2022-23- INR 1.63 each<br>- 1 instalment during 2022-23- INR 1.65<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |

| SI No | Terms of security |
|---|---|
| 1 to 8 | First pari passu charge by way of hypothecation of the Company's entire moveable property, plant and equipment both present and future. |
| 1 to 8 | Pari passu first charge by way of equitable mortgage on the immovable property, plant and equipment of the Company's industrial land at Plot No. 18, Sector-35, Industrial estate, Gurugram-122004. |
| 1 to 2 & 4 to 8 | Second pari passu charge by way of hypothecation on the entire current assets of the Company both present and future. |
| 11 | First Pari Passu Charge over entire Movable Fixed assets and Current Assets (both present and future), Unconditional and Irrevocable Corporate Guarantee of Devyani International Limited & Non Disposable Undertaking (NDU) from Devyani International for its shareholding in Devyani Food Street Private Limited. |
| 12 & 13 | Primary security: First pari passu charge on the entire moveable fixed and current assets of the Company and<br>the loan is secured by the corporate guarantee of Devyani International Limited and personal guarantee of Mr Ravi Kant Jaipuria |

*(INR in millions, except for share data and if otherwise stated)*

**17 Borrowings**

| SI No | Bank/Party | Description | 31 March 2019 | | Terms of repayment | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Non-current | Current | Repayment schedule | No. of instalments outstanding | Instalments frequency | Interest rates range (p.a.) |
| 1 | Axis Bank | INR Term loan - 1 | 423.85 | 240.00 | The term loan is repayable in 7 quarterly instalments as below mentioned :<br>- 4 instalments during Financial Year 2020-21 - INR 60 each<br>- 3 instalments during Financial Year 2021-22 - INR 60 each<br>Period of maturity from the balance sheet date is 21 months. | 11 | Quarterly | 9.85% |
| 2 | Yes Bank | INR Term loan - 2 | 182.04 | 60.00 | The term loan is repayable in 4 annual instalments as below mentioned :<br>- 1 instalment during Financial Year 2019-20- INR 60<br>- 1 instalment during Financial Year 2020-21- INR 60<br>- 1 instalment during Financial Year 2021-22- INR 60<br>- 1 instalment during Financial Year 2022-23- INR 60<br>Period of maturity from the balance sheet date is 36 months. | 3 | Annualy | 9.25% |
| 3 | Ratnakar Bank | INR Term loan - 3 | - | 19.68 | The term loan is repayable in 1 quarterly instalment as below mentioned :<br>- 1 instalment during Financial Year 2019-20 - INR 19.68<br>Period of maturity from the balance sheet date is 3 months. | 1 | Quarterly | 10.25% |
| 4 | Yes Bank | INR Term loan - 4 | - | 9.35 | The term loan is repayable in 1 quarterly instalment as below mentioned :<br>- 1 instalment during Financial Year 2019-20- INR 9.38<br>Period of maturity from the balance sheet date is 3 months. | 1 | Quarterly | 9.60% |
| 5 | Ratnakar Bank Limited | INR Term loan - 5 | 508.40 | 136.36 | The term loan is repayable in 19 quarterly instalments as below mentioned :<br>- 4 instalments during Financial Year 2019-20 - INR 34.09 each<br>- 4 instalments during Financial Year 2020-21 - INR 34.09 each<br>- 4 instalments during Financial Year 2021-22 - INR 34.09 each<br>- 4 instalments during Financial Year 2022-23 - INR 34.09 each<br>- 3 instalments during Financial Year 2023-24 - INR 34.09 each<br>Period of maturity from the balance sheet date is 55 months. | 19 | Quarterly | 9.70% |
| 6 | Yes Bank (USD) | USD Term loan - 1 | 159.21 | 53.07 | The term loan is repayable in 16 quarterly instalments as below mentioned :<br>- 4 instalments during Financial Year 2019-20- USD 0.19 million each<br>- 4 instalments during Financial Year 2020-21- USD 0.19 million each<br>- 4 instalments during Financial Year 2021-22- USD 0.19 million each<br>- 4 instalments during Financial Year 2022-23- USD 0.19 million each<br>Period of maturity from the balance sheet date is 48 months. | 16 | Quarterly | 5.25% |
| 7 | Yes Bank (USD) | USD Term loan - 2 | 136.75 | 45.58 | The term loan repayable in 16 quarterly instalments as below mentioned :<br>- 4 instalments during Financial Year 2019-20- USD 0.17 million each<br>- 4 instalments during Financial Year 2020-21- USD 0.17 million each<br>- 4 instalments during Financial Year 2021-22- USD 0.17 million each<br>- 4 instalments during Financial Year 2022-23- USD 0.17 million each<br>Period of maturity from the balance sheet date is 48 months. | 16 | Quarterly | 5.50% |
| 8 | IndusInd Bank | INR Term loan | 916.98 | 83.02 | The term is loan repayable in 20 quarterly instalments as below mentioned :<br>- 3 instalments during Financial Year 2019-20- INR 25 each<br>- 1 instalment during Financial Year 2020-21- INR 25<br>- 3 instalments during Financial Year 2020-21- INR 37.5 each<br>-1 instalment during Financial Year 2021-22- INR 37.5<br>-3 instalments during Financial Year 2021-22- INR 50 each<br>- 1 instalment during Financial Year 2022-23- INR 50<br>- 3 instalments during Financial Year 2022-23- INR 62.5 each<br>- 1 instalment during Financial Year 2023-24- INR 62.5<br>- 3 instalments during Financial Year 2023-24- INR 75<br>- 1 instalment during Financial Year 2024-25- INR 75<br>Period of maturity from the balance sheet date is 61 months. | 18 | Quarterly | 9.90% |
| 9 | IDFC First bank Limited | INR Term loan - 5 | 400.12 | | The term loan is repayable in 16 quarterly instalments as below mentioned :<br>- 4 instalments during Financial Year 2020-21-INR 25 each<br>-4 instalments during Financial Year 2021-22- INR 25 each<br>- 4 instalments during Financial Year 2022-23- INR 25 each<br>- 4 instalments during Financial Year 2023-24- INR 25 each<br><br>Period of maturity from the balance sheet date is 60 months. | 16 | Quarterly | 9.90% |
| 10 | Tata Motors Finance Limited | Vehicle Loan | - | 1.17 | Vehicle loans from Tata Motors Finance Limited represent four vehicle loans taken by the Company during the year ended 31 March 2017. The tenure of the loans is 36 months. Loans from Tata Motors Finance Limited is repayable in 35 monthly instalments. The loans are secured against the respective vehicles.<br>The interest rate applicable to the loans is 9.25% p.a. payable monthly ( previous year : 9.25% p.a)<br>The amount of instalment ranging from INR 0.35 to INR 0.40 per month<br>Period to maturity from the balance sheet date is 8 months ( previous year : 20 months ) | 8.00 | Monthly | 9.25% |
| 11 | High Street Food Services Private Limited | INR Term Loan | - | 0.39 | The term loan is repayable in 1 quarterly installment as below mentioned :<br><br>- 1 installment during 2019-20- INR 0.39<br><br>Period of maturity from the balance sheet date is 3 months. | 1 | Quarterly | 12.00% |

| SI No | Bank/Party | Description | 31 March 2019 | | Terms of repayment | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Non-current | Current | Repayment schedule | No. of instalments outstanding | Instalments frequency | Interest rates range (p.a.) |
| 12 | | Prefrence Share | 104.30 | | INR 2.25 redeemable preference shares were issued during the year 2017-2018 as fully paid with a par value of INR 10 . The redeemable preference shares are mandatorily redeemable at par in the year 2022-2023 and the Group is obliged to pay holders of these shares dividends at the rate of 8 % of the par amount per annum, subject to availability of distributable profits . | - | - | 8.00% |
| 13 | Yes Bank Limited | INR Term Loan | 101.11 | 25.00 | The term loan is repayable in 20 equal quarterly installments as mentioned below.<br><br>- 4 installments during 2019-20- INR 6.25 each<br>- 4 installment during 2020-21- INR 6.25 each<br>- 4 installment during 2021-22- INR 6.25 each<br>each<br>- 4 installment during 2022-23- 6.25 each<br>each<br>- 4 installment during 2023-24- INR 6.25 each<br>each<br>Period of maturity from the balance sheet date is 60 months | 16.00 | Quarterly | 10.00% |
| 14 | Everest Bank Limited | NPR Term Loan | - | 4.03 | The term loan is repayable in 2 half yearly installments as below mentioned :<br><br>- 2 installments during 2019-20- INR2.17 and INR1.86<br><br>Period of maturity from the balance sheet date is 10 months. | 2.00 | Half Yearly | 11.70% |
| 15 | Everest Bank Limited | NPR Term Loan | 14.03 | 3.92 | The term loan is repayable in 20 quarterly installments as below mentioned :<br><br>- 4 installments during 2019-20- INR0.98<br>- 4 installments during 2020-21- INR0.98<br>- 4 installments during 2021-22- INR0.98<br>- 4-installments during 2022-23- INR0.98<br>- 2-installments during 2023-24- INR0.98<br>- 1-installments during 2023-24-of INR0.35<br><br>Period of maturity from the balance sheet date is 57 months. | 19 | Quarterly | 11.70% |
| 16 | Everest Bank Limited | NPR Term Loan | 10.71 | 2.68 | The term loan is repayable in 20 quarterly installments as below mentioned :<br><br>- 4 installments during 2019-20- INR0.67<br>- 4 installments during 2020-21- INR0.67<br>- 4 installments during 2021-22- INR0.67<br>- 4-installments during 2022-23- INR0.67<br>-2-installments during 2023-24- INR0.67<br>-1-installments during 2023-24- INR0.35<br><br>Period of maturity from the balance sheet date is 57 months. | 19 | Quarterly | 11.70% |
| 17 | Chellarams Plc | NGN Unsecured TL | 4.03 | 2.70 | The term loan rescheduled in financial year 2018-19 and repayable in 5 semi-annual installments as below mentioned :<br>- 2 installments during 2019-20- INR1.35 each<br>- 2 installments during 2020-21- INR1.35 each<br>- 1 installment during 2021-22- INR 1.33<br><br>Period of maturity from the balance sheet date is 30 months. | 5 | Quarterly | 5.00% |
| 18 | Chellarams Plc | NGN Unsecured TL | 12.09 | 8.06 | The term loan rescheduled in financial year 2018-19 and repayable in 5 semi-annual installments as below mentioned :<br>- 2 installments during 2019-20- INR 4.03 each<br>- 2 installments during 2020-21- INR 4.03 each<br>- 1 installment during 2021-22- INR 4.03<br>Period of maturity from the balance sheet date is 27 months. | 5 | Quarterly | 5.00% |
| 19 | Chellarams Plc | NGN Unsecured TL | 11.88 | 5.96 | The term loan rescheduled in financial year 2018-19 and repayable in 12 quarterly installments as below mentioned :<br>- 4 installments during 2019-20- INR 1.49 each<br>- 4 installments during 2020-21- INR 1.49 each<br>- 3 installments during 2021-22- INR 1.49 each<br>- 1 installments during 2021-22- INR 1.45<br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |
| 20 | Chellarams Plc | USD Unsecured TL | 83.32 | 41.68 | The term loan rescheduled in financial year 2018-19 and repayable in 12 quarterly installments as below mentioned :<br>- 4 installments during 2019-20- INR 10.42 each<br>- 4 installments during 2020-21- INR 10.42 each<br>- 3 installments during 2021-22- INR 10.42 each<br>- 1 installments during 2021-22- INR 10.38<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |

| SI No | Bank/Party | Description | 31 March 2019 | | Terms of repayment | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Non-current | Current | Repayment schedule | No. of instalments outstanding | Instalments frequency | Interest rates range (p.a.) |
| 21 | Chellarams Plc | USD Unsecured TL | 70.84 | 35.40 | The term loan rescheduled in financial year 2018-19 and repayable in 12 quarterly installments as below mentioned :<br>- 4 installments during 2019-20- INR 8.85 each<br>- 4 installments during 2020-21- INR 8.85 each<br>- 3 installments during 2021-22- INR 8.85 each<br>- 1 installments during 2021-22- INR 8.85 each<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |
| 22 | Chellarams Plc | USD Unsecured TL | 33.32 | 16.68 | The term loan rescheduled in financial year 2018-19 and repayable in 12 quarterly installments as below mentioned :<br>- 4 installments during 2019-20- INR 4.17 each<br>- 4 installments during 2020-21- INR 4.17 each<br>- 3 installments during 2021-22- INR 4.17 each<br>- 1 installments during 2021-22- INR 4.13<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |
| 23 | Chellarams Plc | USD Unsecured TL | 33.31 | 16.68 | The term loan rescheduled in financial year 2018-19 and repayable in 12 quarterly installments as below mentioned :<br>- 4 installments during 2019-20- INR 4.17 each<br>- 4 installments during 2020-21- INR 4.17 each<br>- 3 installments during 2021-22- INR 4.17 each<br>- 1 installments during 2021-22- INR 4.12<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |
| 24 | Chellarams Plc | USD Unsecured TL | 49.99 | 25.00 | The term loan rescheduled in financial year 2018-19 and repayable in 12 quarterly installments as below mentioned :<br>- 4 installments during 2019-20- INR 6.25 each<br>- 4 installments during 2020-21- INR 6.25 each<br>- 3 installments during 2021-22- INR 6.25 each<br>- 1 installments during 2021-22- INR 6.24<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |
| 25 | Chellarams Plc | USD Unsecured TL | 58.32 | 38.88 | The term loan rescheduled in financial year 2018-19 and repayable in 10 quarterly installments as below mentioned is repayable in 10 quarterly installments as below mentioned :<br>- 4 installments during 2019-20- INR 9.72 each<br>- 4 installments during 2020-21- INR 9.72 each<br>- 2 installment during 2021-22- INR 9.72 each<br><br>Period of maturity from the balance sheet date is 28 months. | 10 | Quarterly | 5.00% |
| 26 | Chellarams Plc | USD Unsecured TL | 10.22 | 5.08 | The term loan rescheduled in financial year 2018-19 and repayable in 12 quarterly installments as below mentioned :<br>- 4 installments during 2019-20- INR 1.27 each<br>- 4 installments during 2020-21- INR 1.27 each<br>- 3 installments during 2021-22- INR 1.27 each<br>- 1 installments during 2021-22- INR 1.33<br><br>Period of maturity from the balance sheet date is 36 months. | 12 | Quarterly | 5.00% |
| | | | | | | | | |
| | | | | | | | | |
| | | | **3,324.84** | **880.38** | | | | |

| SI No | Terms of |
|---|---|
| 1 to 9 | First pari passu charge by way of hypothecation of the Company's entire moveable property, plant and equipment both present and future. |
| 1 to 9 | Pari passu first charge by way of equitable mortgage on the immovable property, plant and equipment of the Company's industrial land at Plot No. 18, Sector-35, Industrial estate, Gurugram-122004. |
| 1 to 3 & 6 to 9 | Second pari passu charge by way of hypothecation on the entire current assets of the Company both present and future. |
| 10 | Loan is secured against respective vehicle. |
| 4 | Unconditional and Irrevocable Personal Guarantee of Mr. Ravi Kant Jaipuria and Ravi kant Jaipuria & Sons (HUF) and Negative lien on Industrial property situated at Plot no.18 sector - 35, Industrial Estate, Gurugram -122004 till 31 January 15 post which the lender will have first pari passu charge by way of equitable mortgage. |
| 13 | First Pari Passu Charge over entire Movable Fixed assets and Current Assets (both present and future), Unconditional and Irrevocable Corporate Guarantee of Devyani International Limited & Non Disposable Undertaking (NDU) from Devyani International for its shareholding in Devyani Food Street Private Limited. |
| 14 to 16 | Primary security: First pari passu charge on the entire moveable fixed and current assets of the Company and the loan is secured by the corporate guarantee of Devyani International Limited and personal guarantee of Mr Ravi Kant Jaipuria. |

*(INR in millions, except for share data and if otherwise stated)*

## 23 Revenue from operations

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Sale of products | | | |
| Finished goods | 11,152.67 | 14,785.81 | 12,838.46 |
| Traded goods | 41.27 | 44.59 | 33.01 |
| | | | |
| Other operating revenues | | | |
| Marketing and other services | 20.04 | 105.78 | 90.78 |
| Rental and maintenance income | 133.24 | 221.43 | 139.62 |
| Scrap sales | 1.16 | 6.25 | 4.11 |
| | **11,348.38** | **15,163.86** | **13,105.98** |

## 24 Other income

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Interest income under effective interest method from: | | | |
| -bank deposits | 2.76 | 4.55 | 3.12 |
| -others | 4.76 | 11.16 | 9.18 |
| Interest income from financial assets at amortized cost | 96.43 | 77.14 | 60.88 |
| Liabilities no longer required written back | 43.09 | 28.97 | 12.79 |
| Gain on modification of leases | 52.71 | 16.49 | - |
| Gain on termination of leases | - | 19.88 | - |
| Gain on net investment in finance leases | - | 18.76 | 42.07 |
| Derivatives at fair value through profit and loss | 6.75 | - | - |
| Rent concession [refer note 36A (iii)] | 431.17 | - | - |
| Others | 2.90 | 9.60 | 2.81 |
| | **640.57** | **186.55** | **130.85** |

*(INR in millions, except for share data and if otherwise stated)*

## 25 Cost of materials consumed

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **Raw material and packing material consumed** | | | |
| Inventories at the beginning of the year | 539.41 | 396.78 | 314.92 |
| Add: Purchases during the year | 3,469.49 | 4,629.81 | 3,854.76 |
| Less: Inventories at the end of the year | 621.97 | 539.41 | 396.78 |
| | **3,386.93** | **4,487.18** | **3,772.90** |

## 26 Purchases of stock-in-trade

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Purchase of stock-in-trade | 59.67 | 116.78 | 115.76 |
| | **59.67** | **116.78** | **115.76** |

## 27 Employee benefits expense

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Salaries, wages and bonus # | 1,369.79 | 2,007.58 | 1,723.44 |
| Contribution to provident and other funds | 86.44 | 147.54 | 127.26 |
| Gratuity (refer note 45) | 28.78 | 25.09 | 21.85 |
| Staff welfare expenses | 58.31 | 74.64 | 43.18 |
| | **1,543.32** | **2,254.85** | **1,915.73** |

# The amount includes "Employee stock option scheme (reversal)" for INR 22.83 [31 March 2020: INR (12.18); 31 March 2019: INR 2.53]. Refer note 40.

*(INR in millions, except for share data and if otherwise stated)*

## 28 Finance costs

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Interest expenses | 1,483.87 | 1,456.29 | 1,340.10 |
| Net loss on foreign currency transactions and translation to the extent regarded as finance cost | 33.27 | 127.37 | 14.24 |
| Others borrowing costs | 10.89 | 0.71 | 1.70 |
| | **1,528.03** | **1,584.37** | **1,356.04** |

## 29 Depreciation and amortisation expense

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Depreciation on property, plant and equipment (refer note 3A) | 803.73 | 805.84 | 693.61 |
| Depreciation on right-of-use assets (refer note 3C) | 1,299.31 | 1,308.76 | 1,241.12 |
| Depreciation on investment properties (refer note 3D) | 48.15 | 52.73 | 34.70 |
| Amortisation of other intangible assets (refer note 5) | 143.34 | 65.81 | 58.83 |
| | **2,294.53** | **2,233.14** | **2,028.26** |

## 30 Impairment of non-financial assets

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Impairment/(reversal) on property, plant and equipment (refer note 3A) | 405.22 | (50.34) | 182.13 |
| Impairment on right-of-use assets (refer note 3C) | 37.38 | 82.86 | - |
| Impairment on investment properties (refer note 3D) | - | 0.77 | - |
| Impairment/(reversal) of goodwill (refer note 4) | - | 11.96 | 54.33 |
| Impairment/(reversal) of other intangible assets (refer note 5) | 37.45 | (6.48) | 11.07 |
| | **480.05** | **38.77** | **247.53** |

*(INR in millions, except for share data and if otherwise stated)*

## 31 Other expenses

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Power and fuel | 651.36 | 959.34 | 858.27 |
| Rent [refer note 36A (iii)] | - | 800.24 | 650.13 |
| Repairs and maintenance | | | |
| -Plant and equipment | 118.85 | 162.67 | 156.91 |
| - Buildings | 281.53 | 383.79 | 301.85 |
| -Others | 87.58 | 84.17 | 78.03 |
| Rates and taxes | 70.30 | 87.90 | 71.68 |
| Travelling and conveyance | 45.56 | 98.96 | 102.52 |
| Legal and professional | 38.85 | 60.78 | 44.99 |
| Auditor's remuneration (refer note below) | 10.17 | 9.55 | 12.31 |
| Water | 29.63 | 41.21 | 39.82 |
| Insurance | 20.19 | 13.29 | 12.32 |
| Printing and stationery | 11.01 | 15.34 | 13.91 |
| Communication | 60.05 | 100.29 | 105.96 |
| Directors' sitting fee | 2.79 | 1.73 | 1.53 |
| Security and service | 49.92 | 126.65 | 102.86 |
| Bank charges | 17.84 | 25.09 | 13.72 |
| Advertisement and sales promotion | 661.79 | 824.42 | 573.75 |
| Commission and brokerage | 819.38 | 517.28 | 239.43 |
| Royalty and continuing fees | 724.99 | 840.39 | 727.66 |
| Freight including delivery charges | 183.68 | 207.66 | 305.83 |
| Loss on sale of property, plant and equipment (net) | 87.38 | 82.12 | 11.49 |
| Bad debts and advances written off | - | 0.13 | 0.69 |
| Loss allowance | 12.36 | 27.04 | 6.38 |
| Net loss on foreign currency transactions and translations | 36.31 | 193.70 | 2.43 |
| Derivatives at fair value through profit and loss | - | 8.62 | 5.36 |
| General office and other miscellaneous | 67.66 | 77.84 | 72.16 |
| | **4,089.18** | **5,750.21** | **4,511.97** |

*(INR in millions, except for share data and if otherwise stated)*

**Note: Auditor's remuneration**

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| As auditor | | | |
| Statutory audit* | 9.17 | 7.91 | 9.84 |
| Tax matters | 0.67 | 0.31 | 0.21 |
| Others matters | 0.05 | 1.01 | 1.51 |
| Outlays | 0.28 | 0.32 | 0.75 |
| | **10.17** | **9.55** | **12.31** |

*Inclusive of applicable taxes

## 32 Exceptional items

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Gain on termination of lease * | (568.84) | (345.78) | (131.48) |
| | **(568.84)** | **(345.78)** | **(131.48)** |

* The Group has recorded gain on termination of leases for the current year comprises on account of termination of leases with Airport Authority of India in respect of airports namely Trichi, Lucknow, Raipur and Srinagar amounting to INR 491.16 and the balance amount in respect of termination of leases of other loss making stores. During the year ended 31 March 2020 and 31 March 2019, the Group has booked a gain of INR 345.78 and INR 131.48, respectively, on account of termination of lease with Mumbai International Airport Limited.

*(INR in millions, except for share data and if otherwise stated)*

**33. Income and deferred taxes**

| **Particulars** | **For the year ended** | | |
|---|---|---|---|
| | **31 March 2021** | **31 March 2020** | **31 March 2019** |
| **The tax expense comprises of :** | | | |
| Current tax | 9.75 | 13.48 | 8.53 |
| Deferred tax | (20.43) | 4.93 | 4.49 |
| | **(10.68)** | **18.41** | **13.02** |

@ Represents the difference in income tax rates of long term capital gains/losses and items taxed at normal rates.

**Income tax recognised in other comprehensive income**

| **Particulars** | **For the year ended** | | |
|---|---|---|---|
| | **31 March 2021** | **31 March 2020** | **31 March 2019** |
| Income tax relating to remeasurement of defined benefit plans | (0.14) | (0.34) | 0.39 |
| Income tax relating to exchange difference in translating financial statements of foreign operations | - | - | - |
| | **(0.14)** | **(0.34)** | **0.39** |

**Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:**

| | | | |
|---|---|---|---|
| **Loss before tax** | **(640.55)** | **(1,195.77)** | **(941.18)** |
| Tax using the Company's domestic tax rate 31.20% (31 March 2020: 31.20%, 31 March 2019: 34.944%) | 199.85 | 373.08 | 328.89 |
| **Effect of :** | | | |
| Difference in tax rate of various entities | (24.46) | (15.10) | (49.48) |
| Expenses not deductible under tax laws | 70.32 | 88.98 | 4.37 |
| Difference in applicable tax rates and tax rates used to measure deferred taxes [refer note (ii) below] | (39.39) | (81.48) | - |
| Effect of change in income tax rates [refer note (ii) below] | - | (400.14) | 4.83 |
| Difference in tax rates @ | (14.42) | (15.22) | (45.45) |
| Impact of gain on loss of control (non-taxable) | (162.80) | - | - |
| Others | 42.54 | 101.65 | 70.21 |
| Unrecognised deferred tax asset on deductible temporary differences [refer note (iv) below] | (82.32) | (33.36) | (300.35) |
| | **(10.68)** | **18.41** | **13.02** |

@ Represents the difference in income tax rates of long term capital gains/losses and items taxed at normal rates.

| **Income tax assets and liabilities:** | **Non Current** | | |
|---|---|---|---|
| | **As at** | | |
| | **31 March 2021** | **31 March 2020** | **31 March 2019** |
| Advance tax (net of provision of tax) | 80.46 | 94.95 | 96.22 |
| | **80.46** | **94.95** | **96.22** |
| | **Current** | | |
| | **As at** | | |
| | **31 March 2021** | **31 March 2020** | **31 March 2019** |
| Income tax liability (net of provision of advance tax) | 6.85 | 6.88 | 2.82 |
| | **6.85** | **6.88** | **2.82** |

| **Deferred taxes (net)** | **Non Current** | | |
|---|---|---|---|
| | **As at** | | |
| | **31 March 2021** | **31 March 2020** | **31 March 2019** |
| The balance comprises temporary differences attributable to: | | | |
| ***Tax effect of items constituting deferred tax assets:*** | | | |
| Unused tax losses and depreciation | 1,230.72 | 1,064.90 | 1,228.20 |
| Expenses allowed on payment/actual basis | 93.95 | 143.55 | 76.04 |
| Employee stock option outstanding account | 4.52 | 25.80 | 39.81 |
| Derivative instruments | 1.82 | 3.52 | 1.87 |
| Lease liabilities (net of right of use assets) | 407.41 | 531.61 | 417.08 |
| Property, plant and equipment exceeds its tax base | 333.22 | 205.13 | 368.73 |
| Financial instruments measured at amortised cost | 71.38 | 66.28 | 18.38 |
| **Deferred tax assets** | **2,143.02** | **2,040.79** | **2,150.11** |
| **Deferred tax asset** [refer note (iv)] | **97.06** | **77.15** | **235.29** |
| ***Tax effect of items constituting deferred tax liabilities*** | | | |
| Financial instruments measured at amortised cost | (1.28) | (1.66) | (139.07) |
| **Deferred tax liabilities** | **(1.28)** | **(1.66)** | **(139.07)** |
| **Net deferred tax assets/(liabilities)** [refer note (iv) below] | **95.78** | **75.49** | **96.22** |

*(INR in millions, except for share data and if otherwise stated)*

**Notes:**

**(i) Movement in deferred tax assets/(liabilities) for year ended 31 March 2021:**

| **Tax effect of items constituting deferred tax assets:** | **As at 31 March 2020** | **On adoption of Ind AS 116** | **Credited/(charged to) Profit and loss** | **Credited/(charged to) OCI** | **As at 31 March 2021** |
|---|---|---|---|---|---|
| Unused tax losses and depreciation | 1,064.90 | - | 165.82 | - | 1,230.72 |
| Expenses allowed on payment/actual basis | 143.55 | - | (49.46) | (0.14) | 93.95 |
| Employee stock option outstanding account | 25.80 | - | (21.28) | - | 4.52 |
| Derivative instruments | 3.52 | - | (1.70) | - | 1.82 |
| Lease liabilities (net of right of use assets) | 531.61 | - | (124.20) | - | 407.41 |
| Property, plant and equipment exceeds its tax base | 205.13 | - | 128.09 | - | 333.22 |
| Financial instruments measured at amortised cost and others | 66.28 | - | 5.10 | - | 71.38 |
| **Total deferred tax assets** | **2,040.79** | **-** | **102.37** | **(0.14)** | **2,143.02** |
| **Tax effect of items constituting deferred tax liabilities** | | | | | |
| Financial instruments measured at amortised cost-liability | (1.66) | - | 0.38 | - | (1.28) |
| **Total deferred tax liabilities** | **(1.66)** | **-** | **0.38** | **-** | **(1.28)** |

**Movement in deferred tax assets/(liabilities) for year ended 31 March 2020:**

| **Tax effect of items constituting deferred tax assets:** | **As at 31 March 2019** | **On adoption of Ind AS 116** | **Credited/(charged to) Profit and loss** | **Credited/(charged to) OCI** | **As at 31 March 2020** |
|---|---|---|---|---|---|
| Unused tax losses and depreciation | 1,228.20 | - | (163.30) | - | 1,064.90 |
| Expenses allowed on payment/actual basis | 76.04 | - | 67.85 | (0.34) | 143.55 |
| Employee stock option outstanding account | 39.81 | - | (14.01) | - | 25.80 |
| Derivative instruments | 1.87 | - | 1.65 | - | 3.52 |
| Lease liabilities (net of right of use assets) | 417.08 | - | 114.53 | - | 531.61 |
| Property, plant and equipment exceeds its tax base | 368.73 | - | (163.60) | - | 205.13 |
| Financial instruments measured at amortised cost and others | 18.38 | - | 47.90 | - | 66.28 |
| **Total deferred tax assets** | **2,150.11** | **-** | **(108.98)** | **(0.34)** | **2,040.79** |
| **Tax effect of items constituting deferred tax liabilities** | | | | | |
| Financial instruments measured at amortised cost-liability | (139.07) | - | 137.41 | - | (1.66) |
| **Total deferred tax liabilities** | **(139.07)** | **-** | **137.41** | **-** | **(1.66)** |

**Movement in deferred tax assets/(liabilities) for year ended 31 March 2019:**

| **Tax effect of items constituting deferred tax assets:** | **As at 31 March 2018** | **On adoption of Ind AS 116** | **Credited/(charged to) Profit and loss** | **Credited/(charged to) OCI** | **As at 31 March 2019** |
|---|---|---|---|---|---|
| Unused tax losses and depreciation | 947.15 | - | 281.05 | | 1,228.20 |
| Expenses allowed on payment/actual basis | 67.64 | - | 8.01 | 0.39 | 76.04 |
| Employee stock option outstanding account | 38.75 | - | 1.06 | - | 39.81 |
| Derivative instruments | - | - | 1.87 | - | 1.87 |
| Lease liabilities (net of right of use assets) | - | 333.51 | 83.57 | - | 417.08 |
| Property, plant and equipment exceeds its tax base | 311.74 | - | 56.99 | - | 368.73 |
| Financial instruments measured at amortised cost and others | 170.19 | - | (151.81) | - | 18.38 |
| **Total deferred tax assets** | **1,535.47** | **333.51** | **280.74** | **0.39** | **2,150.11** |
| **Tax effect of items constituting deferred tax liabilities** | | | | | |
| Financial instruments measured at amortised cost-liability | (154.19) | | 15.12 | - | (139.07) |
| **Total deferred tax liabilities** | **(154.19)** | **-** | **15.12** | **-** | **(139.07)** |

(ii) The Group has measured its deferred tax assets and liabilities based on the income tax rates that are expected to apply to the period when such assets/liabilities are expected to be realized/settled. As per section 115BBA of the Income-tax Act 1961 (the 'Act'), as introduced by the Taxation Laws (Amendment) Ordinance, 2019 (Ordinance) during the year ended 31 March 2020, the certain companies of the Group incorporated in India and covered under the Act have an option to opt for a lower tax rate of 25.168%, as against applicable tax rate of 31.20% at that point in time. However, the Company has not yet opted for such reduced income tax rate and expects to do so in the year in which the Company has profits while other companies covered under the Act has opted for such reduced tax rates. Further, the Company also expects that the reversal of deferred tax will also happen at that point of time only and at reduced rate. Hence, deferred tax has been calculated at 25.168% in the above reconciliation of tax expense for the years ended 31 March 2021 and 2020. However, deferred tax for the year ended 31 March 2019 was measured at 34.944% based on then enacted rates.

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*(INR in millions, except for share data and if otherwise stated)*

**(iii) Tax losses and tax credits for which no deferred tax asset was recognised expire as follows:**

| | As at 31 March 2021 | | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|---|---|
| | Gross amount | Unrecognised tax effects | Gross amount | Unrecognised tax effects | Gross amount | Unrecognised tax effects |
| Unabsorbed depreciation (never expire) | 4,073.31 | 1,025.17 | 4,024.48 | 1,012.88 | 3,460.29 | 1,209.16 |
| Unused tax losses (expiry assessment year wise) | | | | | | |
| 2026-27 | 73.21 | 19.04 | 73.21 | 19.04 | 73.21 | 19.04 |
| 2027-28 | 131.06 | 32.98 | 131.06 | 32.98 | - | - |
| 2029-30 | 659.02 | 153.53 | - | - | - | - |
| Other deductible temporary differences (never expire) | 3,619.76 | 911.02 | 3,870.91 | 974.23 | 2,240.27 | 782.84 |

(iv) The Group recognised deferred tax assets INR 95.78 (31 March 2020: INR 75.49; 31 March 2019: INR 96.22) which belongs to Devyani International (Nepal) India Private Limited and Devyani Food Street Private Limited having convincing evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. As at 31 March 2020 and As at 31 March 2019, the Group has significant unabsorbed depreciation and carry forward losses. Therefore, in absence of convincing evidences that sufficient taxable profits will be available against which such deferred tax asset shall be utilised, the Group has recognised deferred tax asset to the extent of deferred tax liabilities as at respective reporting dates for companies other than mentioned above.

**34. Earnings/(Loss) per share (EPS/LPS)**

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020^ | For the year ended 31 March 2019 ^ |
|---|---|---|---|
| Loss from continuing operations attributable to owners of the Company for calculation of basic and diluted LPS | (735.45) | (790.07) | (443.99) |
| Profit/(Loss) from discontinued operations attributable to equity shareholders for calculation of basic and diluted EPS/(LPS) | 183.37 | (426.66) | (348.28) |
| Weighted average number of equity shares for the calculation of basic EPS/LPS # | 1,100,217,249 | 1,061,666,660 | 1,061,666,660 |
| Effect of dilutive potential equity shares* | | | |
| – Employee stock options | * | * | * |
| Weighted average number of equity shares for calculation of diluted EPS/LPS | 1,100,217,249 | 1,061,666,660 | 1,061,666,660 |
| Loss per share from continuing operations (INR) (basic and diluted) | (0.67) | (0.74) | (0.42) |
| Profit/(Loss) per share from discontinued operation operations (INR) (basic and diluted) | 0.17 | (0.40) | (0.33) |
| Nominal value per shares (INR)# | 1.00 | 1.00 | 1.00 |

* For the years ended 31 March 2021, 31 March 2020 and 31 March 2019, the outstanding potential equity shares had an anti-dilutive effect on LPS, hence there was no dilution of LPS in current and previous years.

# The face value of equity shares of the Company has been split from INR 10/- to INR 1/- per share with effect from 25 March 2021.
^ The basic and diluted earnings/loss per share for the years ended 31 March 2020 and 31 March 2019 are restated to take the effect of share split as per Ind AS 33 "Earnings per Share".

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*(INR in millions, except for share data and if otherwise stated)*

### 35. Fair value measurement and financial instruments

**a. Financial instruments – by category and fair values hierarchy**

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

**(i) As on 31 March 2021**

| Particulars | Carrying value | | | | Fair value measurement using | | |
|---|---|---|---|---|---|---|---|
| | Mandatory at FVTPL | Fair value through other comprehensive income ('FVOCI') | Amortised cost | Total | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | | |
| **Non current** | | | | | | | |
| (i) Loans | - | - | 435.36 | 435.36 | - | - | 435.36 |
| (ii) Other financial assets* | - | - | 167.38 | 167.38 | - | - | - |
| **Current** | | | | | | | - |
| (i) Trade receivables* | - | - | 168.80 | 168.80 | - | - | - |
| (ii) Cash and cash equivalents* | - | - | 399.62 | 399.62 | - | - | - |
| (iii) Bank balances other than cash and cash equivalents, above * | - | - | 5.71 | 5.71 | - | - | - |
| (iv) Loans | - | - | 141.57 | 141.57 | - | - | 141.57 |
| (v) Other financial assets* | - | - | 106.06 | 106.06 | - | - | - |
| **Total** | **-** | **-** | **1,424.50** | **1,424.50** | | | |
| **Financial liabilities** | | | | | | | |
| **Non current** | | | | | | | |
| (i) Lease liabilities# | - | - | 7,936.96 | 7,936.96 | - | - | 7,936.96 |
| (ii) Borrowings# | - | - | 3,593.65 | 3,593.65 | - | - | 3,593.65 |
| (iii) Other financial liabilities (other than derivatives below) | - | - | 42.07 | 42.07 | - | - | - |
| (iv) Derivatives (interest rate swap) | 7.23 | - | - | 7.23 | - | 7.23 | - |
| | | | | - | | | - |
| **Current**** | | | | | | | - |
| (i) Lease liabilities# | - | - | 787.38 | 787.38 | - | - | 787.38 |
| (ii) Borrowings# | - | - | 211.10 | 211.10 | - | - | 211.10 |
| (iii) Trade payables* | - | - | 1,619.00 | 1,619.00 | - | - | - |
| (iv) Other financial liabilities | - | - | 1,305.94 | 1,305.94 | - | - | - |
| **Total** | **7.23** | **-** | **15,496.10** | **15,503.33** | | | |

*(INR in millions, except for share data and if otherwise stated)*

**(ii) As on 31 March 2020**

| Particulars | Carrying value | | | | Fair value measurement using | | |
|---|---|---|---|---|---|---|---|
| | Mandatory at FVTPL | Fair value through other comprehensive income ('FVOCI') | Amortised cost | Total | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | | |
| **Non current** | | | | | | | |
| (i) Loans | - | - | 491.60 | 491.60 | - | - | 491.60 |
| (ii) Other financial assets* | - | - | 182.27 | 182.27 | - | - | - |
| **Current** | | | | | | | |
| (i) Trade receivables* | - | - | 172.99 | 172.99 | - | - | - |
| (ii) Cash and cash equivalents* | - | - | 132.26 | 132.26 | - | - | - |
| (iii) Bank balances other than cash and cash equivalents, above * | - | - | 28.06 | 28.06 | - | - | - |
| (iv) Loans | - | - | 128.13 | 128.13 | - | - | 128.13 |
| (v) Other financial assets* | - | - | 36.38 | 36.38 | - | - | - |
| **Total** | **-** | **-** | **1,171.69** | **1,171.69** | | | |
| **Financial liabilities** | | | | | | | |
| **Non current** | | | | | | | |
| (i) Lease liabilities# | - | - | 11,759.04 | 11,759.04 | - | - | 11,759.04 |
| (ii) Borrowings# | - | - | 3,402.17 | 3,402.17 | - | - | 3,402.17 |
| (iii) Other financial liabilities (other than derivatives below) | - | - | 38.84 | 38.84 | - | - | - |
| (iv) Derivatives (interest rate swap) | 13.98 | - | - | 13.98 | - | 13.98 | - |
| | | | | - | | | |
| **Current**** | | | | | | | |
| (i) Lease liabilities# | - | - | 1,122.83 | 1,122.83 | - | - | 1,122.83 |
| (ii) Borrowings# | - | - | 904.56 | 904.56 | - | - | 904.56 |
| (iii) Trade payables* | - | - | 1,631.89 | 1,631.89 | - | - | - |
| (iv) Other financial liabilities | - | - | 1,896.91 | 1,896.91 | - | - | - |
| **Total** | **13.98** | **-** | **20,756.24** | **20,770.22** | | | |

*(INR in millions, except for share data and if otherwise stated)*

**(iii) As on 31 March 2019**

| Particulars | Carrying value | | | | Fair value measurement using | | |
|---|---|---|---|---|---|---|---|
| | Mandatory at FVTPL | Fair value through other comprehensive income ('FVOCI') | Amortised cost | Total | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | | |
| **Non current** | | | | | | | |
| (i) Loans | - | - | 458.41 | 458.41 | - | - | 458.41 |
| (ii) Other financial assets* | - | - | 112.60 | 112.60 | - | - | - |
| | | | | - | | | |
| **Current**** | | | | | | | |
| (i) Trade receivables* | - | - | 229.84 | 229.84 | - | - | - |
| (ii) Cash and cash equivalents* | - | - | 265.72 | 265.72 | - | - | - |
| (iii) Bank balances other than cash and cash equivalents, above * | - | - | 5.10 | 5.10 | - | - | - |
| (iv) Loans | - | - | 95.80 | 95.80 | - | - | 95.80 |
| (v) Other financial assets* | - | - | 0.58 | 0.58 | - | - | - |
| **Total** | **-** | **-** | **1,168.05** | **1,168.05** | | | |
| **Financial liabilities** | | | | | | | |
| **Non current** | | | | | | | |
| (i) Lease liabilities# | - | - | 11,240.91 | 11,240.91 | - | - | 11,240.91 |
| (ii) Borrowings# | - | - | 3,324.84 | 3,324.84 | - | - | 3,324.84 |
| (iii) Other financial liabilities (other than derivatives below) | - | - | 28.36 | 28.36 | - | - | - |
| (iv) Derivatives (interest rate swap) | 5.36 | - | - | 5.36 | - | 5.36 | - |
| **Current** | | | | | | | |
| (i) Lease liabilities# | - | - | 1,105.74 | 1,105.74 | - | - | 1,105.74 |
| (ii) Borrowings# | - | - | 676.93 | 676.93 | - | - | 676.93 |
| (iii) Trade payables* | - | - | 1,368.18 | 1,368.18 | - | - | - |
| (iv) Other financial liabilities | - | - | 1,179.27 | 1,179.27 | - | - | - |
| **Total** | **5.36** | **-** | **18,924.23** | **18,929.58** | | | |

** For details regarding charge on such current financial assets - refer note 16.
# The Group's borrowings and lease liabilities have fair values that approximate to their carrying amounts as they are based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

* The carrying amounts of trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents ,other current financial assets, trade payables, capital creditors and certain other current financial liabilities approximates the fair values, due to their short-term nature. The other non-current financial assets represents bank deposits (due for maturity after twelve months from the reporting date) and interest accrued but not due on bank deposits, the carrying value of which approximates the fair values as on the reporting date.

**Other notes:**
The fair values for loan were calculated based on discounted cash flows using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values for security deposits payable were calculated based on discounted cash flows using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs.

There has been no transfer between level 1, level 2 and level 3 for the years ended 31 March 2021, 31 March 2020 and 31 March 2019.

**Valuation techniques used to determine fair value**

Specific valuation techniques used to value financial instruments include:
-Fair value of derivatives using dealer quote for similar instruments (on marked to market value as on balance sheet date of such derivative transaction)
-Fair value of non-derivative financial instruments using present value techniques, which is based on discounting expected cash flows using a risk-adjusted discount rate.

The finance department of the respective company of the Group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. These teams perform valuation either internally or externally through valuers and reports directly to the respective senior management. Discussions on valuation and results are held between the senior management and valuation teams on annual basis.

**Significant inputs**
Significant inputs used in Level 2 fair value of derivatives measured at FVTPL is marked to market value as on balance sheet date of such derivative transaction.

**b. Financial risk management**
The Group has exposure to the following risks arising from financial instruments:
▪ Credit risk;
▪ Liquidity risk;
▪ Market Risk - Foreign Currency; and
▪ Market Risk - Interest Rate

**Risk Management Framework**
The Board of Directors of the Company is responsible for reviewing the risk management policies and ensuring its effectiveness.
The Group's risk management policies are established to identify and analyse the risks faced by the Group to set appropriate risks limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in the market conditions and the Group's activities.

The Board of Directors of the Company oversee, how the management monitors compliance with Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Group.

*(INR in millions, except for share data and if otherwise stated)*

**(i) Credit risk**

The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the Consolidated Balance Sheet

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| (i) Loans (security deposits, current and non current) | 576.93 | 619.73 | 554.21 |
| (ii) Trade receivables | 168.80 | 172.99 | 229.84 |
| (ii) Cash and cash equivalents | 399.62 | 132.26 | 265.72 |
| (iv) Bank balances other than cash and cash equivalents, above | 5.71 | 28.06 | 5.10 |
| (v) Other financial assets (current and non-current) | 273.44 | 218.65 | 113.18 |

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk on cash and cash equivalents and bank deposits (shown under bank balances other than cash and cash equivalents above) and other financial assets is limited as the Group generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies. The loans primarily represents security deposits given to lessors for premises taken on lease. Such deposits will be returned to the Group on vacation of the premises or termination of the agreement whichever is earlier.

The exposure to the credit risk at the reporting date is primarily from security deposit receivables and trade receivables.

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India, Nepal and Nigeria. Trade receivables also includes receivables from credit card companies which are realisable within fortnight. The Group does monitor the economic environment in which it operates. The Group manages its credit risk through credit approvals, establishing credit limits and continuously monitoring credit worthiness of customers to which the Group grants credit terms in the normal course of business.

The Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available internal credit risk factors such as the Group's historical experience for customers. Based on the business environment in which the Group operates, management considers that the trade receivables are in default (credit impaired) if the payments are more than 90 days past due however the Group based upon past trends determine an impairment allowance for loss on receivables (other than receivables from related parties) outstanding for more than 180 days past due. For receivables from related parties impairment allowance is made on receivables outstanding for more than 365 days past due. Majority of trade receivables are from domestic customers, which are fragmented and are not concentrated to individual customers. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group's exposure to credit risk for trade receivables is as follows:

For trade receivables other than receivables from related parties (net):

| Particulars | Gross Carrying Amount | | |
|---|---|---|---|
| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
| Not due | 135.57 | 93.44 | 124.72 |
| 1-90 days past due* | 16.17 | 56.61 | 47.02 |
| 91 to 180 days past due* | - | 5.17 | 5.69 |
| More than 180 days past due # | - | 9.86 | 9.95 |
| | **151.74** | **165.08** | **187.38** |

*(INR in millions, except for share data and if otherwise stated)*

For trade receivables from related parties

| Particulars | Gross Carrying Amount | | |
|---|---|---|---|
| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
| Not due | 15.92 | 6.60 | 29.77 |
| 1-90 days past due* | 0.04 | 0.78 | 8.13 |
| 91 to 180 days past due* | 0.36 | 0.53 | 0.66 |
| 181 to 365 days past due * | 0.74 | - | 3.90 |
| | **17.06** | **7.91** | **42.46** |

* The Group believes that the unimpaired amounts that are past due for less than 180 days in case of receivables from other than related parties and 365 days in case of receivables from related parties are still collectible in full, based on historical payment behaviour, and subsequently collections.

# The Group based upon past trends determines an impairment allowance for doubtful receivables (other than receivables from related parties) outstanding for more than 365 days past due.

| Changes in the loss allowance in respect of trade receivables | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Balance at the beginning of the year | 28.66 | 6.38 | 25.63 |
| Bad debts written off | - | 0.13 | (25.63) |
| Impairment allowances for doubtful receivables # | 5.34 | 22.15 | 6.38 |
| Balance at the end of the year | **34.00** | **28.66** | **6.38** |

**(ii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to manage liquidity is to have sufficient liquidity to meet it's liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group believes that its liquidity position, including total cash and cash equivalent and bank deposits maturing within a year (including bank deposits under lien and excluding interest accrued but not due) of INR 405.33 (31 March 2020: INR 160.32; 31 March 2019: INR 270.82), anticipated future internally generated funds from operations and its fully available, revolving undrawn credit facility of INR 713.97 (31 March 2020: INR 73.10; 31 March 2019: INR 255.03) and other current assets (financial and non-financial) of INR 1,038.40 (31 March 2020: INR 1,058.37; 31 March 2019: INR 875.64) will enable it to meet its future known obligations due in next year in the ordinary course of business. In the current year ended 31 March 2021, the Group has earned a cash inflow from operating activities of INR 2,395.57 (31 March 2020: INR 3,007.16; 31 March 2019: INR 2,910.54). Further, the Group generated Earnings before Tax, depreciation and amortisation and impairment of non financial assets INR 1,381.82 (31 March 2020: INR 1157.02; 31 March 2019: INR 1,564.43)

Based on financial projections, revised and detailed business strategies, the Group expects growth in its operations and improved operating performance in coming years and also, expects to earn enhanced cash inflows from its operating activities. The Group believes such anticipated internally generated funds from operations in future and its available revolving undrawn credit facilities as at 31 March 2021 and certain other current assets (financial and non-financial) as on date, will enable it to meet its future known obligations due in next year, in the ordinary course of business. Based on the projections, the Group expects to earn cash inflow from operating activities, which can be used to settle liabilities due in the future.

The Group's liquidity management process as monitored by management, includes the following:
- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining rolling forecasts of the Group’s liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.

*(INR in millions, except for share data and if otherwise stated)*

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flow amounts are gross and undiscounted.

| | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| **Particulars** | | **Carrying amount** | **Within 1 year** | **1 to 5 years** | **More than 5 years** | **Total** |
| **As at 31 March 2021** | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Long term borrowings including current portion | | 4,422.17 | 1,094.09 | 3,814.00 | 288.85 | 5,196.94 |
| Lease liabilities | | 8,724.34 | 2,181.08 | 5,482.60 | 6,062.57 | 13,726.25 |
| Trade payables | | 1,619.00 | 1,619.00 | - | - | 1,619.00 |
| Security deposits payable | | 55.69 | 10.70 | 55.54 | 0.60 | 66.84 |
| Short term borrowings | | 211.10 | 211.10 | - | - | 211.10 |
| Capital creditors | | 341.26 | 341.26 | - | - | 341.26 |
| Others | | 122.54 | 122.54 | - | - | 122.54 |
| | - | **15,496.10** | **5,579.77** | **9,352.14** | **6,352.02** | **21,283.93** |
| **Derivative financial liabilities** | | | | | | |
| Derivatives (interest rate swap) | | 7.23 | - | 7.23 | - | 7.23 |
| | - | **7.23** | - | **7.23** | - | **7.23** |
| **As at 31 March 2020** | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Long term borrowings including current portion | | 4,536.37 | 1,408.77 | 3,728.61 | 273.14 | 5,410.51 |
| Lease liabilities | | 12,881.87 | 2,854.22 | 8,173.38 | 8,010.41 | 19,038.01 |
| Trade payables | | 1,631.89 | 1,631.89 | - | - | 1,631.89 |
| Security deposits payable | | 59.63 | 15.05 | 49.79 | 9.48 | 74.32 |
| Short term borrowings | | 904.56 | 904.56 | - | - | 904.56 |
| Capital creditors | | 467.69 | 467.69 | - | - | 467.69 |
| Others | | 274.23 | 274.23 | - | - | 274.23 |
| | - | **20,756.24** | **7,556.41** | **11,951.78** | **8,293.03** | **27,801.21** |
| **Derivative financial liabilities** | | | | | | |
| Derivatives (interest rate swap) | | 13.98 | - | - | 13.98 | 13.98 |
| | - | **13.98** | - | - | **13.98** | **13.98** |
| **As at 31 March 2019** | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Long term borrowings including current portion | | 4,205.22 | 1,199.53 | 3,647.81 | 168.46 | 5,015.80 |
| Trade payables | | 1,368.19 | 1,368.19 | - | - | 1,368.19 |
| Security deposits payable | | 45.59 | 17.48 | 22.49 | 16.15 | 56.12 |
| Short term borrowings | | 676.93 | 676.93 | - | - | 676.93 |
| Capital creditors | | 143.82 | 143.82 | - | - | 143.82 |
| Others | | 281.66 | 137.84 | - | - | 137.84 |
| | - | **6,721.41** | **3,543.79** | **3,670.30** | **184.61** | **7,398.70** |
| **Derivative financial liabilities** | | | | | | |
| Derivatives (interest rate swap) | | 5.36 | - | - | 5.36 | 5.36 |
| | - | **5.36** | - | - | **5.36** | **5.36** |

*(INR in millions, except for share data and if otherwise stated)*

**(iii) Market risk**

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates.

**A. Exposure to interest rate risk**

The exposure of the Group's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

| **Fixed-rate instruments** | **As at 31 March 2021** | **As at 31 March 2020** | **As at 31 March 2019** |
|---|---|---|---|
| Indian rupee vehicle loan | - | - | 1.17 |
| Foreign currency term loans | 694.23 | 713.86 | 563.83 |
| Hedged foreign currency term loan (via interest rate swap) | 236.63 | 323.49 | 394.62 |
| Redeemable, non-cumulative, non-convertible preference shares | 101.41 | 107.59 | 104.30 |
| | **1,032.27** | **1,144.94** | **1,063.92** |

| **Variable - rate instruments** | **As at 31 March 2021** | **As at 31 March 2020** | **As at 31 March 2019** |
|---|---|---|---|
| Indian rupee term loans | 3,370.95 | 3,365.85 | 3,105.91 |
| Short term borrowings | 211.10 | 904.56 | 676.93 |
| Foreign currency term loan | 255.58 | 349.07 | 430.01 |
| Hedged foreign currency term loan (via interest rate swap) | (236.63) | (323.49) | (394.62) |
| | **3,601.00** | **4,295.99** | **3,818.23** |

**Interest rate sensitivity analysis**

The following table illustrates the sensitivity of restated consolidated statement of profit and loss and other equity to a reasonably possible change in interest rates of +/- 1%. All other variables are held constant.

| **Change in interest rate on loans from banks (Variable - rate instruments)** | **Increase by 1%** | **Decrease by 1%** |
|---|---|---|
| Increase/(decrease) in restated consolidated Profit or Loss and other equity for the year ended: | | |
| 31 March 2021 | (36.01) | 36.01 |
| 31 March 2020 | (42.96) | 42.96 |
| 31 March 2019 | (38.18) | 38.18 |

*(INR in millions, except for share data and if otherwise stated)*

**Derivative financial instruments:**

The Group uses derivative instruments as part of its management of exposure to fluctuations in interest rates. The Group does not acquire or issue derivative financial instruments for trading or speculative purposes. The Group does not enter into complex derivative transactions to manage treasury risks. Treasury derivative contracts are normally in the nature of swap contracts and these are subject to the Group's guidelines and policies. Derivative financial instruments are recognized as assets or liabilities on the balance sheet and measured at fair value, generally based on valuations obtained from banks. The accounting for changes in the fair value of a derivative instrument depends on the intended use of the derivative and the resulting designation.

The fair values of all derivatives are separately recorded in the balance sheet within other financial assets/liabilities, as applicable. The use of derivatives can give rise to credit and market risk. The Group tries to control credit risk as far as possible by only entering into contracts with reputable banks. The use of derivative instruments are subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

**Non qualifying hedges**

The Group enters into derivative contracts which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Hedging instruments include as on date include "Interest Rate Swaps" being entered by the Group with bankers to hedge floating interest foreign currency loan and interest payments as due related thereto. Fair value changes on such derivative instruments are recognized in the Statement of Profit and Loss.

**B. Currency risk**

**Exposure to Foreign currency risk**

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Group's operating, investing and financing activities. The Investment and Borrowing Committee of the Company evaluates foreign exchange rate exposure arising from foreign currency transactions on periodic basis and follows appropriate risk management policies.

**Exposure to Foreign currency risk**

The summary of quantitative data about the Group's exposure to currency risk, as expressed in Indian Rupees, as at 31 March 2021, 31 March 2020 and 31 March 2019 are as below:

| **Particulars** | **Currency** | **As at 31 March 2021** | | **As at 31 March 2020** | | **As at 31 March 2019** | |
|---|---|---|---|---|---|---|---|
| | | **Amount** | **Amount** | **Amount** | **Amount** | **Amount** | **Amount** |
| | | (in foreign currency) | (in INR) | (in foreign currency) | (in INR) | (in foreign currency) | (in INR) |
| **Financial assets** | | | | | | | |
| Other receivables | GBP | - | - | 0.01 | 1.30 | 0.02 | 1.81 |
| **Total financial assets** | | | **-** | | **1.30** | | **1.81** |
| **Financial liabilities** | | | | | | | |
| Trade payables | GBP | 0.07 | 6.70 | 0.17 | 15.50 | 0.11 | 10.27 |
| Trade payables | USD | - | - | 0.46 | 34.52 | 0.18 | 12.42 |
| Foreign currency loans from banks | USD | 3.23 | 236.63 | 4.31 | 323.49 | 5.70 | 394.62 |
| Foreign currency loans from banks | NPR | 30.36 | 18.95 | 40.96 | 25.58 | 57.02 | 35.37 |
| Borrowings | USD | 8.82 | 693.28 | 8.82 | 713.86 | 8.82 | 563.44 |
| **Total financial liabilities** | | | **955.56** | | **1,112.95** | | **1,016.12** |

*(INR in millions, except for share data and if otherwise stated)*

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of the Indian Rupees against below currencies as at 31 March 2021 (previous year ending as on 31 March 2020 and 31 March 2019) would have affected the measurement of financial instruments denominated in foreign currency and affected profit or loss and other equity by the amounts shown below. This analysis is performed on foreign currency denominated monitory financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| Particulars | Consolidated profit/ (loss) for the year ended 31 March 2021 | | Consolidated profit/ (loss) for the year ended 31 March 2020 | | Consolidated profit/ (loss) for the year ended 31 March 2019 | |
|---|---|---|---|---|---|---|
| | Gain on appreciation | loss on depreciation | Gain on appreciation | loss on depreciation | Gain on appreciation | loss on depreciation |
| 5% depreciation / appreciation in Indian Rupees against following foreign currencies: | | | | | | |
| USD | 46.50 | (46.50) | 53.59 | (53.59) | 48.43 | (48.43) |
| NPR | 0.95 | (0.95) | 1.28 | (1.28) | 1.77 | (1.77) |
| GBP | 0.34 | (0.34) | 0.71 | (0.71) | 0.42 | (0.42) |

| Particulars | Other equity | | Other equity | | Other equity | |
|---|---|---|---|---|---|---|
| | Gain on appreciation | loss on depreciation | Gain on appreciation | loss on depreciation | Gain on appreciation | loss on depreciation |
| 5% depreciation / appreciation in Indian Rupees against following foreign currencies: | | | | | | |
| USD | 46.50 | (46.50) | 53.59 | (53.59) | 48.43 | (48.43) |
| NPR | 0.95 | (0.95) | 1.28 | (1.28) | 1.77 | (1.77) |
| GBP | 0.34 | (0.34) | 0.71 | (0.71) | 0.42 | (0.42) |

USD: United States Dollar, GBP: Great British Pound, NPR: Nepali Rupees

*(This space has been intentionally left blank)*

*(INR in millions, except for share data and if otherwise stated)*

**c. Offsetting financial assets and financial liabilities:**

The following table represents recognised financial instruments that are subject to enforceable master netting arrangements and similar agreements but not set off as at 31 March 2021, 31 March 2020 and 31 March 2019.

| Variable - rate instruments | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| **Amounts subject to master netting arrangements** | | | |
| Non current borrowings | 3,067.73 | 2,888.87 | 2,854.79 |
| Current borrowings | 558.80 | 826.05 | 682.30 |
| | **3,626.53** | **3,714.92** | **3,537.09** |
| **Financial instruments collateral** | | | |
| Trade receivables | 167.53 | 166.57 | 223.11 |
| Cash and cash equivalents | 392.50 | 94.57 | 227.15 |
| Bank balances other than cash and cash equivalents | 2.87 | 25.44 | 2.60 |
| Loans | 141.57 | 85.73 | 95.70 |
| Other financial assets | 105.99 | 36.17 | 0.45 |
| | **810.46** | **408.48** | **549.01** |
| **Net amount *** | **2,816.07** | **3,306.44** | **2,988.08** |

* Net amount shows the impact on the Group's balance sheet, if all rights were exercised.

*(This space has been intentionally left blank)*

*(INR in millions, except for share data and if otherwise stated)*

## 36 Leases

### A. Leases where the Group is a lessee

**i.** The Group leases several assets including buildings for food outlets and warehouse. Lease payments are generally fixed or are linked to revenue with minimum guarantee and lease term ranges 1-45 years.

Lease payments are generally fixed or are linked to revenue with minimum guarantees. The Group has limited number of leases where rentals are linked to annual changes in an index (either RPI or CPI).

**ii. Lease liabilities**

| **Lease liability included in balance sheet** | **As at 31 March 2021** | **As at 31 March 2020** | **As at 31 March 2019** |
|---|---|---|---|
| Current | 787.38 | 1,122.83 | 1,105.74 |
| Non current | 7,936.96 | 11,759.04 | 11,240.91 |

Note: Refer note 35 for maturity analysis of lease liabilities.

**iii. Amounts recognised in the consolidated statement of profit or loss**

| | **Note** | **For the year ended 31 March 2021** | **For the year ended 31 March 2020** | **For the year ended 31 March 2019** |
|---|---|---|---|---|
| Depreciation on right-of-use assets | 30 | 1,299.31 | 1,308.76 | 1,241.12 |
| Impairment on right-of-use assets | 31 | 37.38 | 82.86 | - |
| Interest on lease liabilities (included in interest expenses) | 29 | 1,028.32 | 1,123.90 | 1,038.40 |
| Expenses relating to short-term leases | 31 | 13.16 | 59.12 | 205.97 |
| Rent concession | | (431.17) | - | - |
| Expenses relating to leases of low-value assets | | - | - | - |
| Expense relating to variable lease payments not included in the measurement of the lease liability | 31 | 244.94 | 752.53 | 247.84 |
| **Net impact on restated consolidated statement of profit and loss** | | **2,191.94** | **3,327.17** | **2,733.33** |

During the year ended 31 March 2021, consequential to COVID-19 pandemic, the group has negotiated several rent concessions with the landlords. Further, in view of recent amendments by the Companies (Indian Accounting Standards) Amendment Rules, 2020, the Company has elected to apply the practical expedient of not assessing the rent concessions as a lease modification, as per MCA notification dated 24th July 2020 on Ind AS 116 for rent concessions received on account of COVID-19 pandemic. Accordingly, per requirements of MCA notification, out of total rent concessions confirmed till 31 March 2021 of INR 1,057.26 for continuing operations, INR 626.09 has been reduced from rent expenses (to the extent available) and balance of INR 431.17 is reported under Other Income for the year ended 31 March 2021. Rent concessions for leases in respect of discontinued operations amounted to INR 101.63. Total rent concessions amounts to INR 1,158.89.

**iv. Amounts recognised in the restated consolidated cash flow statement**

| | **For the year ended 31 March 2021** | **For the year ended 31 March 2020** | **For the year ended 31 March 2019** |
|---|---|---|---|
| Payment of lease liabilities- principal | - | 1,043.52 | 981.25 |
| Payment of lease liabilities- interest | 825.69 | 1,123.90 | 1,038.40 |
| **Total cash outflows** | **825.69** | **2,167.42** | **2,019.65** |

**v.** Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

### B. Leases where the Group is a lessor

The Group has sub-leased out some of its leased properties primarily in various food courts. All leases are classified as operating leases from a lessor perspective with the exception of certain sub-leases, which the Group has classified as finance subleases.

*(INR in millions, except for share data and if otherwise stated)*

**i. Finance lease (sub leases classified as finance leases)**

During the year ended 31 March 2021, 31 March 2020 and 31 March 2019 the Group has sub-leased a portion of multiple leased properties that have been presented as part of a right-of-use assets.

| | Note | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|---|
| Gain on net investment in finance lease | 24 | - | 18.76 | 42.07 |
| Finance income on net investment in finance leases | 23 | 12.58 | 12.47 | 1.12 |
| Income relating to variable lease payments not included in the net investment in finai | 23 | 3.33 | 1.77 | - |
| Finance lease receivables | 8 | 106.19 | 153.42 | 72.78 |

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date. Under Ind AS 17, the Group did not have any finance leases as a lessor (being sub leases classified as finance leases).

The maturity analysis of lease receivables, including the undiscounted lease payments to be received are as follows:

**Amounts receivable under finance leases:**

| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| Less than one year | 24.03 | 25.97 | 12.77 |
| One to five years | 97.79 | 115.44 | 57.38 |
| More than five years | 65.93 | 90.95 | 34.74 |
| **Total undiscounted lease payments receivable** | **187.75** | **232.36** | **104.89** |
| Less: Unearned finance income | (81.56) | (78.94) | (32.11) |
| **Net investment in finance lease** | **106.19** | **153.42** | **72.78** |

ii. The incremental borrowings rate range between 10.85% - 11.55%.

The management of the Group estimates the loss allowance on finance lease receivables at the end of the reporting period at an amount equal to lifetime expected credit loss under simplified approach. None of the finance lease receivables at the end of the reporting period is past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables (see note 19), the management of the Group consider that no finance lease receivable is impaired.

The Group entered into finance leasing arrangements as a lessor for certain leased properties under sub leasing arrangements. The average term of finance leases entered into is 9.04 years. The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in INR. Residual value risk on such right of use assets under lease is not significant.

**ii. Operating lease (sub leases classified as operating leases)**

Operating leases, in which the Group is the lessor, relate to leased properties by the Group with lease terms of between 1 to 9 years.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to leased properties of lessor under sub leasing contracts which are located in a location with active market for lessees. The Group did not identify any indications that this situation will change.

The following table presents the amounts included in restated consolidated statement of profit and loss.

| | Note | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|---|
| Lease income on operating leases | 23 | 68.30 | 144.00 | 70.47 |
| Therein lease income relating to variable lease payments that do not depend on an index or rate | | 64.94 | 9.25 | - |

**Amounts receivable under operating leases:**

| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| Less than one year | 79.55 | 92.24 | 91.81 |
| One to five years | 216.26 | 287.91 | 243.36 |
| More than five years | 10.28 | 32.73 | 60.55 |
| **Total** | **306.09** | **412.88** | **395.72** |

*(INR in millions, except for share data and if otherwise stated)*

**37 Other disclosures in regard to investment properties:**

**i. Information regarding income and expenditure of investment properties:**

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **Rental income derived from investment properties** | 69.82 | 210.65 | 108.70 |
| Direct operating expenses (including repairs and maintenance) generating rental income | 30.10 | 70.22 | 27.09 |
| Direct operating expenses (including repairs and maintenance) that did not generate rental income | 5.23 | 11.86 | 5.33 |
| **Profit arising from investment properties before interest, depreciation and indirect expenses** | **34.49** | **128.57** | **76.28** |
| Less: finance costs | (43.26) | (50.35) | (36.70) |
| Less: depreciation | (48.15) | (52.73) | (34.70) |
| Less: impairment | - | (0.77) | - |
| **(Loss)/profit arising from investment properties before indirect expenses** | **(56.92)** | **24.72** | **4.88** |

**ii. Minimum lease payments receivable under operating leases of investment properties are as follows:**

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Less than one year | 79.55 | 73.03 | 69.25 |
| One to five years | 216.26 | 335.08 | 322.79 |
| More than five years | 10.28 | 344.00 | 452.59 |

**iii. Fair value**

| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| Leasehold Investment Properties * | 306.85 | 654.64 | 735.78 |
| Owned Investment Properties # | 170.63 | - | - |

**Estimation of fair value**

* The Groups's leasehold investment properties consist of right-of-use assets in leased food courts, which has been determined based on the nature, characteristics of leases of each property.
The fair value of investment property has been determined by external, independent property valuer, having appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The Company obtained independent valuation for its investment properties and fair value measurement has been categorized as level 3 inputs. The fair value has been arrived using discounted cash flow projections based on reliable estimates of future cash flows considering growth in rental income of 5% p.a. for presented three years and discount rate of 10.81% ( 31 March 2020: 14.97%, 31 March 2019: 12.79%)

# The fair value of owned investment property has been determined by external, independent property valuer, having appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The Group obtained independent valuation for its investment properties and fair value measurement has been categorized as level 3 inputs. The fair value has been arrived using market prevailing rates applicable to same location.

*(This space has been intentionally left blank)*

**38. Related party disclosures**

**(I) List of related parties and nature of relationship where control exists:**

**(a) Parent and Ultimate Controlling Party**
RJ Corp Limited

**(b) Wholly owned subsidiaries**
Devyani International (Nepal) Private Limited
Devyani Food Street Private Limited
Devyani International (UK) Private Limited (till 16 February 2021)

**(c) Subsidiaries**
RV Enterprizes Pte. Limited
Devyani Airport Services (Mumbai) Private Limited
Devyani International (Nigeria) Limited (Subsidiary of RV Enterprizes Pte. Limited )

**(II) List of related parties and nature of relationship with whom transactions have taken place during the current / previous year:**

**(a) Parent and Ultimate Controlling Party**
RJ Corp Limited

**(b) Joint Venture**
The Minor Food Group (India) Private Limited (till 25 March 21)

**(c) Key management personnel (KMP) # :**
Mr. Ravi Kant Jaipuria - Director
Mr. Raj. P. Gandhi- Director
Mr. Virag Joshi- Chief Executive Officer and Whole Time Director
Mr. Manish Dawar - Chief Financial Officer and Director (with effect from 17 February 2021)
Mr. Sanjeev Arora - Chief Financial Officer and Director (Upto 15 February 2021)
Mrs. Rashmi Dhariwal- Independent Director
Dr. Ravi Gupta - Independent Director
Mr. Som Nath Chopra (Upto 20 December 2018)
Mr. Lalit Yadav - Company Secretary (from 4 December 2017 till 28 March 2019)
Mr. Anil Dwivedi - Company Secretary (from 7 February 2020 )

**(d) Other related parties - Entities which are joint venture or where control/significant influence exist of parties given in note (I) and (II) above :**

Ravi Kant Jaipuria & Sons (HUF)
S V S India Private Limited
Devyani Food Industries Limited
Alisha Retail Private Limited
Lineage Healthcare Limited
Modern Montessori International (India) Private Limited
Varun Beverages Limited
Champa Devi Jaipuria Charitable Trust
Mala Jaipuria Foundation
DIL Employee Gratuity Trust
Diagno Labs Private Limited
High Street Food Services Private Limited
Varun Beverage Nepal Private Limited
Parkview City Limited
Chellarams Plc
Arctic International Private Limited

**(e) Relative of KMP:**
Mrs. Dhara Jaipuria (wife of Mr. Ravi Kant Jaipuria - Dierctor)

# As per section 203 of the Companies Act, 2013, definition of Key Managerial Personnel includes Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary.

*(INR in millions, except for share data and if otherwise stated)*

**(III) Transactions with related parties during the year ended 31 March 2021, 31 March 2020 and 31 March 2019:**

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **(i) Sale of products (Finished goods)** | | | |
| Lineage Healthcare Limited | - | - | 0.12 |
| Modern Montessori International (India) Private Limited | - | 1.99 | 2.27 |
| Champa Devi Jaipuria Charitable Trust | 0.88 | 50.39 | 45.36 |
| RJ Corp Limited | - | 0.17 | 0.49 |
| Alisha Retail Private Limited | - | 0.02 | 6.81 |
| Devyani Food Industries Limited | 34.11 | 46.61 | 51.73 |
| Varun Beverages Limited | 1.41 | 3.48 | 3.49 |
| Mala Jaipuria Foundation | 0.30 | 1.89 | 1.49 |
| Devyani Food Street Private Limited* | 16.25 | 22.04 | 26.10 |
| Devyani Airport Services (Mumbai) Private Limited* | 1.07 | - | - |
| **(ii) Sale of products (Traded goods)** | | | |
| RJ Corp Limited | - | 0.47 | 0.01 |
| Varun Beverages Limited | - | 6.61 | 0.83 |
| Lineage Healthcare Limited | 0.03 | 0.01 | - |
| Devyani Food Street Private Limited* | 2.67 | 51.48 | 56.20 |
| Devyani Airport Services (Mumbai) Private Limited* | 7.95 | 8.70 | 7.26 |
| Devyani International (Nepal) Private Limited* | 15.61 | 28.65 | 27.49 |
| **(iii) Marketing and other services** | | | |
| Lineage Healthcare Limited | 0.02 | 0.06 | 0.06 |
| Devyani Airport Services (Mumbai) Private Limited* | - | - | 0.47 |
| **(iv) Sale of property, plant and equipment (PPE)** | | | |
| Alisha Retail Private Limited | - | - | 0.48 |
| Varun Beverages Limited | 0.12 | - | - |
| Diagno Labs Private Limited | - | - | 0.15 |
| Devyani Food Industries Limited | 0.68 | - | - |
| Devyani Food Street Private Limited* | - | 1.14 | 0.46 |
| **(v) Purchase of raw materials** | | | |
| Varun Beverages Limited | 36.26 | 64.66 | 84.56 |
| Devyani Food Industries Limited | 4.33 | 0.85 | 0.41 |
| Alisha Retail Private Limited | - | - | 1.74 |
| Varun Beverage Nepal Private Limited | - | 6.12 | 5.70 |
| Chellarams Plc | - | - | 5.50 |
| Devyani Food Street Private Limited* | 3.13 | - | - |
| Devyani Airport Services (Mumbai) Private Limited* | 0.39 | - | - |
| **(vi) Purchase of PPE and intangible assets** | | | |
| Devyani Food Industries Limited | 0.05 | - | - |
| Alisha Retail Private Limited | - | - | 0.13 |
| The Minor Food Group (India) Private Limited | - | - | 0.52 |
| Varun Beverages Limited | - | 1.34 | - |
| Devyani Airport Services (Mumbai) Private Limited* | 2.05 | - | 0.35 |
| **(vii) Payment to gratuity trust** | | | |
| DIL Employee Gratuity Trust | 5.00 | 5.00 | 10.00 |
| **(viii) Expenses incurred by other company on behalf of the Company** | | | |
| Alisha Retail Private Limited | - | - | 0.03 |
| Devyani Food Industries Limited | 0.03 | - | 0.02 |
| RJ Corp Limited | 0.37 | 0.86 | - |
| Devyani Airport Services (Mumbai) Private Limited* | 0.03 | - | - |
| **(ix) Expenses incurred/(collection) on behalf of other company** | | | |
| The Minor Food Group (India) Private Limited | - | - | 0.60 |
| Diagno Labs Private Limited | 0.04 | - | - |
| RJ Corp Limited | (2.29) | - | - |
| Devyani Food Street Private Limited* | - | 0.05 | 2.52 |

*(INR in millions, except for share data and if otherwise stated)*

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **(x) Rent expense** | | | |
| S V S India Private Limited | 0.08 | 0.08 | 0.08 |
| Alisha Retail Private Limited | 0.03 | - | 0.10 |
| **(xi) Rental and maintenance income** | | | |
| The Minor Food Group (India) Private Limited | - | - | 0.83 |
| Alisha Retail Private Limited | - | - | 3.82 |
| Devyani Food Street Private Limited* | - | - | 2.40 |
| **(xii) Interest income** | | | |
| Parkview City Limited | - | 8.06 | - |
| Devyani Food Street Private Limited* | 2.66 | - | 1.33 |
| Devyani Airport Services (Mumbai) Private Limited* | 22.37 | 11.48 | 3.62 |
| Devyani International (Nepal) Private Limited* | - | 0.23 | 0.60 |
| Devyani International (UK) Private Limited* | 17.61 | 24.35 | 16.38 |
| RV Enterprizes Pte. Limited* | 10.91 | 15.64 | 8.75 |
| **(xiii) Repair and maintenance - others** | | | |
| Varun Beverages Limited | - | 2.27 | - |
| **(xiv) Finance costs** | | | |
| High Street Food Services Private Limited | 7.93 | 4.48 | 4.01 |
| Arctic International Pvt Ltd | 3.86 | - | - |
| **(xv) Loan given** | | | |
| Devyani Airport Services (Mumbai) Private Limited* | 24.40 | 175.00 | 60.00 |
| Devyani Food Street Private Limited* | 111.50 | - | - |
| Devyani International (UK) Private Limited* | 26.20 | 209.99 | 126.56 |
| Parkview City Limited | - | 550.00 | - |
| RV Enterprizes Pte. Limited* | - | - | 276.69 |
| **(xvi) Loan recovered** | | | |
| Parkview City Limited | - | 550.00 | - |
| Devyani Food Street Private Limited* | - | 5.00 | 16.33 |
| Devyani Airport Services (Mumbai) Private Limited* | 23.00 | 60.00 | - |
| Devyani International (Nepal) Private Limited* | - | 6.67 | 7.68 |
| Devyani International (UK) Private Limited* | 759.71 | - | - |
| **(xvii) Director's Sitting Fees^** | | | |
| Mr. Ravi Gupta | 1.20 | 0.90 | 0.50 |
| Mrs. Rashmi Dhariwal | 1.20 | 0.60 | 0.80 |
| *^Excludes applicable taxes.* | | | |
| **(xviii) Compensation to KMPs** | | | |
| Short-term employment benefits | | | |
| Mr. Virag Joshi | 20.59 | 25.13 | 26.38 |
| Mr. Sanjeev Arora (till 15 February 21) | 4.65 | 6.18 | 1.54 |
| Mr. Som Nath Chopra | - | - | 5.79 |
| Mr. Lalit Yadav | - | - | 1.20 |
| Mr. Anil Dwivedi | 2.49 | 0.72 | - |
| Mr. Manish Dawar | 7.14 | - | - |
| Post employment benefits | | | |
| Mr. Virag Joshi | 1.02 | 1.30 | 1.30 |
| Mr. Sanjeev Arora (till 15 February 21) | 0.25 | 0.36 | 0.09 |
| Mr. Som Nath Chopra | - | - | 0.27 |
| Mr. Lalit Yadav | - | - | 0.06 |
| Mr. Anil Dwivedi | 0.09 | 0.02 | - |
| Mr. Manish Dawar | 0.37 | - | - |
| Share based payments | | | |
| Mr. Raj. P. Gandhi | 10.27 | (0.43) | - |
| Mr. Virag Joshi | 12.57 | (1.05) | - |
| Mr. Manish Dawar | 1.56 | - | - |

*(INR in millions, except for share data and if otherwise stated)*

| **Particulars** | **For the year ended 31 March 2021** | **For the year ended 31 March 2020** | **For the year ended 31 March 2019** |
|---|---|---|---|
| **(xix) Compensation to relative of KMP** | | | |
| Dhara Jaipuria | 10.03 | 12.00 | - |

The above remuneration to Key managerial personnel does not include contribution to gratuity fund and compensated absences, as this contribution is a lump sum amount for all relevant employees based on actuarial valuation.

| **Particulars** | **For the year ended 31 March 2021** | **For the year ended 31 March 2020** | **For the year ended 31 March 2019** |
|---|---|---|---|
| **(xx) Acquisition of Immovable property** | | | |
| RJ Corp Limited** | 180.00 | - | - |
| **The Company acquired food court at Mohali, Punjab. | | | |
| **(xxi) Purchase consideration for transfer of business** | | | |
| RJ Corp Limited*** | 10.00 | - | - |
| ***The Company transferred TWG India Business during the year. | | | |
| **(xxii) Equity shares allotted** | | | |
| Mr. Virag Joshi | 111.70 | - | - |
| Mr. Raj. P. Gandhi | 33.51 | - | - |
| **(xxiii) Sale of Investment** | | | |
| Arctic International Private Limited**** | 3.60 | - | - |
| ****The Company transferred the equity investment in Devyani international UK private limited for the consideration of 50,000 USD. | | | |
| **(xxiv) Loan Taken** | | | |
| Arctic International Pvt Ltd | 784.94 | - | - |
| **(xxv) Investment in equity shares** | | | |
| RV Enterprizes Pte. Limited* | - | - | 68.80 |
| Devyani International (UK) Private Limited* | - | - | 63.00 |
| **(xxvi) Conversion of loan to equity share capital** | | | |
| Devyani International (UK) Private Limited* | 189.04 | - | - |
| **(xxvii) Employee stock option scheme expenses reversal** | | | |
| Devyani Food Street Private Limited* | (0.65) | (1.89) | - |
| **(xxviii) Impairment loss of equity investment in subsidiaries** | | | |
| Devyani Food Street Private Limited* | 111.31 | - | - |
| Devyani Airport Services (Mumbai) Private Limited* | - | - | 84.84 |
| Devyani International (UK) Private Limited* | - | 350.82 | - |
| **(xxix) Impairment loss/(reversal) of loans to subsidiary** | | | |
| Devyani International (UK) Private Limited* | (307.70) | 307.70 | - |
| **(xxx) Net loss/ (gain) on investment carried at fair value through profit or loss** | | | |
| Devyani Airport Services (Mumbai) Private Limited* | - | - | 304.58 |
| Devyani International (Nepal) Private Limited* | 2.91 | (1.73) | 0.65 |
| **(xxxi) Dividend income** | | | |
| Devyani International (Nepal) Private Limited* | 1.25 | 1.25 | 1.25 |
| **(xxxii) Guarantee commission income** | | | |
| Devyani Food Street Private Limited* | - | 3.19 | 3.89 |
| Devyani International (UK) Private Limited* | - | 1.28 | 1.20 |
| Devyani International (Nepal) Private Limited* | 0.91 | 0.91 | 0.85 |
| **(xxxiii) Royalty and continuing fee recovered** | | | |
| Devyani Food Street Private Limited* | 3.29 | 15.24 | 15.84 |
| Devyani Airport Services (Mumbai) Private Limited* | 0.72 | 4.10 | 5.25 |
| **(xxxiv) Management fee** | | | |
| Devyani International (Nepal) Private Limited* | 0.46 | 21.87 | 10.42 |
| Devyani Food Street Private Limited* | - | 52.47 | 49.96 |
| **(xxxv) Loss on sale of investment** | | | |
| Devyani International (UK) Private Limited | 185.45 | - | - |

**The intra-group transactions have been eliminated in the re-stated consolidated financials.*

*(INR in millions, except for share data and if otherwise stated)*

**(IV) Balances as at 31 March 2021, 31 March 2020 and 31 March 2019:**

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| **(i) Trade payables** | | | |
| Varun Beverage Nepal Private Limited | - | 0.31 | 0.36 |
| Varun Beverages Limited | 8.71 | 7.31 | - |
| Chellarams Plc | 9.23 | 8.87 | 18.07 |
| The Minor Food Group (India) Private Limited | - | - | 0.29 |
| Devyani Food Industries Limited | - | 0.29 | - |
| **(ii) Employee related payables** | | | |
| Mr. Virag Joshi | - | 2.20 | - |
| Mr. Sanjeev Arora | - | 0.55 | - |
| Mrs. Dhara Jaipuria | - | 1.00 | - |
| Mr. Anil Dwivedi | - | 0.24 | - |
| **(iii) Employee stock options outstanding account #** | | | |
| Mr. Raj. P. Gandhi | - | 26.68 | 27.11 |
| Mr. Virag Joshi | - | 44.01 | 45.06 |
| Mr. Manish Dawar | 1.56 | - | - |
| # The above denotes value of certain employee stock options granted to key managerial personnel pending vesting/exercise. | | | |
| **(iv) Trade receivables** | | | |
| Alisha Retail Private Limited | - | - | 3.34 |
| Varun Beverages Limited | - | - | 2.26 |
| Devyani Food Industries Limited | 8.57 | - | 26.16 |
| Modern Montessori International (India) Private Limited | - | 0.34 | 0.38 |
| Champa Devi Jaipuria Charitable Trust | 0.50 | 6.74 | 6.21 |
| Lineage Healthcare Limited | 0.03 | 0.03 | 0.03 |
| Mala Jaipuria Foundation | 0.48 | 0.27 | 1.24 |
| Diagno Labs Private Limited | 0.02 | - | 1.69 |
| RJ Corp Limited | - | 0.53 | 1.20 |
| Devyani International (Nepal) Private Limited | 36.85 | 43.36 | 50.72 |
| Devyani Food Street Private Limited | 179.46 | 150.26 | 144.96 |
| Devyani Airport Services (Mumbai) Private Limited | 11.30 | 1.75 | 46.51 |
| **(v) Borrowings** | | | |
| High Street Food Services Private Limited | 0.95 | 0.90 | 0.86 |
| Chellarams Plc | 693.29 | 713.86 | 563.44 |
| **(vi) Redeemable, non-cumulative, non-convertible preference shares (unsecured)** | | | |
| High Street Food Services Private Limited | 101.41 | 107.59 | 104.30 |
| **(vii) Guarantees/security given by the other party on behalf of the Company/ subsidiaries** | | | |
| Ravi Kant Jaipuria @ ^^* | 1,237.70 | 25.57 | 44.72 |
| Ravi Kant Jaipuria and sons (HUF) #* | 480.70 | - | 9.35 |
| RJ Corp Limited ** | 539.18 | - | - |
| **(viii) Guarantees given by the Company on behalf of other party** | | | |
| Devyani Food Street Private Limited## | - | 100.00 | 125.00 |
| Devyani International (Nepal) Private Limited^ | 18.95 | 25.57 | 35.37 |
| Devyani International (UK) Private Limited@@ | - | 126.66 | 123.12 |

*(INR in millions, except for share data and if otherwise stated)*

* Mr. Ravi Kant Jaipuria and Ravi Kant Jaipuria & Sons (HUF) have given a personal guarantee to Yes Bank Limited in respect of term loan of INR 150.00 taken during the year ending 31 March 2015. The loan has been fully repaid during the year.

'@ Mr. Ravi Kant Jaipuria has given a personal gaurantee to Everest Bank Limited in respect of term loans of INR 18.95 (31 March 2020: INR 25.57, 31 March 2019 INR 35.37) inrtaken during the earlier years by Devyani International (Nepal) Private Limited.

^^ Mr. Ravi Kant Jaipuria has given a personal gaurantee to IndusInd Bank Limited, SBM Bank Limited and Axis Bank Limited in respect of term loan outstanding on 31 March 2021 of INR 1,218.75 taken by the Group.

'# 'Ravi Kant Jaipuria and sons (HUF) has given a personal gaurantee to IndusInd Bank Limited in respect of term loan outstanding on 31 March 2021 of INR 480.70 taken by the Group.

'** RJ Corp Limited has given a corporate gaurantee to Axis Bank Limited in respect of term loan outstanding on 31 March 2021 of INR 539.18 taken by the Group.

## The Company has given guarantee to Yes Bank Limited with a limit of INR Nil (31 March 2020: INR 100.00, 31 March 2019: INR 125.00) in respect of borrowings of Devyani Food Street Private Limited.

@@ The Company has given guarantee to Axis Bank Limited with a limit of GBP Nil (31 March 2020: GBP 1.36 million, 31 March 2019: GBP 1.36 million) in respect of rent payable to landlord for lease of Devyani International (UK) Private Limited. Further, the Company has provided a letter of support for financial and operational assistance to Devyani International (UK) Pvt. Ltd for ongoing operations for atleast 12 months.

^ The Company has given guarantee to Everest Bank Limited with a limit of NPR. 30.34 million (31 March 2020: NPR 40.96 million, 31 March 2019: NPR 250.00 million) in respect of borrowings of Devyani International Nepal Private Limited.

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** | **As at 31 March 2019** |
|---|---|---|---|
| **(viii) Other receivables** | | | |
| RJ Corp Limited | 7.46 | - | - |
| Devyani Food Street Private Limited | 2.53 | 1.92 | 3.81 |
| Devyani International (UK) Private Limited | - | 1.27 | 1.81 |
| Devyani International (Nepal) Private Limited | 2.02 | 3.04 | - |
| **(ix) Loans including accrued interest*** | | | |
| Devyani Food Street Private Limited | 113.96 | - | 5.00 |
| Devyani International (Nepal) Private Limited | - | - | 6.41 |
| Devyani Airport Services (Mumbai) Private Limited | 177.10 | 185.33 | 63.62 |
| RV Enterprizes Pte. Limited | 328.82 | 327.24 | 285.43 |
| Devyani International (UK) Private Limited** | - | 548.16 | 592.71 |

* Includes interest accrued on loans to related parties amounting to INR 39.04 (31 March 2020: INR 78.87, 31 March 2019: INR 29.65)

**The balance is net of provision for impairment created during the year INR Nil (31 March 2020 INR 307.70, 31 March 2019 INR Nil)

**(V) Terms and Conditions**

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business. Outstanding balances at year end are unsecured and settlement occurs in cash.

*(This space has been intentionally left blank)*

*(INR in millions, except for share data and if otherwise stated)*

**39 Contingent liabilities, commitments and other claims**
(to the extent not provided for)

**Contingent liabilities and other claims:**

**(a) Claims against the Group not acknowledged as debts-: #**

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** | **As at 31 March 2019** |
|---|---|---|---|
| **(i) Claims made by Sales tax authorities, Service tax authorities and Income tax authorities** | | | |
| - Goods and service tax | - | 0.31 | - |
| - Value added tax | 44.17 | 26.39 | 13.59 |
| - Service tax | 10.37 | 22.18 | 26.55 |
| - Income tax | 184.73 | 184.65 | 96.11 |
| | **239.27** | **233.53** | **136.25** |
| **(ii)** Others (miscellaneous claims in relation to Group's operations) # | 30.44 | 24.40 | 35.72 |

# The Group is party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on the restated consolidated financial information and hence no provision has been recorded against these legal proceedings at this stage. Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities. Accordingly, the above mentioned contingent liabilities are disclosed at an undiscounted amount.

**(b) Others**

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** | **As at 31 March 2019** |
|---|---|---|---|
| **Commitments:** | | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for [(net of advances of INR 136.98 (31 March 2020: INR 25.20, 31 March 2019: INR 23.99)] | 494.40 | 2,079.19 | 57.72 |

*(This space has been intentionally left blank)*

## 40 Share based payments

**a. Description of share based payment arrangements**
**i. Share Options Schemes (equity settled)**

**ESOS - 2011**
On 20 September 2011 and 20 December 2011, the Board of Directors approved the Employees Stock Option Scheme 2011 ("ESOS 2011"), which was approved by the shareholders on 20 December 2011 and subsequently on 18 May 2012 for increasing the ceiling limit to 49,00,000 Options ("Ceiling Limit") with condition at any given point of time no Grantee shall be granted Options during any one year, equal to or exceeding 1% of the issued capital of the Company except with the specific approval of the members accorded in a general body meeting. As per ESOS 2011, holders of vested Options are entitled to purchase one equity share for every Option at an exercise price of INR 111.70. ESOS 2011 was formulated with the objective to enable the Company to grant Options for equity shares of the Company to certain eligible employees, officers and directors of the Company and its subsidiaries, to purchase shares from the Company at a pre-determined price. A resolution was passed in the meeting of the Board of Directors held on 6 May 2014 wherein certain additional Options were granted at the same terms and conditions as mentioned in ESOS 2011.

Further, ESOS 2011 was amended subsequently and was approved by the shareholders on 17 March 2021. The resolution provides the delinking of vesting schedule of the Options from filing of the RHP by the Company and for aligning the Scheme in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended, read with the SEBI Circular no. CIR/CFD/POLICY CELL/2/2015 dated 16 June 2015 (“SEBI SBEB Regulations”) and accordingly all Options under ESOS 2011 were vested immediately on the day of passing the said resolution and the exercise window for ESOS 2011 was opened by the Nomination and Remuneration Committee on 17 March 2021. The Company received the exercise letters from the Options holders and allotted 15,81,500 equity shares pursuant to exercise of Options.

**ESOS - 2018**
On 6 April 2018, the Board of Directors approved the Employees Stock Option Scheme 2018 ("ESOS 2018"), which was approved by the shareholders on 21 September 2018. ESOS 2018 has been formulated with the same objective as ESOS 2011. ESOS 2018 provides that Options so granted, shall not represent more than 5% of the fully diluted share capital of the Company at any given point of time ("Ceiling Limit") and no Grantee shall be granted Options during any one year, equal to or exceeding 1% of the issued capital of the Company except with the specific approval of the members accorded in a general body meeting. As per ESOS 2018 Grant letters, holders of vested Options are entitled to purchase one equity share for every Option at an exercise price of INR 306.12.

Further ESOS 2018 was subsequently amended and approved by the shareholders on 17 March 2021 for linking the vesting of options to listing date of shares of the Company and to align the Scheme with compliance requirement of SEBI (Share Based Employee Benefits) Regulations, 2014, as amended, read with the SEBI Circular no. CIR/CFD/POLICY CELL/2/2015 dated 16 June 2015 (“SEBI SBEB Regulations”). Under the ESOS 2018, no vesting shall occur until date of listing of shares on recognized Stock Exchanges by the Company in respect of proposed offer.

**ESOS - 2021**
On 17 March 2021, the Board of Directors approved the Employees Stock Option Scheme 2021 ("ESOS 2021") in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended, read with the SEBI Circular no. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 (“SEBI SBEB Regulations”), which was approved by the shareholders on 17 March 2021. ESOS 2021 was formulated with the same objective of ESOS 2011 and ESOS 2018.

ESOS 2021 provides that Options so granted, shall not represent more than 5% of the fully diluted share capital of the Company at any given point of time ("Ceiling Limit") and no Grantee shall be granted Options during any one year, equal to or exceeding 1% of the issued capital of the Company except with the specific approval of the members accorded in a general body meeting by way of a special resolution. As per ESOS 2021 Grant letters, holders of vested Options are entitled to purchase one equity share for every Option at an exercise price of INR 433.28.

*(INR in millions, except for share data and if otherwise stated)*

The Options were granted on the dates as mentioned in the table below:

| S. No. | Grant Date | Number of Options granted | Exercise Price (INR) | Vesting Condition | Vesting period | Contractual period (years) |
|---|---|---|---|---|---|---|
| 1 | 19 May 2012 | 2,088,200 | 111.70 | Graded vesting over 4 years or after the filling of RHP by the Company for the purpose of IPO, whichever is later. | 30 June 2022* | 0 to 5 (31 March 2020: 2.75 to 7.75; 31 March 2019: 1.75 to 6.75) |
| 2 | 31 May 2014 | 300,000 | 111.70 | Graded vesting over 4 years or after the filling of RHP by the Company for the purpose of IPO, whichever is later. | 30 June 2022* | 0 to 5 (31 March 2020: 2.75 to 7.75; 31 March 2019: 1.75 to 6.75) |
| 3 | 21 September 2018 | 506,000 | 306.12 | Graded vesting over 4 years or after the filling of RHP by the Company for the purpose of IPO, whichever is later. | # and @ | 0.25 to 5.76 (31 March 2020: 2.25 to 7.76; 31 March 2019: 1.75 to 6.75) |
| 4 | 17 March 2021 | 720,000 | 433.28 | Graded vesting over 4 years being first vesting due on 17 March 2022 | 17 March 2022 to 17 March 2025 | 1 year to 9 years |

* During the current year as mentioned above, ESOS - 2011 was amended and approved in shareholders meeting dated 17 February 2021. Accordingly, all Options under ESOS 2011 were vested immediately on the day of passing the said resolution. As at 31 March 2020 vesting date was 30 June 2022 (31 March 2019: 31 December 2020).

# As mentioned above, ESOS - 2018 was amended and approved in shareholders meeting dated 17 February 2021 for linking the vesting of options to listing date of shares of the Company.

@ 379,500 options on 30 June 2021 and 126,500 options on 1 January 2022 (31 March 2020: 379,500 options on 30 June 2022 and 126,500 options on 1 January 2023). During the year ended 31 March 2019 the vesting dates were : 126,500 Options each on 31 December 2020, 1 January 2021, 1 January 2022 and 1 January 2023.

Note - Exercise period in every scheme is maximum five years from the date of vesting of shares.

*(INR in millions, except for share data and if otherwise stated)*

**b. Measurement of fair values**

The fair values are measured based on the Black-Scholes-Merton model. The fair value of the options and inputs used in the measurement of the grant date fair values of the equity -settled share based payments are as follows:

| Particulars | Options granted on | | | |
|---|---|---|---|---|
| | 17 March 2021 | 21 September 2018 | 31 May 2014 | 19 May 2012 |
| Fair value per Option at grant date (in INR) | 183.51 - 239.33 | 105.28 - 133.03 | 123.17 | 56.35 - 57.28 |
| Share price at grant date (in INR) | 432.98 | 268.99 | 151.07 | 93.21 |
| Exercise price (in INR) | 433.28 | 306.12 | 111.70 | 111.70 |
| Expected volatility | 45.60% - 50.50% | 35.27% - 35.77% | 64.20% | 43.03% |
| Expected life (in years) | 3.50 - 6.50 | 4.75 - 6.75 | 8.59 | 8.38 - 8.63 |
| Expected dividends | 0.00% | 0.00% | 0.00% | 0.00% |
| Risk-free interest rate | 5.39% - 6.31% | 8.06% - 8.11% | 9.19% | 8.50% - 8.51% |

The risk free interest rates are determined based on current yield to maturity of 10 years Government Bonds with similar residual maturity equal to expected life of the Options. Expected volatility calculation is based on historical daily closing stock prices of competitors using standard deviation of daily change in stock price. The minimum life of the stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which options cannot be exercised. The expected life has been considered based on average of maximum life and minimum life and may not necessarily be indicative of exercise patterns that may occur.

**c. Effect of employee stock option schemes on the consolidated statement of profit and loss**

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Employee stock option scheme (reversal)/expense* | 22.62 | (12.18) | 2.52 |

*included in Salaries, wages and bonus (refer note 28)

**d. Reconciliation of outstanding share options**
**The number and weighted-average exercise prices of share options under the share option schemes are as follows:**

| Particulars | As at 31 March 2021 | | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|---|---|
| | Number of options | Weighted average exercise price (INR) | Number of options | Weighted average exercise price (INR) | Number of options | Weighted average exercise price (INR) |
| **Number of options granted, exercised and forfeited** | | | | | | |
| Options outstanding as at the beginning of the year | 1,985,500 | 124.04 | 2,365,500 | 153.29 | 1,871,500 | 111.70 |
| Add: Options granted during the year | 720,000 | 433.28 | - | - | 506,000 | 306.12 |
| Less: Options exercised during the year | 1,581,500 | 111.70 | | | | |
| Less: Options forfeited/ lapsed during the year | 266,000 | 306.12 | 380,000 | 306.12 | 12,000 | 111.70 |
| | **858,000** | **349.83** | **1,985,500** | **124.04** | **2,365,500** | **153.29** |
| **Options outstanding as at the end of the year*** | 8,580,000 | - | - | - | - | - |
| **Options exercisable at the end of the year** | - | - | - | - | - | - |

*(INR in millions, except for share data and if otherwise stated)*

* Pursuant to share split with effect from 25 March 2021 the number options outstanding 858,000 is changed to 8,580,000 as a result of share split.

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| Weighted average remaining life of options outstanding at the end of year (in years) | 7.62 | 7.30 | 6.92 |

*(INR in millions, except for share data and if otherwise stated)*

## 41 Capitalisation of expenditure incurred during construction period

The Group has commenced operations of certain quick service restaurants (stores) during the year ended 31 March 2021, 31 March 2020 and 31 March 2019. Certain directly attributable costs are incurred on commissioning of the quick service restaurants up to the date of commercial operations. This cost has been apportioned to certain property, plant and equipment on reasonable basis. Details of such costs capitalised is as under :-

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Employee benefits expense | 20.60 | 25.65 | 23.92 |
| Other expenses | 35.99 | 27.59 | 40.06 |
| | **56.59** | **53.24** | **63.98** |

## 42 Impairment of non-financial assets

In accordance with Ind AS 36 "Impairment of Assets", the Group has identified individual quick service restaurants (stores) as a separate cash generating unit (CGU) for the purpose of impairment review. Management periodically assesses whether there is an indication that an asset may be impaired using a benchmark of two-year's history of operating losses or marginal profits for a store. In view of higher operating costs or decline in projected sales growth, certain stores have been impaired in the current and previous years. Based on the results of impairment testing for these stores in the current year, the property, plant and equipment, right-of-use assets, investment properties and other intangible assets, carrying value of these stores aggregating INR 568.65 (net of opening provision for impairment of INR 96.11) (31 March 2020: INR 366.92 net of opening impairment of INR 68.86), (31 March 2019: INR 410.28 net of opening impairment of INR 153.35) have been reduced to the recoverable amount aggregating to INR 14.80 (31 March 2020: INR 17.54, 31 March 2019: INR 136.34) by way of impairment charge of INR 553.74 (31 March 2020: INR 207.56, 31 March 2019: INR 273.94). Recoverable amount is value in use of these stores computed based upon projected cash flows from operations with sales growth of Nil-5% (31 March 2020: 5%-20%, 31 March 2019: 5%-20%) and salary growth rate of 6% (31 March 2020: 6%, 31 March 2019: 8%), over balance lease term , discounted at rate of 12.17 % p.a. (31 March 2020: 12.11% p.a., 31 March 2019: 12.97% p.a.). Carrying value of a store includes property, plant and equipment, intangible assets used at a store, right-of-use assets, investment properties and allocated corporate assets. Further carrying value and recoverable value of each store is calculated net of lease liabilities.

Moreover, the impairment reversal of INR 73.69 (31 March 2020: INR 180.75, 31 March 2019: INR 80.75) is primarily on account of stores where the actual sales growth rate has exceeded the projected sales growth rate, hence the recoverable amount aggregating to INR 277.72 (31 March 2020: INR 337.33, 31 March 2019: INR 777.27) has exceeded the written down value of these stores aggregating INR 204.03 (after considering impairment charge recorded in 31 March 2020 amounting to INR 183.21)(31 March 2020: INR 190.06, 31 March 2019: INR 136.99) after considering impairment charge recorded in preceding previous years INR 258.59).

Goodwill amounting to INR 504.57 (31 March 2020: INR 84.46, 31 March 2019: INR 9.49) is allocated across multiple stores acquired under business combination. The goodwill allocated over the stores acquired under business combination agreement, is tested for impairment wherein the recoverable amount is calculated based on the same key assumptions as mentioned above. No impairment loss has been recorded on the aforesaid goodwill during the year.

The key assumptions have been determined based on management's calculations after considering, past experiences and other available internal information and are consistent with external sources of information to the extent applicable.

For goodwill impairment assessment, management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the said stores.

Management has identified that a reasonably possible change in the three key assumptions could cause a change in amount of impairment loss/ (reversal). The following table shows the amount by which the impairment loss/(reversal) would increase/ (decrease) on change in these assumptions by 1%. All other factors remaining constant.

| Impairment loss | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Impairment charge for non financial assets | 553.74 | 207.56 | 273.94 |
| Impairment reversal for non financial assets | (73.69) | (180.75) | (80.74) |
| Impairment charge on goodwill (refer note 4) | - | 11.96 | 54.33 |
| **Net impairment charge** | **480.05** | **38.77** | **247.53** |

*(INR in millions, except for share data and if otherwise stated)*

| **Increase/(decrease) in impairment loss** | **For the year ended 31 March 2021** | **For the year ended 31 March 2020** | **For the year ended 31 March 2019** |
|---|---|---|---|
| **Discount Rate** | | | |
| (Increase by 1%) | 2.15 | 8.97 | (7.49) |
| (Decrease by 1%) | (1.93) | (8.42) | 7.82 |
| **Sales Growth Rate** | | | |
| (Increase by 1%) | (9.25) | (30.37) | (48.11) |
| (Decrease by 1%) | 11.96 | 29.19 | 52.40 |
| **Salary Growth Rate** | | | |
| (Increase by 1%) | 1.97 | 3.84 | 12.28 |
| (Decrease by 1%) | (1.81) | (3.87) | (11.91) |

**43 Transfer pricing**

The Company has established a comprehensive system of maintenance of information and documents that are required by the transfer pricing legislation under Section 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by due date as required under the law. The management is of the opinion that its international transactions with the associated enterprises are at arm’s length so that the aforesaid legislation will not have any impact on the consolidated financial information, particularly on the amount of tax expense and that of provision for taxation.

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*(INR in millions, except for share data and if otherwise stated)*

**44 Capital management**

The Group's objective for capital management is to maximize shareholder's value, safeguard business continuity and support the growth of the Group. The Group determines the capital requirement based on annual operating plan and other strategic investment plans. The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize returns to all its shareholders. The Group's funding requirements are met through equity infusions, internal accruals and a combination of both long-term and short-term borrowings. The Group raises long term loans mostly for its expansion requirements and based on the working capital requirement utilise the working capital facilities. The Group monitors capital on the basis of consolidated total debt to consolidated total equity on a periodic basis.

**45 Employee benefits**

**I. Defined contribution plans**

An amount of INR 69.36 (31 March 2020: INR 113.86; 31 March 2019 INR 89.61) has been recognised as an expense in respect of the Group's contribution to the Employees' Provident Fund and other fund deposited with the relevant authorities and has been charged to the Consolidated Statement of Profit and Loss.

**II. Defined benefit plans***

The Group operates a gratuity plan wherein every employee is entitled to the benefit. Gratuity is payable to all eligible employees (who have completed 5 years or more of service) of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payments of Gratuity Act, 1972. Gratuity liability is partially funded by the Company through annual contribution to DIL Employees Gratuity Trust (the 'Trust') against ascertained gratuity liability. Trustees administer contributions made to the Trust and contributions are invested in a scheme with the Life Insurance Corporation of India as permitted by law of India

The funding requirements of the plan are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purpose for which assumptions may differ from the assumptions set out in (iii) below. Employees do not contribute to the plan.

The Company has defined that, in accordance with the terms and conditions of the aforesaid plan and in accordance with statutory requirements (including minimum funding requirements) of the plan of relevant jurisdiction, the present value of refund or reduction in future contributions is not lower than the balance of the total fair value of the plan assets less than total present value of obligations.

*One of the subsidiary was operating gratuity plan till 16th July 2019 and w.e.f. 17th July 2019 it opted for contribution to Social Security Fund (SFF) in lieu of gratuity. Accordingly, the subsidiary has provided and accumulated the gratuity liability till 16th July 2019.

The following table sets out the status of the gratuity plan as required under Ind AS 19 - 'Employee Benefits'

**i. Changes in present value of defined benefit obligation:**

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** | **As at 31 March 2019** |
|---|---|---|---|
| Present value of obligation as at beginning of year | 117.53 | 113.02 | 90.39 |
| Acquisition adjustment | 30.36 | 3.00 | 3.62 |
| Interest cost | 6.50 | 7.69 | 6.71 |
| Current service cost | 22.92 | 16.97 | 16.52 |
| Benefits paid | (24.00) | (19.80) | (14.36) |
| Actuarial (gain)/loss recognised in other comprehensive income | - | - | - |
| -changes in demographic assumption | - | (0.05) | (0.06) |
| -changes in financial assumption | 0.84 | (1.34) | 1.58 |
| -experience adjustment | 12.03 | (2.26) | 8.32 |
| Exchange differences on translation | (0.47) | 0.30 | 0.30 |
| **Present value of obligation as at end of year** | **165.71** | **117.53** | **113.02** |

**ii. Reconciliation of the present value of plan assets :**

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** | **As at 31 March 2019** |
|---|---|---|---|
| **Balance at the beginning of the year** | 14.02 | 21.91 | 19.92 |
| Return on plan assets recognised in other comprehensive income | 0.80 | 1.63 | 1.78 |
| Fund Charges | (0.05) | (0.12) | (0.12) |
| Contribution paid into the plan | 5.00 | 5.00 | 10.00 |
| Benefits paid | (19.35) | (14.40) | (9.67) |
| **Balance at the end of the year** | **0.42** | **14.02** | **21.91** |
| **Net defined benefit liability/ ( asset )** | **165.29** | **103.51** | **91.11** |

*(INR in millions, except for share data and if otherwise stated)*

**iii.Actuarial assumptions**

**A. Economic assumptions**

The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate takes into account inflation, seniority, promotion and other relevant factors on long term basis. Valuation assumptions are as follows

| Particulars | 31 March 2021 | 31 March 2020 | 31 March 2019 |
|---|---|---|---|
| Discounting rate | 4% - 14% | 5% - 14% | 6.52% - 14% |
| Future salary increase | 6% - 11% | 6% - 11% | 8% - 11% |

**B. Demographic assumptions**

| Particulars | 31 March 2021 | 31 March 2020 | 31 March 2019 |
|---|---|---|---|
| (i) Retirement age (years) | 58-60 | 58-60 | 58-60 |
| (ii)Ages | **Withdrawal rate per annum(%)** | **Withdrawal rate per annum(%)** | **Withdrawal rate per annum(%)** |
| Up to 30 years | 50 | 50 | 50 |
| From 31 to 44 years | 37 | 37 | 37 |
| Above 44 years | 30 | 30 | 30 |

(iii) Assumptions regarding future mortality are not based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a retiring employee.

**iv. (a) Information for funded plans with a defined benefit obligation:**

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| Defined benefit obligations | 147.89 | 116.02 | 94.01 |
| Fair value of plan assets | 0.42 | 14.02 | 21.91 |
| | **147.47** | **102.00** | **72.10** |

**iv. (b) Information for non funded plans with a defined benefit obligation:**

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| Defined benefit obligation | 17.82 | 1.51 | 19.01 |
| | **17.82** | **1.51** | **19.01** |

**iv. (c) Expense recognised in restated restated consolidated Profit or Loss:**

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **Employee benefit expenses:** | | | |
| (a) Current service cost | 22.99 | 18.83 | 16.52 |
| (b) Interest cost | 6.50 | 7.69 | 6.71 |
| (c) Interest income on plan assets | (0.71) | (1.43) | (1.38) |
| | **28.78** | **25.09** | **21.85** |

**iv. (d) Remeasurement recognised in other comprehensive income:**

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Actuarial (gain)/loss on defined benefit obligation | 12.81 | (3.65) | 9.84 |
| Actuarial (gain)/loss on plan assets | 0.13 | (0.08) | (0.29) |
| | **12.94** | **(3.73)** | **9.55** |
| Expenses recognised in restated consolidated statement of profit and loss | **41.72** | **21.36** | **31.40** |

*(INR in millions, except for share data and if otherwise stated)*

**v. Reconciliation statement of expense in restated consolidated statement of Profit and Loss:**

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Present value of obligation as at the end of the year | 165.71 | 117.53 | 113.02 |
| Present value of obligation as at the beginning of the year | (117.53) | (113.02) | (90.39) |
| Benefits paid | 24.00 | 21.56 | 14.36 |
| Actual return on plan assets | (0.75) | (1.51) | (1.67) |
| Acquisition adjustment | (30.36) | (3.00) | (3.62) |
| Exchange differences on translation | 0.65 | (0.21) | (0.30) |
| **Expenses recognised in the restated consolidated statement of Profit and Loss** | **41.72** | **21.35** | **31.40** |

The Group expects to contribute INR 31.37 (31 March 2020 INR 30.32; 31 March 2019 INR 30.32) to gratuity in the next year.

**vi. Change in fair value of plan assets:**

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| Opening fair value of plan assets | 14.02 | 21.91 | 19.92 |
| Actual return on plan assets | 0.80 | 1.63 | 1.78 |
| Fund charges | (0.05) | (0.12) | (0.12) |
| Contribution by employer | 5.00 | 5.00 | 10.00 |
| Benefits paid | (19.35) | (14.40) | (9.67) |
| **Fair value of plan assets as at year end** | **0.42** | **14.02** | **21.91** |

**vii. The Group's expected maturity analysis of undiscounted defined benefit liability is as follows:**

| Particulars | Less than a year | Between one to two years | Between two to five years | Over 5 years |
|---|---|---|---|---|
| 31 March 2021 | 127.60 | 40.00 | 291.41 | 2,270.84 |
| 31 March 2020 | 31.37 | 25.27 | 36.32 | 24.57 |
| 31 March 2019 | 30.32 | 6.99 | 14.07 | 61.63 |

**viii. Bifurcation of closing net liability at the end of year**

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| Current liability (amount due within one year) | 54.63 | 27.25 | 8.41 |
| Non-current liability (amount due over one year) | 110.66 | 76.26 | 82.70 |
| | **165.29** | **103.51** | **91.11** |

**ix. Sensitivity analysis**

**A quantitative sensitivity analysis for significant assumption is as shown below:**

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| **Impact of the change in discount rate on defined benefit obligation** | | | |
| a) Impact due to increase of 1% | (2.79) | (1.86) | (2.77) |
| b) Impact due to decrease of 1% | 2.86 | 2.23 | 2.93 |
| **Impact of the change in Salary on defined benefit obligation** | | | |
| a) Impact due to increase of 1% | 2.75 | 2.23 | 2.84 |
| b) Impact due to decrease of 1% | (2.77) | (1.86) | (2.74) |

The sensitivity analysis is based on a change in above assumption while holding all other assumptions constant. The changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied when calculating the provision for defined benefit plan recognised in the Consolidated Balance Sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.
Although the analysis does not take account of the full distribution of cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions shown.

*(INR in millions, except for share data and if otherwise stated)*

**Risk exposure:**
The defined benefit plan is exposed to a number of risks, the most significant of which are detailed below:
Change in discount rates: A decrease is discount yield will increase plan liabilities
Mortality table: The gratuity plan obligations are to provide benefits for the life of the member, so increase in life expectancy will result in a increase in plan liabilities.

**III. Compensated absences**

**iv. (a) Expense recognised in the restated consolidated statement of profit or loss:**

| **Particulars** | **For the year ended 31 March 2021** | **For the year ended 31 March 2020** | **For the year ended 31 March 2019** |
|---|---|---|---|
| **Employee benefit expenses:** | | | |
| (a) Current service cost | 27.00 | 18.43 | 23.60 |
| (b) Interest cost | 2.84 | 5.16 | 4.61 |
| (c) Net actuarial (gain) / loss recognized in the period | 20.23 | (29.48) | 2.03 |
| | **50.07** | **(5.89)** | **30.24** |

**IV. Code of Social Security**

The Code on Social Security, 2020 (‘Code’) relating to employee benefits received Presidential assent in September 2020, applicable for Indian entities. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

*(This space has been intentionally left blank)*

*(INR in millions, except for share data and if otherwise stated)*

**49 Additional information required by Schedule III to the Act:**

**As at 31 March 2021**

| Name of the entity in the group | Net assets | | Share in profit/(loss) | | Share in other comprehensive | | Share in total comprehensive income/(loss) | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated Net assets | Amount | As % of consolidated loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive loss | Amount |
| **Parent** | | | | | | | | |
| Devyani International Limited (DIL) | 416.24% | 2,991.05 | 103.68% | (653.05) | -22.84% | (11.92) | 115.11% | (664.97) |
| **Subsidiaries** | | | | | | | | |
| (Parent's share) | | | | | | | | |
| **Subsidiaries Incorporated in India** | | | | | | | | |
| Devyani Food Street Private Limited | -26.69% | (191.77) | 10.05% | (63.30) | 0.78% | 0.41 | 10.89% | (62.89) |
| Devyani Airport Services (Mumbai) Private Limited | -108.25% | (777.86) | 16.77% | (105.61) | -0.34% | (0.18) | 18.31% | (105.79) |
| **Subsidiaries Incorporated outside India** | | | | | | | | |
| Devyani International (Nepal) Private Limited | 5.60% | 40.26 | -1.43% | 9.03 | 0.50% | 0.26 | -1.61% | 9.29 |
| Devyani International (UK) Private Limited | 0.00% | - | 41.82% | (263.43) | -112.76% | (58.86) | 55.79% | (322.29) |
| RV Enterprizes Pte. Limited | -191.09% | (1,373.17) | 8.94% | (56.34) | 152.89% | 79.81 | -4.06% | 23.47 |
| **Non controlling interest** | | | | | | | | |
| **Subsidiaries Incorporated in India** | | | | | | | | |
| Devyani Airport Services (Mumbai) Private Limited | -46.25% | (332.32) | 8.21% | (51.74) | -0.17% | (0.09) | 8.97% | (51.83) |
| **Subsidiaries Incorporated outside India** | | | | | | | | |
| RV Enterprizes Pte. Limited | -12.08% | (86.83) | 4.14% | (26.05) | 81.76% | 42.68 | -2.88% | 16.63 |
| Inter group eliminations | 62.52% | 449.23 | -92.18% | 580.62 | 0.17% | 0.09 | -100.53% | 580.71 |
| **As at 31 March 2021** | **100.00%** | **718.58** | **100.00%** | **(629.87)** | **100.00%** | **52.20** | **100.00%** | **(577.67)** |

**As at 31 March 2020**

| Name of the entity in the group | Net assets | | Share in profit/(loss) | | Share in other comprehensive | | Share in total comprehensive income/(loss) | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated Net assets | Amount | As % of consolidated loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive loss | Amount |
| **Parent** | | | | | | | | |
| Devyani International Limited (DIL) | -6.88% | 156.94 | 111.25% | (1,350.74) | 1.06% | 1.51 | 125.91% | (1,349.23) |
| **Subsidiaries** | | | | | | | | |
| (Parent's share) | | | | | | | | |
| **Subsidiaries Incorporated in India** | | | | | | | | |
| Devyani Food Street Private Limited | 5.65% | (128.90) | -1.75% | 21.30 | 0.19% | 0.27 | -2.01% | 21.57 |
| Devyani Airport Services (Mumbai) Private Limited | 30.09% | (686.75) | -8.74% | 106.13 | 0.69% | 0.99 | -10.00% | 107.12 |
| **Subsidiaries Incorporated outside India** | | | | | | | | |
| Devyani International (Nepal) Private Limited | -1.41% | 32.22 | -0.36% | 4.33 | 0.73% | 1.04 | -0.50% | 5.37 |
| Devyani International (UK) Private Limited | 19.70% | (449.62) | 36.10% | (438.26) | -12.46% | (17.76) | 42.56% | (456.02) |
| RV Enterprizes Pte. Limited | 71.96% | (1,642.14) | 18.94% | (230.02) | 84.92% | 121.08 | 10.17% | (108.94) |
| **Non controlling interest** | | | | | | | | |
| **Subsidiaries Incorporated in India** | | | | | | | | |
| Devyani Airport Services (Mumbai) Private Limited | 12.61% | (287.69) | -8.40% | 101.97 | 0.67% | 0.96 | -9.61% | 102.93 |
| **Subsidiaries Incorporated outside India** | | | | | | | | |
| RV Enterprizes Pte. Limited | 4.53% | (103.45) | 8.19% | (99.42) | 24.30% | 34.64 | 6.05% | (64.78) |
| **Joint Venture (Investment accounted as per equity method)** | | | | | | | | |
| The Minor Food Group (India) Private Limited | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Inter group eliminations | -36.25% | 827.24 | -55.22% | 670.53 | -0.11% | (0.15) | -62.56% | 670.38 |
| **As at 31 March 2020** | **100.00%** | **(2,282.15)** | **100.00%** | **(1,214.18)** | **100.00%** | **142.58** | **100.00%** | **(1,071.60)** |

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**Devyani International Limited**
**Notes forming part of the Restated Consolidated Financial Information**
*(INR in millions, except for share data and if otherwise stated)*

**As at 31 March 2019**

| Name of the entity in the group | Net assets | | Share in profit or loss | | Share in other comprehensive | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated Net assets | Amount | As % of consolidated loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive loss | Amount |
| **Parent** | | | | | | | | |
| Devyani International Limited (DIL) | -161.66% | 1,959.26 | 66.40% | (625.15) | 25.13% | (7.91) | 65.07% | -633.06 |
| **Subsidiaries** | | | | | | | | |
| (Parent's share) | | | | | | | | |
| **Subsidiaries Incorporated in India** | | | | | | | | |
| Devyani Food Street Private Limited | 12.41% | (150.46) | 2.55% | (23.96) | 1.30% | (0.41) | 2.51% | -24.37 |
| Devyani Airport Services (Mumbai) Private Limited | 78.98% | (957.28) | 29.54% | (357.59) | -0.93% | 0.56 | 36.70% | -357.03 |
| **Subsidiaries Incorporated outside India** | | | | | | | | |
| Devyani International (Nepal) Private Limited | -2.32% | 28.13 | -0.13% | 1.27 | 1.57% | (0.49) | -0.08% | 0.78 |
| Devyani International (UK) Private Limited | -0.53% | 6.39 | 36.35% | (342.25) | 21.85% | (6.88) | 35.88% | (349.13) |
| RV Enterprizes Pte. Limited | -402.06% | (663.37) | 2.05% | (109.26) | 7.27% | (196.25) | 31.40% | (305.51) |
| **Non controlling interest** | | | | | | | | |
| **Subsidiaries Incorporated in India** | | | | | | | | |
| Devyani Airport Services (Mumbai) Private Limited | -112.46% | (443.25) | 22.93% | (121.87) | -0.95% | 0.28 | 12.50% | (121.59) |
| **Subsidiaries Incorporated outside India** | | | | | | | | |
| RV Enterprizes Pte. Limited | -12.79% | (66.36) | 4.28% | (27.30) | 47.49% | (15.14) | 6.15% | (42.44) |
| **Joint Venture (Investment accounted as per equity method)** | | | | | | | | |
| The Minor Food Group (India) Private Limited | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Inter group eliminations | 76.33% | (925.05) | -70.60% | 664.67 | -618.67% | 194.76 | -88.34% | 859.43 |
| **At 31 March 2019** | **-524.10%** | **(1,211.99)** | **93.36%** | **(941.44)** | **-515.95%** | **(31.48)** | **101.79%** | **(972.92)** |

*(INR in millions, except for share data and if otherwise stated)*

**54. Discontinued Operations**

**a)** The Group has business of tea trading in the brand name of TWG which has operations in India through two stores, in the Group ('TWG India') and in UK [through its subsidiary - Devyani International (UK) Private Limited ('DIL UK or TWG UK')]. During the current year, the Group has sold TWG India business by way of slump sale to RJ Corp Limited (the holding Group) on 1 March 2021. Further, the Group has also sold its entire shareholding in DIL UK to Arctic International Private Limited (Mauritius) (a fellow subsidiary Group) on 17 February 2021.

Accordingly, both TWG India and TWG UK have been reported as discontinued operation during the current year up to 28 February 2021 and 16 February 2021, respectively. Financial information relating to the discontinued operation for the period to the date of disposal are set out as below:-

**i) Financial performance and cash flow information**

| **TWG India (A)** | **For the period ended 28 February 2021** | **For the year ended 31 March 2020** | **For the year ended 31 March 2019** |
|---|---|---|---|
| Revenue from operations | 22.44 | 85.82 | 59.36 |
| Other income | 12.26 | 2.35 | - |
| **Total income** | **34.70** | **88.17** | 59.36 |
| Purchase of stock-in-trade | - | 35.54 | 18.35 |
| Changes in inventories of stock-in-trade | 55.31 | (7.68) | (0.55) |
| Employee benefits expense | 5.96 | 13.91 | 7.31 |
| Finance costs | 3.93 | 7.13 | 7.74 |
| Depreciation and amortisation expense | 18.06 | 39.81 | 32.84 |
| Impairment of non-financial assets | 49.87 | - | - |
| Other expenses | 11.25 | 13.52 | 12.55 |
| **Total expenses** | **144.38** | **102.23** | **78.25** |
| **Loss before tax** | **(109.68)** | **(14.07)** | **(18.89)** |
| Gain on transfer of business operations (refer to (ii) below) | 17.05 | - | - |
| **Loss from discontinued operations** | **(92.63)** | **(14.07)** | **(18.89)** |

| **TWG UK (B)** | **For the period ended 16 February 2021** | **For the year ended 31 March 2020** | **For the year ended 31 March 2019** |
|---|---|---|---|
| Revenue from operations | 65.08 | 401.34 | 397.64 |
| Other income | 121.25 | 0.63 | 0.37 |
| **Total income** | **186.33** | **401.97** | **398.01** |
| **Expenses** | | | |
| Purchase of stock-in-trade | 11.47 | 169.51 | 183.18 |
| Changes in inventories of stock-in-trade | 36.09 | (21.13) | (20.69) |
| Employee benefits expense | 59.52 | 155.85 | 178.34 |
| Finance costs | 89.79 | 96.49 | 57.39 |
| Depreciation and amortisation expense | 172.47 | 194.11 | 196.72 |
| Other expenses | 62.81 | 219.73 | 132.73 |
| **Total expenses** | **432.15** | **814.56** | **727.66** |
| **Loss from discontinued operations** | **(245.82)** | **(412.59)** | **(329.65)** |
| Exchange differences to be reclassified to statement of profit and loss | (58.86) | (17.76) | (5.30) |
| **Other comprehensive income from discontinued operations** | **(304.68)** | **(430.35)** | **(334.95)** |
| Gain on transfer of business operations (refer to (ii) below) | 521.81 | - | - |
| **Net loss from discontinued operations** | **217.13** | **(430.35)** | **(334.95)** |
| **Total Profit/(Loss) from discontinued operations (A) + (B)** | **124.51** | **(444.42)** | **(353.84)** |

* Net of intra group elimination

| **Cash Flow Statement for discontinued operations** | **For the period ended 28 February 2021*** | **For the year ended 31 March 2020** | **For the year ended 31 March 2019** |
|---|---|---|---|
| Operating activities | (70.07) | 27.10 | (188.29) |
| Investing activities | 6.05 | (0.70) | (127.54) |
| Financing activities | 712.97 | 47.33 | 187.77 |
| Effect of exchange rate change | (13.15) | (2.51) | (6.62) |
| **Net cash used in discontinued operations** | **635.80** | **71.22** | **(134.68)** |

* Up to 16 February 2021 in case of TWG UK

*(INR in millions, except for share data and if otherwise stated)*

**ii) Details of the sale of discontinued operations**

| | TWG India | TWG UK |
|---|---|---|
| Date of Transfer of business | 1 March 2021 | 17 February 2021 |
| Consideration received in cash | 10.00 | 3.60 |
| Carrying amount of net assets transferred (refer to (iii) below) | (7.05) | (582.88) |
| Exchange difference Gain/ (Loss) on translation of discontinued operation | - | 64.67 |
| **Gain/ (Loss) on sale of discontinued operations** | **17.05** | **521.81** |

**iii) The carrying amounts of assets and liabilities as at the date of transfer were:**

| | TWG India | TWG UK |
|---|---|---|
| Date of transfer of business | 1 March 2021 | 17 February 2021 |
| **Assets** | | |
| Non Current Assets | | |
| Property, plant and equipment | 0.70 | 309.56 |
| Right of use | 30.67 | 2,507.94 |
| Loans | - | 9.77 |
| Current Assets | | |
| Inventories | 0.46 | 90.06 |
| Financial assets | - | 3.10 |
| Other current assets | 16.74 | 9.55 |
| **Total assets (A)** | **48.57** | **2,929.98** |
| **Liabilities** | | |
| Non Current Liabilities | | |
| Lease liabilities | 47.72 | 2,620.35 |
| Borrowings | - | 784.93 |
| Other financial liabilities | - | 4.05 |
| Current Liabilities | | |
| Trade Payable | - | 47.80 |
| Other financial liabilities | - | 55.72 |
| Other current liabilities | 7.90 | 0.01 |
| **Total liabilities (B)** | **55.62** | **3,512.86** |
| **Net assets (A-B)** | **(7.05)** | **(582.88)** |

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*(INR in millions, except for share data and if otherwise stated)*

**55. Statement of restatement adjustments to consolidated audited financial statements of the Company:**

**a) Summarised below are the adjustments made to the audited consolidated financial statements as at and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 of the Group:**

**Impact on the consolidated statement of profit and loss:**

| Particulars | Notes | | For the year ended | | |
|---|---|---|---|---|---|
| | | | **31 March 2021** | **31 March 2020** | **31 March 2019** |
| **Net loss for the year as per audited consolidated financial statements of respective years** | | | **(577.67)** | **(1,071.60)** | **(694.34)** |
| **Restatement adjustments:** | | | | | |
| Impact of adoption of Ind AS 116, Leases | (i)&(iii) | | | | |
| Impact on total income: | | | | | |
| - Revenue from operations | | | - | - | (2.99) |
| - Other income | | | - | - | 43.19 |
| | | **(A)** | **-** | **-** | **40.20** |
| Impact on total expenses: | | | | | |
| - Depreciation and amortisation expense | | | - | - | 1,428.10 |
| - Finance cost | | | - | - | 1,038.40 |
| - Other expenses (rent) | | | - | - | (2,019.65) |
| | | **(B)** | **-** | **-** | **446.85** |
| | | **(A-B)** | **-** | **-** | **(406.65)** |
| **Loss before exceptional items and tax** | | | **(577.67)** | **(1,071.60)** | **(1,100.99)** |
| Exceptional items (refer note 32) | | | - | - | (131.48) |
| **Loss before tax** | | | **(577.67)** | **(1,071.60)** | **(969.51)** |
| Tax impact of above adjustments | | | - | - | (1.97) |
| **Restated loss for the years per restated consolidated statement of profit and loss** | | | **(577.67)** | **(1,071.60)** | **(971.48)** |
| **Other comprehensive income (items to be reclassified to profit and loss)** | | | **-** | **-** | **(1.44)** |
| **Restated total comprehensive loss as per restated consolidated statement of profit and loss** | | | **(577.67)** | **(1,071.60)** | **(972.92)** |

**Impact on total equity**

| Particulars | | As at | | | Adjustment to opening total equity i.e. 1 April 2018 |
|---|---|---|---|---|---|
| | | **31 March 2021** | **31 March 2020** | **31 March 2019 #** | |
| **Total Equity as per audited consolidated financial statements** | | **718.58** | **(2,282.15)** | **363.35** | **1,055.17** |
| Cumulative impact on adoption of Ind AS 116, leases (net of taxes, as applicable) | (i) | - | - | (1,575.34) | (1,296.78) |
| **Total restated equity as per restated consolidated financial information** | | **718.58** | **(2,282.15)** | **(1,211.99)** | **(241.61)** |

# Impact of change in transition date from 1 April 2019 to 1 April 2018 for the purposes of restated consolidated financial information is INR 13.62 which has been shown as an adjustment in "Restated Consolidated Statement of Changes in Equity".

**Notes to above adjustments:**

(i) The Group has adopted Ind AS 116, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases using the modified retrospective approach, under which the cumulative effect of initially applying the standard, is recognized on the date of initial application 1 April 2019. However, for the purpose of preparing restated consolidated financial information, Ind AS 116 has been applied using the modified retrospective approach with effect from 1 April 2018. On transition to Ind AS 116, i.e. 1 April 2018, the Group elected to apply the practical expedient to grandfather the assessment of leases. It applied Ind AS 116, Leases, only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under Ind AS 116, Leases, was applied only to contracts entered into or changed on or after 1 April 2018.

**As a leasee**

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under Ind AS 116, Leases, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

a. Leases classified as operating leases under Ind AS 17
The Group used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17.
-Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
-Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
-Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
-Applied a single discount rate to a portfolio of leases with reasonably similar characteristics which ranges from 3.41% to 19.00%.

b. There were no leases previously classified as finance leases.

**As a lessor**

The Group is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for certain sub-leases. The Group accounted for its leases in accordance with Ind AS 116 from the date of initial application. Under Ind AS 116, the Group is required to assess the classification of a sub-lease with reference to the right-of-use assets, not the underlying asset. On transition, the Group reassessed the classification of a sub-lease contract previously classified as an operating lease under Ind AS 17. The Group concluded that the sub-lease is a finance lease under Ind AS 116 for certain leases. For others, they are still being treated as normal operating leases under Ind AS 116.

(ii) The Group, in order to comply with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', and ICDR Regulations has restated its previously issued financial statements for year ended 31 March 2021. The details in respect of which are as follows:-
In respect of acquisition of 9 KFC stores on 1 March 2020 (refer note 50), the management of the Group did not assign any value to the franchisee rights while doing the Purchase Price Allocation (PPA) under business combination during the previous year and hence, the difference between the purchase price of these 9 KFC stores and the underlying assets and liabilities was recorded as Goodwill. Post completion of acquisition of all KFC stores during the current year, the management of the Group has carried out the revised PPA for 9 stores and correspondingly, assigned the fair value to the franchisee rights as well. The management has adjusted the same retrospectively by restating the financial statements as at and for the previous year (in accordance with Ind AS 8) by recognizing fair value of the franchisee rights of INR 143.61 and therefore reducing the previously recognised goodwill of INR 218.58 to INR 74.97. Accordingly, corresponding disclosure for business combination under Ind AS 103 have also been appropriately restated.
Due to the aforesaid restatement in year ended 31 March 2020, there is no change in net cash flow from operating activities, investing activities and financing activities. Further the impact of such restatement on total equity as at 31 March 2020, the statement of profit and loss and earnings per share for the year then ended was not material, hence not considered by the management of the Group. The said transaction was effected in March 2020, therefore, does not have any impacts on the consolidated financial statements for the year ended 31 March 2019.

(iii) **Material regroupings**

Appropriate regroupings have been made in the restated consolidated financial information of assets and liabilities, statement of profit and loss and statement of cash flow, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to align them with the accounting policies and classification as per the financial information of the Group for the year ended 31 March 2021 prepared in accordance with Schedule III of the Act, requirements of Ind AS 1 and other applicable Ind AS principles and the requirements of the ICDR Regulations.

**b) Non adjusting items:**

Emphasis of Matter included in the auditors' reports on the consolidated financial statements of the Company as at and for the years ended 31 March 2021 and 2020 and Material Uncertainty Related to Going Concern included in the auditor's report on the consolidated financial statements of the Company as at and for the year ended 31 March 2019 which do not require any corrective adjustment in the restated consolidated financial information are as follows:

<u>As at and for the years ended 31 March 2021 and 2020:</u>

The auditor's report on the consolidated financial statements as at and for the years ended 31 March 2021 and 2020 included the following Emphasis of Matter paragraph, which does not require any adjustment in the restated consolidated financial information:

"We draw attention to Note XX of the accompanying consolidated financial statements, which describes the uncertainties relating to the effect of COVID-19 pandemic outbreak and the management's evaluation of the impact on the consolidated financial statements of the Group as at the balance sheet date. The extent of the impact of these uncertainties on the Group's operations is significantly dependent on future developments."

<u>As at and for the year ended 31 March 2019:</u>

The auditor's report on the consolidated financial statements as at and for the year ended 31 March 2019 included the following Material Uncertainty Related to Going Concern paragraph, which does not require any adjustment in the restated consolidated financial information:

"We draw attention to Note XX in the consolidated financial statements, wherein it is mentioned that the Group and its joint venture has incurred losses in current year and has accumulated losses as at 31 March 2019, which has resulted in erosion of the net worth of the Group and its joint venture as at 31 March 2019. Further, the Group and its joint venture's current liabilities exceed its current assets as at 31 March 2019. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Group and its joint venture's ability to continue as a going concern. However, as a result of the mitigating factors elaborated in note i.e. projected cash flows of the Group and its joint venture, available revolving undrawn credit facility, current liquidity position and continued financial and operational support from ultimate holding company, the management is confident of its ability to continue as a going concern and have accordingly, prepared these consolidated financial statements on going concern basis. Consequently, no adjustments have been made to the carrying values of the assets and liabilities in the consolidated financial statements."

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*(INR in millions, except for share data and if otherwise stated)*

**46 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Group. The CODM is considered to be the Board of Directors who make strategic decisions and is responsible for allocating resources and assessing the financial performance of the operating segments.

The Group's business activity falls within a single business i.e. Food and Beverages in terms of Ind AS 108 on Segment Reporting. Information about secondary segment (consolidated basis), the geographical segments considered are "within India" and "outside India". The relevant disclosure are as follows:

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **a. Food and beverage segment #** | | | |
| (i) Within India | 10,194.80 | 13,672.80 | 12,002.32 |
| (ii) Outside India | 1,153.58 | 1,491.06 | 1,103.66 |
| **b. Other income** (refer note 24) @ | 640.57 | 186.55 | 130.85 |
| **Total** | **11,988.95** | **15,350.41** | **13,236.83** |

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| **Non-current assets ^** | | | |
| (i) Within India | 13,342.89 | 15,178.15 | 4,598.10 |
| (ii) Outside India | 916.89 | 1,381.46 | 1,111.01 |
| **Total** | **14,259.78** | **16,559.61** | **5,709.11** |

No single external customer amounts to 10% or more of the Group's revenue.

# Revenue from food and beverage segment is directly attributed to domestic and international operations.

@ Other income is not allocated as the underlying assets/ liabilities/income are used interchangeably.

^ Non-current assets, other than financial instruments and income tax assets (net)/deferred tax asset (net), primarily comprises property, plant and equipment.

**47 Interest in joint venture**

The Minor Food Group (India) Private Limited (Minor) is a joint arrangement in which the Group has joint control and a 30% ownership interest. Minor is engaged in the business of developing, managing and operating ice cream parlours for Swensen's brands in Bengaluru, India. Minor is not publicly listed and accordingly, no quoted market price is available for the investment.

Based on contractual arrangement between MFG International Holding (Singapore) Pte. Ltd and the Company, the Group had classified its interests in Minor as a joint venture. During the year ended 31 March 2020 and 31 March 2019, the carrying value of investment in Minor was Nil and therefore, not material to the Group.

During the current year, the Group has transferred the entire investment in equity shares to MGF International Holding (Singapore) Pte Limited at INR 73 (absolute) with effect from 26 March 2021 and therefrom, it ceases to be the joint venture of the Group.

**48 Non-controlling interests (NCI)**

The following table summarises the financial information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

| Particulars | RV Enterprizes Pte. Limited * | | | Devyani Airport Services (Mumbai) Private Limited | | |
|---|---|---|---|---|---|---|
| | 31 March 2021 | 31 March 2020 | 31 March 2019 | 31 March 2021 | 31 March 2020 | 31 March 2019 |
| **NCI Percentage** | **13%** | **13%** | **13%** | **49%** | **49%** | **49%** |
| **Summary of balance sheet** | | | | | | |
| Non-current assets | 544.92 | 1,061.17 | 216.61 | 645.47 | 645.88 | 788.40 |
| Current assets | 175.31 | 103.69 | 123.12 | 15.69 | 57.14 | 29.46 |
| Non-current liabilities | (1,771.63) | (1,799.81) | (654.94) | (1,353.21) | (1,236.84) | (1,560.71) |
| Current liabilities | (654.10) | (1,110.63) | (599.00) | (85.81) | (152.93) | (214.43) |
| **Net assets** | **(1,705.50)** | **(1,745.58)** | **(914.21)** | **(777.86)** | **(686.75)** | **(957.28)** |
| ***Accumulated NCI*** | ***(86.83)*** | ***(103.45)*** | ***(66.36)*** | ***(332.32)*** | ***(287.69)*** | ***(443.25)*** |
| **Summary of statement of profit and loss** | | | | | | |
| Total revenue | 937.01 | 1,143.14 | 794.83 | 192.98 | 531.16 | 534.00 |
| Profit/(loss) for the year | (82.39) | (329.44) | (50.87) | (105.60) | 208.10 | (310.89) |
| Other comprehensive (loss(/income for the year | 122.49 | 155.72 | (15.83) | (0.18) | 1.95 | 0.56 |
| **Total comprehensive (loss)/income for the year** | **40.10** | **(173.72)** | **(66.70)** | **(105.78)** | **210.05** | **(310.33)** |
| Profit/(loss) allocated to NCI | (26.05) | (99.42) | (27.30) | (51.74) | 101.97 | (121.87) |
| Other comprehensive income allocated to NCI | 42.68 | 34.64 | (15.14) | (0.09) | 0.96 | 0.28 |
| ***Total comprehensive income allocated to NCI*** | ***16.63*** | ***(64.78)*** | ***(42.44)*** | ***(51.83)*** | ***102.93*** | ***(121.59)*** |
| **Summary of cash flow statement** | | | | | | |
| Cash flows generated from/(used in) operating activities | 249.35 | 259.30 | 92.53 | 82.09 | 112.49 | 169.03 |
| Cash flows used in investing activities | (80.55) | (87.12) | (25.52) | 0.94 | (5.66) | (3.10) |
| Cash flows generated from/(used in) financing activities | (130.48) | (179.65) | 16.84 | (77.21) | (112.27) | (167.32) |
| **Net increase/(decrease) in cash and cash equivalents** | **38.32** | **(7.47)** | **83.85** | **5.82** | **(5.44)** | **(1.39)** |

* Post consolidation of Devyani International (Nigeria) Limited (Subsidiary of RV Enterprizes Pte. Limited)

**Transactions with NCI** (adjustments with in other equity)

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| Due to change in control @ | - | - | 92.42 |
| Due to adoption of IndAS 116 - Leases | - | (0.43) | (101.81) |
| Distributions of non reciprocal capital contributions | 7.19 | 80.75 | - |
| | **7.19** | **80.32** | **(9.39)** |

@ during the year ended 31 March 2019, the Group acquired an addittional 13% stake in RV Enterprizes Pte. Limited on 10 September 2018.

*(INR in millions, except for share data and if otherwise stated)*

**50 Business Combination**

During the previous year ended 31 March 2020, the Group executed a Business Transfer Arrangement dated 11 December 2019 ('BTA') with Yum Restaurants (India) Private Limited ("Yum") for acquiring 61 KFC stores (60 stores as amended) in multiple tranches. Till 31 March 2020, the Group had acquired 9 KFC stores on 01 March 2020 from Yum on a slump sale basis for an estimated purchase consideration of INR 339.34 and the remaining 51 stores were acquired during the year ended 31 March 2021 for a purchase consideration of INR 1,960.66, an aggregate consideration of INR 2,300. Yum is the franchiser of KFC, Pizza Hut and the Group has acquired KFC stores from Yum in order to expand its operations in Karnataka, Andhra Pradesh and Telangana. Similarly, during the year ended 31 March 2019, the Group executed a BTA with Yum for acquiring 13 KFC stores in multiple tranches on a slump sale basis for an estimated purchase consideration of INR 311.38.

**Assets acquired and liabilities assumed**

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

| Particulars | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment (refer note 3A) | 360.70 | 76.32 | 258.20 |
| License fee (refer note 5) | 198.79 | 33.91 | 20.60 |
| Franchisee rights (refer note 5) | 916.22 | 143.61 | - |
| Inventories | 27.11 | 4.67 | 8.33 |
| Other assets | 69.05 | 8.86 | 18.38 |
| | **1,571.87** | **267.37** | **305.51** |
| **Liabilities** | 31.32 | 3.00 | 3.62 |
| | **31.32** | **3.00** | **3.62** |
| **Total identifiable net assets (at fair value)** | **1,540.55** | **264.37** | **301.89** |
| **Purchase consideration to be transferred/transferred in cash** | **1,960.66** | **339.34** | **311.38** |
| **Goodwill** (refer note 4) | **420.11** | **74.97** | **9.49** |

The goodwill is attributable to the operational synergies and expansion on market share.

Transaction costs of INR 0.42 (31 March 2020: INR 0.20, 31 March 2019: INR 0.48) have been expensed and is included in "Other expenses" in the consolidated Statement of Profit and Loss and are part of the operating cash flows in the consolidated Cash Flow Statement.

From the date of acquisition, acquired stores under business combination contributed INR 1,479.64 (31 March 2020: INR 26.54, 31 March 2019: INR 251.95) of revenue and profit of INR 223.21 (31 March 2020: INR 0.62, 31 March 2019: INR 8.09) to profit/(loss) before tax from continuing operations of the Group. If the combination had taken place at the beginning of an acquisition year, the Group revenue from continuing operations would have been INR 1,754.45 for (31 March 2020: INR 537.02, 31 March 2019: INR 624.00) and since the details on profit after tax is not available at individual store level separately, such information has not been disclosed.

**51 Disclosure pursuant to Section 186(4) of the Companies Act, 2013:**

| Nature of the transaction (loans given/investments made/ guarantees given) | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| **(A) Loans and advances** | | | |
| Parkview City Limited^ | - | - | - |
| | - | - | - |

^ during the year ended 31 March 2020 the Group has given loan of INR 550.00 to the party and full repayment of the loan has also been received including interest accrued thereon.

**52 Disclosures about the Group's ability to continue as a going concern.**

The Group has incurred losses of INR 629.87 in current year (31 March 2020: INR 1,214.18, 31 March 2019: INR 941.44) and has accumulated losses of INR 8,874.67 as at 31 March 2021 (31 March 2020: INR 8,317.00, 31 March 2019: INR 7,036.39), which has significantly eroded the net worth of the Group as at 31 March 2021. Further, the Group's current liabilities exceed its current assets as at 31 March 2021 by INR 2,561.38 (31 March 2020: INR 4,345.82, 31 March 2019: INR 3,152.65).

Based on financial projections, revised and detailed business strategies , the Group expects growth in its operations and improved operating performance in coming years and also, expects to earn enhanced cash inflows from its operating activities. The Group believes such anticipated internally generated funds from operations in future and its available revolving undrawn credit facilities as at 31 March 2021 and certain other current assets (financial and non-financial) as on date, will enable it to meet its future known obligations due in next year, in the ordinary course of business. Based on the projections, the Group expects to earn cash inflow from operating activities, which can be used to settle liabilities due in the near future.

In view of the same, the management of the Group is of the view of generating sufficient cash flows in the future to meet the Group's financial obligations. Therefore, these restated consolidated financial information have been prepared on a going concern basis.

**53 Estimation of uncertainties relating to the global health pandemic from Coronavirus (Covid 19)**

The global spread of Covid 19 impacted businesses across all sectors and geographies. As a result, operations of most restaurants and commissaries were affected temporarily in compliance with lockdown announced by the Central Government of India and government of other countries, along with other directives/orders issued by other relevant authorities which resulted in lower sales as compared to previous periods.

The management of the Group has considered all internal and external sources of information, including economic forecasts and estimates from market sources as at the date of the approval of these consolidated financial information in determining its liquidity position for next one year, carrying value of assets comprising property, plant and equipment, right of use assets, inventories, receivables and other current assets as at the balance sheet date.

On the basis of evaluation and current indicators of future economic conditions, the Group has concluded that no material adjustments are required in the consolidated financial information other than those already recognised as of the reporting date. Given the uncertainties associated with nature, condition and duration of Covid 19, the impact assessment on the Group's financial information will be continuously made and provided for as required.

*(INR in millions, except for share data and if otherwise stated)*

**56 Initial Public Offering (IPO)**

The Board of Directors (Board) of the Company in their board meeting dated 17 February 2021 has approved raising of capital for the Company through an Initial Public Offering (IPO). As part of its proposed IPO, the Company plans to file Red Hearing Prospectus (RHP) with the Securities Exchange Board of India (SEBI) in coming period. Apart from the Company, existing shareholders also proposes to sell the stake in the Company. Prepayments in relation to the proposed IPO included under "Other current assets" include expenses of INR 5.88 million incurred by the Company towards IPO of the equity shares held by shareholders as well as the Company. Portion of these expenses are recoverable from shareholders in proportionate to shares that will be offered to the public in the proposed IPO.

**57 Events occurring after reporting period**

On 12 July 2021, the Company has purchased 2,940,000 Equity Shares of face value of INR 10/- each and 11,316,693 8% Non-Cumulative Redeemable Preference Shares of Devyani Airport Services (Mumbai) Private Limited (DASMPL) for a total consideration of INR 69.04 million from minority shareholder. Pursuant to the above acquisition, DASMPL has become a wholly owned subsidiary of the Company."

**As per our report of even date attached**

| | | | |
|---|---|---|---|
| *For* **Walker Chandiok & Co LLP**<br>*Chartered Accountants*<br>Firm's Registration No.: 001076N/N500013 | *For* **APAS & Co LLP**<br>*Chartered Accountants*<br>Firm's Registration No.: 000340C/C400308 | **For and on behalf of the Board of Directors of Devyani International Limited** | |
| **Nitin Toshniwal**<br>*Partner*<br>Membership No.: 507568 | **Sumit Kathuria**<br>*Partner*<br>Membership No.: 520078 | **Virag Joshi**<br>CEO and Whole-time Director<br>DIN: 01821240 | **Raj P. Gandhi**<br>*Director*<br>DIN: 00003649 |
| | | **Manish Dawar**<br>CFO and Director<br>DIN: 00319476 | **Anil Dwivedi**<br>*Company Secretary*<br>Membership No.: 18893 |
| **Place:** Faridabad<br>**Date:** 20 July 2021 | **Place:** Gurugram<br>**Date:** 20 July 2021 | **Place:** Gurugram<br>**Date:** 20 July 2021 | |

## PRO-FORMA FINANCIAL INFORMATION

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**APAS & Co LLP**
*Chartered Accountants*
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No. 44, Pitampura, New Delhi
110034, India
T +91 11 4905 8720

**Independent Practitioner's report on the compilation of Pro-forma Consolidated Financial Information to be included in the Red Herring Prospectus / Prospectus ('Offer Documents') in connection with proposed Initial Public Offer of equity shares of INR 1/- per equity share ('proposed IPO') by Devyani International Limited**

To,
The Board of Directors,
**Devyani International Limited**
Plot No- 18, Sector 35,
Gurugram- 122004,
Haryana, India

Dear Sirs,

1. We, Walker Chandiok & Co LLP ('WCCLLP') and APAS & Co LLP (formerly known as APAS & Co.) ('APAS'), (together referred to as 'we' or 'us') have completed our assurance engagement to report on the compilation of Pro forma Consolidated Financial Information of Devyani International Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its joint venture, (Refer Annexure – I for the list of subsidiaries and joint venture included in the Pro-forma Consolidated Financial Information). The Pro-forma Consolidated Financial Information consists of the Pro-forma Consolidated Balance Sheet as at 31 March 2021, 31 March 2020 and 31 March 2019, the Pro-forma Consolidated Statement of Profit and Loss for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 and selected notes thereon (hereinafter referred as 'Pro-forma Consolidated Financial Information'). The applicable criteria on the basis of which the management has compiled the Pro-forma Consolidated Financial information are specified in the "Basis of preparation paragraph" as described in Note 2 to the Pro-forma Consolidated Financial Information.

2. The Pro-forma Consolidated Financial Information has been compiled by Management to illustrate the impact of acquisition of seventy three KFC stores made during the years ended 31 March 2021, 31 March 2020 and 31 March 2019 from YUM Restaurants (India) Private Limited ('YUM') as set out in Note 2, on the Group's financial position as at 31 March 2020 and 31 March 2019 and its financial performance for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 as if the acquisition had taken place at the beginning of the earliest reported year presented i.e. 1 April 2018.

3. As part of this process, information about the Group's financial position and financial performance has been extracted by the Management from the following financial information:

   a) Restated Consolidated Financial Information of the Group and its joint venture for the years ended and as at 31 March 2021, 31 March 2020 and 31 March 2019, on which we have issued an examination report dated 20 July 2021; and

   b) Special purpose audited financial information of seventy-three KFC stores acquired during the years ended 31 March 2021, 31 March 2020 and 31 March 2019 respectively as set out in Note 3(i), on which APAS & Co LLP, Chartered Accountants has issued an unmodified audit opinion dated 21 April 2021.

**Management's Responsibility for the Pro-forma Consolidated Financial Information**

4. The Management is responsible for compiling the Pro-forma Consolidated Financial Information on the basis stated in Note 2 to the Pro-forma Consolidated Financial Information and the same has been approved by the Board of Directors of the Holding Company. The Management's responsibility includes the responsibility for designing, implementing and maintaining internal control relevant for compiling the Pro-forma Consolidated Financial Information on the basis stated in Note 2 to the Pro-forma Consolidated Financial Information that is free from material misstatement, whether due to fraud or error. The Management is also responsible for identifying and ensuring that the Holding Company complies with the laws and regulations applicable to its activities, including compliance with the provisions of the laws and regulations for the compilation of Pro-forma Consolidated Financial Information.

**Independent Practitioner's report on the compilation of Pro-forma Consolidated Financial Information to be included in the Red Herring Prospectus/Prospectus ('Offer Documents') in connection with proposed Initial Public Offer of equity shares of INR 1/- per equity share ('proposed IPO') by Devyani International Limited (Contd.)**

**Practitioner's Responsibilities**

5. Our responsibility is to express an opinion, about whether the Pro-forma Consolidated Financial Information of the Group and its joint venture has been compiled, in all material respects, by the Management on the basis stated in Note 2 to the Pro-forma Consolidated Financial Information.

6. We conducted our engagement in accordance with Standard on Assurance Engagements (SAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the Institute of Chartered Accountants of India. This Standard requires that the practitioner comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Management has compiled, in all material respects, the Pro-forma Consolidated Financial Information on the basis stated in Note 2 to the Pro-forma Consolidated Financial Information.

7. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro-forma Consolidated Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro-forma Consolidated Financial Information. For this engagement, we have placed reliance on restated consolidated financial statements of the Holding Company and special purpose audited financial information of seventy-three KFC stores, as referred to in paragraph 3 above.

8. The purpose of Pro-forma Consolidated Financial Information included in the Offer Documents is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 1 April 2018 with consequential impact during the years ended 31 March 2021, 31 March 2020 and 31 March 2019 would have been as presented.

9. A reasonable assurance engagement to report on whether the Pro-forma Consolidated Financial Information has been compiled, in all material respects, on the basis stated in Note 2 to the Pro-forma Consolidated Financial Information, involves performing procedures to assess whether the applicable criteria used by the Management in the compilation of the Pro-forma Consolidated Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

   - The related pro-forma adjustments give appropriate effect to those criteria; and
   - The Pro-forma Consolidated Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

10. The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the Company, the event or transaction in respect of which the pro-forma financial information has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the pro-forma financial information. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

11. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Opinion**

12. In our opinion, the Pro-forma Consolidated Financial Information has been compiled, in all material respects, on the basis stated in Note 2 to the Pro-forma Consolidated Financial Information.

**Restrictions on Use**

13. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit report issued by us.

14. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

15. Our report is intended solely for use of the Board of Directors for inclusion in the Offer Documents to be filed with Securities Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and the Registrar of Companies, Delhi in connection with the proposed Initial Public Offer of the Company. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do

**Independent Practitioner's report on the compilation of Pro-forma Consolidated Financial Information to be included in the Red Herring Prospectus/Prospectus ('Offer Documents') in connection with proposed Initial Public Offer of equity shares of INR 1/- per equity share ('proposed IPO') by Devyani International Limited (Contd.)**

not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Nitin Toshniwal**
Partner
Membership No.: 507568

UDIN: 21507568AAAADA4727

**Place:** Faridabad
**Date:** 20 July 2021

For **APAS & Co LLP**
Chartered Accountants
Firm's Registration No.: 000340C/C400308

**Sumit Kathuria**
Partner
Membership No.: 520078

UDIN: 21520078AAAAHE3666

**Place:** Gurugram
**Date:** 20 July 2021

**Annexure - I**

**List of entities included in the Pro-forma Consolidated Financial Information**

1. Devyani International Limited, Holding Company
2. Devyani Food Street Private Limited, subsidiary
3. Devyani Airport Services (Mumbai) Private Limited, subsidiary
4. Devyani International (Nepal) Private Limited, subsidiary
5. RV Enterprizes Pte. Limited, subsidiary
6. Devyani International (Nigeria) Limited (subsidiary of RV Enterprizes Pte. Limited)
7. Devyani International (UK) Private Limited, subsidiary (till 16 February 2021)
8. The Minor Food Group (India) Private Limited, joint venture (till 28 February 2021)

**Devyani International Limited**
**Pro-forma Consolidated Balance Sheet**
*(INR in millions)*

| Particulars | Notes | As at 31 March 2021 | | | As at 31 March 2020 | | | As at 31 March 2019 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Restated consolidated financial information | Pro-forma Adjustments | Total | Restated consolidated financial information | Pro-forma Adjustments | Total | Restated consolidated financial information | Pro-forma Adjustments | Total |
| | | Column 1 | Column 2 | Column 3 | Column 1 | Column 2 | Column 3 | Column 1 | Column 2 | Column 3 |
| **Assets** | | | | | | | | | | |
| **Non-current assets** | | | | | | | | | | |
| Property, plant and equipment | 3(ii)(a) | 4,306.74 | - | 4,306.74 | 4,786.54 | 373.92 | 5,160.46 | 4,840.49 | 510.58 | 5,351.07 |
| Capital work-in-progress | | 142.75 | - | 142.75 | 135.27 | - | 135.27 | 115.18 | - | 115.18 |
| Right-of-use assets | 3(ii)(b) | 6,660.20 | - | 6,660.20 | 10,350.83 | 1,102.00 | 11,452.83 | 9,946.55 | 1,505.64 | 11,452.19 |
| Investment properties | | 455.89 | - | 455.89 | 413.99 | - | 413.99 | 470.66 | - | 470.66 |
| Goodwill | 3(ii)(f) | 644.45 | - | 644.45 | 224.34 | 420.11 | 644.45 | 161.33 | 495.08 | 656.41 |
| Other intangible assets | 3(ii)(a) | 1,855.19 | - | 1,855.19 | 577.42 | 1,170.32 | 1,747.74 | 363.85 | 1,474.95 | 1,838.80 |
| Financial assets | | | | | | | | | | |
| (i) Loans | 3(ii)(e) | 435.36 | - | 435.36 | 491.60 | 67.27 | 558.87 | 458.41 | 70.12 | 528.53 |
| (ii) Other financial assets | | 167.38 | - | 167.38 | 182.27 | - | 182.27 | 112.60 | - | 112.60 |
| Deferred tax assets (net) | | 95.78 | - | 95.78 | 75.49 | - | 75.49 | 80.75 | - | 80.75 |
| Income tax assets (net) | | 80.46 | - | 80.46 | 94.95 | - | 94.95 | 96.22 | - | 96.22 |
| Other non-current assets | | 194.56 | - | 194.56 | 71.22 | - | 71.22 | 39.04 | - | 39.04 |
| **Total non-current assets** | | **15,038.76** | **-** | **15,038.76** | **17,403.92** | **3,133.62** | **20,537.54** | **16,685.08** | **4,056.37** | **20,741.45** |
| **Current assets** | | | | | | | | | | |
| Inventories | 3(ii)(c) | 621.97 | - | 621.97 | 720.87 | 27.11 | 747.98 | 549.42 | 31.78 | 581.20 |
| Financial assets | | | | | | | | | | |
| (i) Trade receivables | | 168.80 | - | 168.80 | 172.99 | - | 172.99 | 229.84 | - | 229.84 |
| (ii) Cash and cash equivalents | | 399.62 | - | 399.62 | 132.26 | - | 132.26 | 265.72 | - | 265.72 |
| (iii) Bank balances other than cash and cash equivalents | | 5.71 | - | 5.71 | 28.06 | - | 28.06 | 5.10 | - | 5.10 |
| (iv) Loans | | 141.57 | - | 141.57 | 128.13 | - | 128.13 | 95.80 | - | 95.80 |
| (v) Other financial assets | | 106.06 | - | 106.06 | 36.38 | - | 36.38 | 0.58 | - | 0.58 |
| Other current assets | | 201.58 | - | 201.58 | 213.15 | - | 213.15 | 243.36 | - | 243.36 |
| **Total current assets** | | **1,645.31** | **-** | **1,645.31** | **1,431.84** | **27.11** | **1,458.95** | **1,389.82** | **31.78** | **1,421.60** |
| **Total assets** | | **16,684.07** | **-** | **16,684.07** | **18,835.76** | **3,160.73** | **21,996.49** | **18,074.90** | **4,088.15** | **22,163.05** |
| **Equity and liabilities** | | | | | | | | | | |
| **Equity** | | | | | | | | | | |
| Equity share capital | | 1,153.63 | - | 1,153.63 | 1,061.67 | - | 1,061.67 | 1,061.67 | - | 1,061.67 |
| Other equity | 3(ii)(h) | (15.90) | - | (15.90) | (2,952.68) | 86.78 | (2,865.90) | (1,764.05) | 338.31 | (1,425.74) |
| **Equity attributable to owners of the Company** | | **1,137.73** | **-** | **1,137.73** | **(1,891.01)** | **86.78** | **(1,804.23)** | **(702.38)** | **338.31** | **(364.07)** |
| Non-controlling interests | | (419.15) | - | (419.15) | (391.14) | - | (391.14) | (509.61) | - | (509.61) |
| **Total equity** | | **718.58** | **-** | **718.58** | **(2,282.15)** | **86.78** | **(2,195.37)** | **(1,211.99)** | **338.31** | **(873.68)** |
| **Liabilities** | | | | | | | | | | |
| **Non-current liabilities** | | | | | | | | | | |
| Financial liabilities | | | | | | | | | | |
| (i) Borrowings | | 3,593.65 | - | 3,593.65 | 3,402.17 | - | 3,402.17 | 3,324.84 | - | 3,324.84 |
| (ii) Lease liabilities | 3(ii)(b) | 7,936.96 | - | 7,936.96 | 11,759.04 | 1,039.77 | 12,798.81 | 11,240.91 | 1,204.50 | 12,445.41 |
| (iii) Other financial liabilities | 3(ii)(f) | 49.30 | - | 49.30 | 52.82 | - | 52.82 | 33.72 | 1,960.66 | 1,994.38 |
| Provisions | 3(ii)(c) | 169.15 | - | 169.15 | 115.73 | 31.32 | 147.05 | 138.05 | 34.31 | 172.36 |
| Other non-current liabilities | | 9.74 | - | 9.74 | 10.49 | - | 10.49 | 6.90 | - | 6.90 |
| **Total non-current liabilities** | | **11,758.80** | **-** | **11,758.80** | **15,340.25** | **1,071.09** | **16,411.34** | **14,744.42** | **3,199.48** | **17,943.90** |
| **Current liabilities** | | | | | | | | | | |
| Financial liabilities | | | | | | | | | | |
| (i) Borrowings | | 211.10 | - | 211.10 | 904.56 | - | 904.56 | 676.93 | - | 676.93 |
| (ii) Lease liabilities | 3(ii)(b) | 787.38 | - | 787.38 | 1,122.83 | 42.20 | 1,165.03 | 1,105.74 | 211.02 | 1,316.76 |
| (iii) Trade payables | | | | - | | | | | | |
| (a) total outstanding dues of micro enterprises and small enterprises | | 150.53 | - | 150.53 | 20.91 | - | 20.91 | 23.64 | - | 23.64 |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,468.47 | - | 1,468.47 | 1,610.98 | - | 1,610.98 | 1,344.54 | - | 1,344.54 |
| (iv) Other financial liabilities | 3(ii)(f) | 1,305.94 | - | 1,305.94 | 1,896.91 | 1,960.66 | 3,857.57 | 1,179.27 | 339.34 | 1,518.61 |
| Other current liabilities | | 193.48 | - | 193.48 | 170.44 | - | 170.44 | 177.27 | - | 177.27 |
| Provisions | | 82.94 | - | 82.94 | 44.15 | - | 44.15 | 32.26 | - | 32.26 |
| Current tax liabilities (net) | | 6.85 | - | 6.85 | 6.88 | - | 6.88 | 2.82 | - | 2.82 |
| **Total current liabilities** | | **4,206.69** | **-** | **4,206.69** | **5,777.66** | **2,002.86** | **7,780.52** | **4,542.47** | **550.36** | **5,092.83** |
| **Total equity and liabilities** | | **16,684.07** | **-** | **16,684.07** | **18,835.76** | **3,160.73** | **21,996.49** | **18,074.90** | **4,088.15** | **22,163.05** |

The accompanying notes form an integral part of the pro-forma consolidated financial information

**As per our report of even date attached**

*For* **Walker Chandiok & Co LLP**
*Chartered Accountants*
Firm's Registration No.: 001076N/N500013

**Nitin Toshniwal**
*Partner*
Membership No.: 507568

**Place:** Faridabad
**Date:** 20 July 2021

***For APAS & Co LLP***
*Chartered Accountants*
Firm's Registration No.: 000340C/C400308

**Sumit Kathuria**
*Partner*
Membership No.: 520078

**Place:** Gurugram
**Date:** 20 July 2021

*For and on behalf of the* **Board of Directors of Devyani International Limited**

**Virag Joshi**
*CEO and Whole-time Director*
DIN: 01821240

**Raj P. Gandhi**
*Director*
DIN: 00003649

**Manish Dawar**
*CFO and Director*
DIN: 00319476

**Anil Dwivedi**
*Company Secretary*
Membership No.: 18893

**Place:** Gurugram
**Date:** 20 July 2021

**Devyani International Limited**
**Pro-forma Consolidated Statement of Profit and Loss**
*(INR in millions)*

| Particulars | Notes | For the year ended 31 March 2021 | | | | For the year ended 31 March 2020 | | | | For the year ended 31 March 2019 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Restated consolidated financial information | Pro- forma adjustments | | Total | Restated consolidated financial information | Pro- forma adjustments | | Total | Restated consolidated financial information | Pro- forma adjustments | | Total |
| | | | Financial information of stores acquired | Others | | | Financial information of stores acquired | Others | | | Financial information of stores acquired | Others | |
| | | Column 1 | Column 2 | Column 3 | Column 4 | Column 1 | Column 2 | Column 3 | Column 4 | Column 1 | Column 2 | Column 3 | Column 4 |
| **Income** | | | | | | | | | | | | | |
| Revenue from operations | 3(i) | 11,348.38 | 287.04 | - | **11,635.42** | 15,163.86 | 3,046.87 | - | **18,210.73** | 13,105.98 | 3,228.91 | - | **16,334.89** |
| Other income | 3(ii)(e) | 640.57 | - | 1.78 | **642.35** | 186.55 | - | 6.02 | **192.57** | 130.85 | - | 6.46 | **137.31** |
| **Total income** | | **11,988.95** | **287.04** | **1.78** | **12,277.77** | **15,350.41** | **3,046.87** | **6.02** | **18,403.30** | **13,236.83** | **3,228.91** | **6.46** | **16,472.20** |
| **Expenses** | | | | | | | | | | | | | |
| Cost of materials consumed | 3(i) | 3,386.93 | 105.55 | - | **3,492.48** | 4,487.18 | 1,136.27 | - | **5,623.45** | 3,772.90 | 1,188.49 | - | **4,961.39** |
| Purchases of stock-in-trade | | 59.67 | - | - | **59.67** | 116.78 | - | - | **116.78** | 115.76 | - | - | **115.76** |
| Employee benefits expense | 3(i) & 3(ii)(c) | 1,543.32 | 114.15 | - | **1,657.47** | 2,254.85 | 394.39 | - | **2,649.24** | 1,915.73 | 422.34 | - | **2,338.07** |
| Finance costs | 3(ii)(b) | 1,528.03 | - | 28.51 | **1,556.54** | 1,584.37 | - | 148.58 | **1,732.95** | 1,356.04 | - | 178.28 | **1,534.32** |
| Depreciation and amortisation expense | 3(ii)[(a)&(b)] | 2,294.53 | 3.62 | 100.55 | **2,398.70** | 2,233.14 | 95.88 | 235.30 | **2,564.32** | 2,028.26 | 209.20 | 194.01 | **2,431.46** |
| Impairment of non-financial assets | | 480.05 | - | - | **480.05** | 38.77 | - | - | **38.77** | 247.53 | - | - | **247.53** |
| Other expenses | 3(i) & 3(ii)[(b)&(d)] | 4,089.18 | 150.78 | (31.51) | **4,208.45** | | | | **6,643.75** | | | | **5,522.91** |
| | | | | | | 5,750.21 | 969.98 | (76.44) | | 4,511.97 | 1,082.25 | (71.31) | |
| **Total expenses** | | **13,381.71** | **374.10** | **97.56** | **13,853.36** | **16,465.30** | **2,596.52** | **307.44** | **19,369.26** | **13,948.19** | **2,902.28** | **300.98** | **17,151.45** |
| **Loss before exceptional items and tax** | | **(1,392.76)** | **(87.06)** | **(95.78)** | **(1,575.59)** | **(1,114.89)** | **450.35** | **(301.42)** | **(965.96)** | **(711.36)** | **326.63** | **(294.52)** | **(679.25)** |
| Exceptional items | | (568.84) | - | - | (568.84) | (345.78) | - | - | **(345.78)** | (131.48) | - | - | - |
| **Loss before tax** | | **(823.92)** | **(87.06)** | **(95.78)** | **(1,006.75)** | **(769.11)** | **450.35** | **(301.42)** | **(620.18)** | **(579.88)** | **326.63** | **(294.52)** | **(679.25)** |
| **Tax expense/(credit)** | 3(ii)(g) | | | | | | | | | | | | |
| Current tax expense | | 9.75 | - | - | **9.75** | 13.48 | - | - | **13.48** | 8.53 | - | - | **8.53** |
| Deferred tax expense/(credit) | | (20.43) | - | - | **(20.43)** | 4.93 | - | - | **4.93** | 4.49 | - | - | **4.49** |
| **Total tax expense/(credit)** | | **(10.68)** | **-** | **-** | **(10.68)** | **18.41** | **-** | **-** | **18.41** | **13.02** | **-** | **-** | **13.02** |
| **(Loss)/Profit from continuing operations after tax (A)** | | **(813.24)** | **(87.06)** | **(95.78)** | **(996.07)** | **(787.52)** | **450.35** | **(301.42)** | **(638.59)** | **(592.90)** | **326.63** | **(294.52)** | **(560.79)** |
| **Profit/(Loss) from discontinued operations before tax** | | 183.37 | - | - | **183.37** | (426.66) | - | - | **(426.66)** | (348.28) | - | - | **(348.28)** |
| Tax expense of discontinued operations | | - | - | - | - | - | - | - | - | 0.26 | - | - | **0.26** |
| **Profit/(Loss) from discontinued operations after tax (B)** | | **183.37** | **-** | **-** | **183.37** | **(426.66)** | **-** | **-** | **(426.66)** | **(348.54)** | **-** | **-** | **(348.54)** |
| **(Loss)/Profit for the year (A+B)** | | **(629.87)** | **(87.06)** | **(95.78)** | **(812.70)** | **(1,214.18)** | **450.35** | **(301.42)** | **(1,065.25)** | **(941.44)** | **326.63** | **(294.52)** | **(909.32)** |
| **Other comprehensive income** | | | | | | | | | | | | | |
| Items that will not to be reclassified to profit or loss | | | | | | | | | | | | | |
| Remeasurements of defined benefit plans | | (12.94) | - | - | (12.94) | 3.73 | - | - | **3.73** | (9.55) | - | - | (9.55) |
| Income tax relating to above mentioned item | | (0.14) | - | - | (0.14) | (0.34) | - | - | **(0.34)** | 0.39 | - | - | 0.39 |
| | | **(13.08)** | **-** | **-** | **(13.08)** | **3.39** | **-** | **-** | **3.39** | **(9.16)** | **-** | **-** | **(9.16)** |
| Items that will be reclassified to profit or loss | | | | | | | | | | | | | |
| Exchange difference in translating financial statements of foreign operations | | 124.14 | - | - | 124.14 | 156.95 | - | - | **156.95** | (17.02) | | | (17.02) |
| Exchange differences on translation of discontinued operations | | (58.86) | - | - | - | (17.76) | - | - | **-** | (5.30) | - | - | (5.30) |
| Income tax relating to above mentioned items | | - | - | - | - | - | - | - | **-** | - | | | - |
| **Other comprehensive income for the year** | | **52.20** | **-** | **-** | **52.20** | **142.58** | **-** | **-** | **142.58** | **(31.48)** | **-** | **-** | **(31.48)** |
| **Total comprehensive income for the year** | | **(577.67)** | **(87.06)** | **(95.78)** | **(760.50)** | **(1,071.60)** | **450.35** | **(301.42)** | **(922.67)** | **(972.92)** | **326.63** | **(294.52)** | **(940.80)** |

The accompanying notes form an integral part of the pro-forma consolidated financial information

**As per our report of even date attached**

*For* **Walker Chandiok & Co LLP**
*Chartered Accountants*
Firm's Registration No.: 001076N/N500013

**Nitin Toshniwal**
*Partner*
Membership No.: 507568

**Place:** Faridabad
**Date:** 20 July 2021

***For APAS & Co LLP***
*Chartered Accountants*
Firm's Registration No.: 000340C/C400308

**Sumit Kathuria**
*Partner*
Membership No.: 520078

**Place:** Gurugram
**Date:** 20 July 2021

*For and on behalf of the* **Board of Directors of**
**Devyani International Limited**

**Virag Joshi**
*CEO and Whole-time Director*
DIN: 01821240

**Raj P. Gandhi**
*Director*
DIN: 00003649

**Manish Dawar**
*CFO and Director*
DIN: 00319476

**Anil Dwivedi**
*Company Secretary*
Membership No.: 18893

**Place:** Gurugram
**Date:** 20 July 2021

## 1) Background

Devyani International Limited (‘the Company') is a public limited company domiciled in India, having its registered office at F-2/7, Okhla Industrial Area, Phase-I, New Delhi - 110020. The Company was incorporated on 13 December 1991 as a private limited company in India. Subsequently, the Company changed its legal status from a private company to a public company on 7 June 2000. The Company, its subsidiaries (collectively referred to as the 'Group') and its joint venture, are primarily engaged in the business of developing, managing and operating quick service restaurants and food courts for brands such as Pizza Hut, KFC, Costa Coffee, Vaango etc. and retail stores of TWG Tea.

During the year ended 31 March 2019, the Company entered into Business Transfer Agreement (BTA) dated 20 September 2018 with Yum Restaurants (India) Private Limited (YUM) for acquisition of 13 KFC stores for a total purchase consideration of INR 311.38. The stores were acquired in multiple tranches during the year ended 31 March 2019.

Further, during the year ended 31 March 2020, the Company again entered into BTA dated 11 December 2019 with Yum for acquisition of 61 KFC stores (amended to 60 KFC stores subsequently) for a total purchase consideration of INR 2,300.00. These stores were acquired in multiple tranches. Till 31 March 2020, only 9 KFC stores were acquired for a total purchase consideration of INR 339.34 and balance 51 KFC stores were acquired during the year ended 31 March 2021 for a purchase consideration of INR 1,960.66, in multiple tranches.

Both the business acquisitions under aforementioned BTA’s were accounted for under Ind AS 103, Business Combinations by the management of the Company from the respective date of acquisition of each store.

## 2) Basis of preparation

The Pro-forma Consolidated Financial Information of the Group and its joint venture comprises of the Pro-forma Balance Sheet as at 31 March 2021, 31 March 2020 and 31 March 2019 and the Pro-forma Statement of Profit and Loss for the years then ended, read with the notes to the Pro-forma Consolidated Financial Information (hereinafter, referred to as ‘Pro-forma Consolidated Financial Information’).

Pro-forma Consolidated Financial Information has been prepared to demonstrate the effects of the acquisitions of 13 and 60 KFC stores made by the Company under both the BTAs on the financial position and performance of the Company, that would have resulted as if the said acquisitions have taken place at the beginning of the earliest reported year presented, i.e. 1 April 2018. Because of its nature, the Pro-forma Consolidated Financial Information addresses a theoretical situation and therefore, does not represent Company’s factual financial position or performance. It purports to indicate the financial position and performance that would have resulted had the acquisitions been completed at the beginning of the earliest reported year presented i.e. 1 April 2018 but is not intended to be indicative of expected financial results or performance in the future periods or the future financial position of the Group and its joint venture.

The pro-forma adjustments are based upon available information and assumptions that the management of the Company believes to be reasonable. Such Pro-forma Consolidated Financial Information has been prepared on the basis as stated in the following section “Pro-forma adjustments” and accordingly should not be relied upon as if it had been prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Companies Act, 2013, as amended.

The Pro-forma Consolidated Financial Information for the years presented has been prepared by adjusting the restated consolidated financial information (unadjusted financial information) of the Group and its joint venture (prepared for the purposes of inclusion in Red Herring Prospectus) for the years ended 31 March 2021, 31 March 2020 and 31 March 2019, on which the joint statutory auditors of the Company have issued an unmodified examination report dated 20 July 2021, to reflect the acquisition of 13 and 60 KFC stores from YUM under both BTAs as if such acquisition had taken place from the beginning of the earliest reported year i.e. w.e.f. 1 April 2018.

Further, the Pro-forma Consolidated Financial Information for all the years consist of different columns wherein:

- Pro-forma Consolidated Balance Sheet:
  a) Column 1 represents Restated Consolidated Balance Sheet as at respective year ends;
  b) Column 2 represents Pro-forma adjustments, as explained in note 3(ii) below, to respective year ends; and
  c) Column 3 represents total of column 1 and 2.

- Pro-forma Consolidated Statement of Profit and Loss:
  a) Column 1 represents Restated Consolidated Statement of Profit and Loss for the respective years;
  b) Column 2 represents Pro-forma adjustments, as explained in note 3 (i), in respect of financial information of 13 and 60 KFC stores acquired from YUM from beginning of reported year to the respective date of acquisition of each store (as applicable);
  c) Column 3 represents other Pro-forma adjustments, as explained in note 3 (ii), to respective years; and
  d) Column 4 represents total of column 1, 2 and 3.

**3) Pro-forma adjustments**

The Pro-forma adjustments mainly pertains to financial information of 13 and 60 KFC stores acquired from YUM by the Company under respective BTAs and other Pro-forma adjustments made to make (i) accounting policies of financial information of KFC stores acquired consistent with that of the Company and (ii) other directly attributable adjustments to the said acquisitions.

The following adjustments have been made to the Restated Consolidated Financial Information (unadjusted financial information) of the Company:

**i. Pro-forma adjustments related to financial information of KFC stores acquired from YUM**

The Company has presented financial information of 13 and 60 KFC stores acquired from YUM from beginning of reported year to the date of acquisition of each store as applicable for each of years presented as pro-forma adjustment in Pro-forma Statement of Profit and Loss under column 2. This special purpose financial information has been audited by one of the joint statutory auditors of the Company, APAS & Co, on which they have issued an unmodified audit opinion dated 21 April 2021.

**ii. Other Pro-forma adjustments**

For the KFC stores acquired under respective BTAs, the Company has performed a roll back (as explained for the impacted financial line item wise, in detail below) of each identified asset and liability under said BTAs based on fair values determined of such assets and liabilities on respective date of each acquired KFC store. The roll back of such acquisitions are performed to the beginning of earliest reported year presented.

**a) Property, plant and equipment (PPE) and other intangible assets (licensee fees and franchisee rights)**

Pro-forma adjustments have been made to reflect the estimated fair value of identified PPE and other intangible assets acquired based on the purchase price allocation carried out the management of the Company through a valuer on the date of acquisition and the depreciation/amortization thereon as the case may be. The carrying values of these assets have been arrived at by grossing up the fair value of aforesaid assets by the amount of estimated depreciation/amortization to the beginning of the earliest reported year.

Consequently, the Company has adjusted the depreciation/amortization reflected in the financial information of KFC stores, to make it consistent with the Group accounting estimates.

**b) Ind AS 116 adjustments**

For Right-of-use assets (ROU), Pro-forma adjustments have been made to reflect the estimated value of ROU created on the date of acquisition and the depreciation thereon as the case may be. The carrying values of ROU has been arrived at by grossing up the value recognized on the date of each acquisition to the beginning of the earliest reported year. Consequently, depreciation on ROU has been calculated based on grossed up values as explained above and adequate adjustments have been made in the Pro-forma Consolidated Financial Information.

Lease liabilities have been arrived at by grossing up the value recognized of such liabilities on the date of each acquisition to the beginning of the earliest reported year via effective interest method. Consequential adjustments have been made to the Pro-forma Consolidated Financial Information for recognition of interest on such liabilities and to fixed rental expense already recognized in the financial information of KFC stores acquired.

**c) Inventories and employees related liabilities**

Considering the nature of industry, inventory levels and employee related liabilities generally remains the same to maintain normal level of business operations. Therefore, amounts recognised for such assets and liabilities on date of respective acquisitions have been kept as same for Pro-forma adjustments.

**d) Royalty and marketing expenses**

Royalty and marketing expenses are required to be paid by the Company to the YUM based on their contractual terms. So, for the periods before date of acquisition of respective stores, adequate adjustments have been made based on the amounts that would have been payable to YUM, had these stores been acquired from beginning of earliest reported year.

**e) Security deposits and interest income**

Pro-forma adjustments represents carrying values arrived by adjusting the fair values recognized on the date of acquisition of KFC stores via effective interest method. Resulting interest incomes have also been recognized in respective reported years, as applicable.

**f) Goodwill and purchase consideration**

Goodwill recognized on acquisition of stores is pushed back and is kept consistent in all reported years as there is no amortization required for goodwill on business combination under Ind AS. Purchase consideration payable for each acquisition has been pushed back to respective years as applicable and no time value of money considered for the same. Such purchase consideration is presented under "Other financial liabilities" (current, non-current as the case may be).

**g) Tax adjustments**

The Company is not recognizing any deferred tax assets on its unabsorbed depreciation and other temporary differences in absence of convincing evidence to generate sufficient taxable income for utilization of such deferred tax assets. Further, the Company has sufficient unrecognized deferred tax assets available which can absorb the impacts of Pro-forma adjustments. Therefore, no tax impacts have been considered on the Pro-forma adjustments.

**h) Roll back reserve**

The impacts of Pro-forma adjustments as discussed above, are adjusted through "Roll back reserve account" clubbed under head "Other equity" which is released to retained earnings as and when the Pro-forma adjustments impacts the Pro-forma Statement of Profit and Loss.

## OTHER FINANCIAL INFORMATION

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

| Particulars | As at and for the year ended March 31, 2021 | As at and for the year ended March 31, 2020 | As at and for the year ended March 31, 2019 |
|---|---|---|---|
| Restated profit/(loss) after tax attributable to owners of the Company (A) (₹ in million) | (552.08) | (1,216.73) | (792.26) |
| Weighted average number of shares outstanding during the year for basic EPS (B) (Converted to equivalent face value of Rs 1/- per share post split ) | 1,100,217,249 | 1,061,666,660 | 1,061,666,660 |
| Weighted average number of shares outstanding during the year for diluted EPS (C) | 1,100,217,249 | 1,061,666,660 | 1,061,666,660 |
| **Basic Earnings per share (in ₹) (D = A/B)** | **(0.50)** | **(1.14)** | **(0.75)** |
| **Diluted Earnings per share (in ₹) (E = A/C)** | **(0.50)** | **(1.14)** | **(0.75)** |
| | | | |
| Restated net worth attributable to owners of the Company (A) (₹ in million) | 1,137.73 | (1,891.01) | (702.38) |
| Restated net profit/(loss) after tax attributable to owners of the Company (B) (₹ in million) | (552.08) | (1,216.73) | (792.26) |
| **Return on net worth (C = B/A*100) (%)** | **(48.52%)** | **NA*** | **NA*** |
| | | | |
| Restated net worth attributable to owners of the Company (A) (₹ in million) | 1,137.73 | (1,891.01) | (702.38) |
| Weighted average number of equity shares outstanding during the year (B) | 1,100,217,249 | 1,061,666,660 | 1,061,666,660 |
| **Restated net asset value per equity share** (in ₹) **(C = A/B)** (in ₹) | **1.03** | **(1.78)** | **(0.66)** |
| | | | |
| Restated loss for the year (A) (₹ in million) | (629.87) | (1,214.18) | (941.44) |
| Tax expense (B) (₹ in million) | (10.68) | 18.41 | 13.02 |
| Exceptional Items (C) (₹ in million) | (568.84) | (345.78) | (131.48) |
| Finance costs (D) (₹ in million) | 1,528.03 | 1,584.37 | 1,356.04 |
| Depreciation and amortisation and Impairment (E) (₹ in million) | 2,774.58 | 2,271.91 | 2,275.79 |
| Profit/ (Loss) from Discontinued Operations (F) | 183.37 | (426.66) | (348.54) |
| Other income (G) | 640.57 | 186.55 | 130.85 |
| **EBITDA (A+B+C+D+E+F-G)** (₹ in million) | **2,269.28** | **2,554.84** | **2,789.62** |
| Revenues from operations (₹ in million) | 11,348.38 | 15,163.86 | 13,105.98 |
| **EBITDA / Revenues from Operations (%)** | **20.00%** | **16.85%** | **21.29%** |

** Not Applicable since Company has loss and negative net worth in the relevant periods*

*The ratios have been computed as under:*

1. *Basic and diluted earnings/ (loss) per equity share: Basic and diluted earnings/ (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).*
2. *Return on Net Worth ratio: Profit/ (loss) for the period attributable to owners of the Company divided by Net worth as attributable to owners of the Company at the end of the year.*
3. *Net assets value per equity share (₹): Net worth as attributable to owners of the Company at the end of the year divided by weighted average number of equity shares outstanding during the year.*
4. *EBITDA = EBITDA stands for earnings before interest, taxes, depreciation and amortization (Restated profit/ (loss) for the year + tax expense + exceptional items+ Impairment + Finance costs + depreciation and amortization + Profit/ (loss) from discontinued operations – other income).*
5. *Net Worth is derived as below:*

*(₹ in million)*

| Particulars | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| Equity share capital | 1,153.63 | 1061.67 | 1061.67 |
| Securities premium account | 8,126.54 | 4,632.61 | 4,632.61 |
| Retained earnings | (8,874.67) | (8,317.00) | (7036.39) |
| General Reserve | 5.47 | 5.47 | 5.47 |
| Exchange difference of translation of foreign operations | 712.36 | 625.00 | 520.84 |
| Employee stock options outstanding account | 14.40 | 101.24 | 113.42 |
| **Restated net worth attributable to the owners (Total)** | **1137.73** | **(1891.01)** | **(702.38)** |

6. *Accounting and other ratios are based on or derived from the Restated Consolidated Financial Statements*

In accordance with the SEBI ICDR Regulations, the audited standalone financial statements of our Company as at and for the years ended March 31, 2021, March 31, 2020, and March 31, 2019 and the reports thereon dated April 21, 2021, September 9, 2020 and September 23, 2019, respectively are available at http://dil-rjcorp.com/dil/annual-reports.html and the audited standalone financial statements of our Material Subsidiary as at and for the years ended March 31, 2021, March 31, 2020, and March 31, 2019 and the reports thereon dated April 15, 2021, June 24, 2020 and May 22, 2019, respectively ("**Standalone Financial Statements**") are available at http://dil-rjcorp.com/dil/financial-information.html.

Our Company is providing a link to this website solely to comply with the requirements specified under the SEBI ICDR Regulations. The Standalone Financial Statements do not constitute, (i) a part of this Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, 2013, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Standalone Financial Statements should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence (collectively, the "**Group**") and should not be relied upon or used as a basis for any investment decision. None of the Group or any of its advisors, nor any Lead Managers or Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Standalone Financial Statements, or the opinions expressed therein.

**Related Party Transactions**

In Fiscals 2019, 2020 and 2021, the aggregate amount of such related party transactions (income and expense) was ₹ 889.84 million, ₹ 1,162.65 million, and ₹ 259.42 million, respectively, that represented 6.79%, 7.67% and 2.29%, of our revenue from operations, respectively, and the aggregate amount of related party transactions (assets and liabilities) was ₹ 631.15 million, ₹ 1,564.14 million, and ₹ 2,265.50 million, respectively, that represented 3.49%, 8.30% and 13.58% of our total assets in such periods, respectively. Set forth below are certain details on our related party transactions for the periods indicated:

(In ₹ million)

| Particulars | As of/ for the year ended March 31 | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| (i) Sale of products (Finished goods) | 137.86 | 126.59 | 54.02 |
| (ii) Sale of products (Traded goods) | 91.79 | 95.93 | 26.26 |
| (iii) Marketing and other services | 0.53 | 0.06 | 0.02 |
| (iv) Sale of property, plant and equipment (PPE) | 1.09 | 1.14 | 0.80 |
| (v) Purchase of raw materials | 97.91 | 71.63 | 44.11 |
| (vi) Purchase of PPE and intangible assets | 1.00 | 1.34 | 2.10 |
| (vii) Payment to gratuity trust | 10.00 | 5.00 | 5.00 |
| (viii) Expenses incurred by other company on behalf of the Company | 0.05 | 0.86 | 0.43 |
| (ix) Expenses incurred/(collection) on behalf of other company | 3.12 | 0.05 | (2.25) |
| (x) Rent expense | 0.18 | 0.08 | 0.11 |
| (xi) Rental and maintenance income | 7.05 | - | - |
| (xii) Interest income | 30.68 | 59.76 | 53.55 |
| (xiii) Repair and maintenance – others | - | 2.27 | - |
| (xiv) Finance costs | 4.01 | 4.48 | 11.79 |
| (xv) Loan given | 463.25 | 934.99 | 162.10 |
| (xvi) Loan recovered | 24.01 | 621.67 | 782.71 |
| (xvii) Director's Sitting Fees^ | 1.30 | 1.50 | 2.40 |
| (xviii) Compensation to KMPs | 36.63 | 32.23 | 61.01 |
| (xix) Compensation to relative of KMP | - | 12.00 | 10.03 |
| (xx) Acquisition of Immovable property | - | - | 180.00 |
| (xxi) Purchase consideration for transfer of business | - | - | 10.00 |
| (xxii) Shares allotted | - | - | 145.21 |
| (xxiii) Sale of Investment | - | - | 3.60 |
| (xxiv) Loan Taken | - | - | 784.94 |
| (xxv) Investment in equity shares | 131.80 | - | - |
| (xxvi) Conversion of loan to equity share capital | - | - | 189.04 |
| (xxvii) Employee stock option scheme expenses/(reversal) | - | (1.89) | (0.65) |
| (xxviii) Impairment loss of equity investment in subsidiaries | 84.84 | 350.82 | 111.31 |
| (xxix) Impairment/(reversal) of loans to subsidiary | - | 307.70 | (307.70) |
| (xxx) Net loss/ (gain) on investment carried at fair value through profit or loss | 305.23 | (1.73) | 2.91 |
| (xxxi) Dividend income | 1.25 | 1.25 | 1.25 |
| (xxxii) Guarantee commission income | 5.94 | 5.38 | 0.91 |
| (xxxiii) Royalty and continuing fee recovered | 21.09 | 19.34 | 4.01 |
| (xxxiv) Management fee | 60.38 | 74.34 | 0.46 |
| (xxxv) Loss on sale of investment | - | - | 185.45 |

## FINANCIAL INDEBTEDNESS

Our Company and Subsidiaries avail loans in the ordinary course of business for the purposes of meeting working capital requirements and business requirements.

Pursuant to the provisions of the Companies Act, 2013 and the rules framed thereunder, our Board is authorised to borrow such monies which together with the money already borrowed does not exceed the paid-up share capital and free reserves of our Company. Our Board pursuant to its resolution dated February 17, 2021 and our Shareholders pursuant to their resolution dated March 17, 2021 have approved the borrowing powers up to ₹ 25,000 million.

The following table sets forth the details of the aggregate outstanding borrowings of our Company and its Subsidiaries as of June 30, 2021:

*(₹ in million)*

| Category of borrowing | Sanctioned amount as on June 30, 2021 | Outstanding amount as on June 30, 2021* |
|---|---|---|
| **Term loans (A)** | 6,749.07 | 4,745.58 |
| **Working capital loans (B)** | | |
| - Fund based working capital loans | 942.07 | 434.88 |
| - Non-fund based working capital loans | 372.90 | 235.40 |
| **Total (A +B)** | **8,064.04** | **5,415.86** |

***** *As certified by M/s O.P. Bagla & Co LLP, Chartered Accountants pursuant to their certificate dated July 24, 2021.*

For details in relation to financial indebtedness of our Company, see "*Risk Factors – We have incurred significant indebtedness, and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business and financial condition*" and "*Restated Consolidated Financial Statements – Note 17: Borrowings*" on page 44 and 246, respectively.

**Principal terms of the outstanding borrowings availed by our Company and its Subsidiaries:**

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by us.

1. ***Interest:*** The interest rate for our working capital typically ranges between 7.75% per annum and 19% per annum and is tied to a base rate/ MCLR as specified by the lenders with a reset option and subject to prevailing money market conditions. The interest rates for the term loan facilities typically ranges from 5.25% per annum to 7.50% per annum and is tied to a base rate/ MCLR/MIBOR/LIBOR as specified by the lenders with a reset option. The base rate/ MCLR may vary for each facility. Further, for term loans availed by us, additional interest rates have been stipulated on the occurrence of default in terms of payment of any dues or any of the terms and conditions.

2. ***Security:*** In terms of our borrowings where security needs to be created, we are typically required to create security by way of first hypothecation or charge on our fixed and current assets (both present and future). Further, certain of our borrowings are guaranteed by our Promoters and our Company (in relation to DINPL), as and when required. The nature of securities described herein is indicative and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us. For details, see "*Restated Consolidated Financial Statements – Note 17: Borrowings*" on page 246.

3. ***Prepayment:*** We have the option to prepay the lenders, subject to payment of prepayment charges at such rate as may be stipulated by the lenders which is typically from 1% to 2%. Further, some loans may be prepaid without any prepayment charges subject to the fulfilment of conditions, including by providing prior notice to the lender.

4. ***Repayment:*** The repayment period for the term loans availed by our Company ranges between 4 to 7 years. We are required to repay in such instalments as per the repayment schedule stipulated in the relevant loan documentation. The working capital facilities have a validity that ranges between 12 to 73 months and they are repayable either on demand or on the maturity date.

5. ***Key Covenants:***

   In terms of our facility agreements and sanction letters, we are required to comply with various financial covenants, restrictive covenants and conditions restricting certain corporate actions, and we are required to take the lender's prior consent and/or intimate the respective lender before carrying out such actions, including, but not limited to the following:

   a) take prior consent of the lenders to enter into any scheme of merger, amalgamation, compromise or reconstruction;

b) take prior consent of the lenders for any change in the ownership or management control of our Company whereby the effective beneficial ownership of the Company and Subsidiaries shall change;

c) take prior consent of the lenders for effecting any material change in the management of the business of our Company;

d) take prior consent of the lenders to make any amendments in the Company's Memorandum and Articles;

e) take prior consent of the lenders to create, assume or incur any further indebtedness of a long term nature whether for borrowed money or otherwise;

f) take prior consent to effect any dividend payout or capital withdrawal, in case of delays in payment of dues or breach of financial covenants;

g) take prior consent of the lenders for any changes in the shareholding pattern of our Company or Subsidiaries;

h) take prior consent of the lenders before effecting any dilution of promoter/ promoter group shareholding;

i) take prior consent of lenders before undertaking any further capex except being funded by company's own resources; and

j) inform the lenders of any event likely to have a substantial effect on profit or business of our Company.

6. ***Events of Default:***

In terms of our facility agreements, sanction letters and refinance documents, the following, among others, constitute events of default:

(a) failure and inability to pay amounts on the due date by our Company and Subsidiaries;

(b) failure in performance of any covenant, condition or agreement on the part of our Company;

(c) misrepresentation/providing incorrect or misleading information provided by our Company;

(d) cessation or change in business;

(e) change in control of our Company or of any other person who controls our Company without the approval of the lenders;

(f) the occurrence of any cross-default;

(g) upon occurrence of any event that may have a material adverse effect; and

(h) downgrading in our credit rating below the specified limit or deterioration in the credit worthiness of our Company in the sole opinion of lenders.

This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

7. ***Consequences of occurrence of events of default:***

In terms of the facility agreements and sanction letters, the following, among others, are the consequences of occurrence of events of default, our lenders may:

(a) declare all parts of the loan together with accrued interest outstanding as immediately due and payable;

(b) enforce their security over the hypothecated / mortgaged assets;

(c) levy penal charges including interest;

(d) appoint nominee directors;

(e) review the management set up or organisation of our Company and may require our Company to restructure inter alia the formation of management;

(f) declare our Company, the Promoters and Directors as non-co-operative borrower and report such classification to the RBI and/or any other agency authorised in this behalf by the RBI.

This is an indicative list and there may be other similar terms under the various borrowing arrangements entered into by us.

## CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at March 31, 2021, derived from our Restated Consolidated Financial Statements, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "*Risk Factors*", "*Restated Consolidated Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", on pages 27, 205 and 323, respectively.

*(In ₹ million)*

| Particulars | Pre-Offer as at March 31, 2021 | As adjusted for the proposed Offer |
|---|---|---|
| **Total Borrowings** | | |
| Current Borrowings | 211.10 | 211.10 |
| Current maturity of the long-term borrowings | 828.52 | 828.52 |
| Non-current borrowings (A) | 3,593.65 | 3,593.65 |
| **Total Borrowings (B)** | **4,633.27** | **4,633.27** |
| | | |
| **Total Equity** | | |
| Equity share capital | 1,153.63 | 1,202.52 |
| Other equity# | (435.05) | 3,764.25 |
| **Total Equity (C)** | **718.58** | **4,966.77** |
| **Ratio: Non-current borrowings (A) / Total Equity (C)** | 5.00 | 0.72 |
| **Ratio: Total Borrowings (B) / Total Equity (C)** | 6.45 | 0.93 |

\# *including Non-Controlling Interests*

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read in conjunction with our Restated Consolidated Financial Statements on page 205.*

*This Prospectus may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Prospectus. For further information, see "Forward-Looking Statements" on page 19. Also read "Risk Factors" and " – Significant Factors Affecting our Results of Operations" on pages 27 and 326, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.*

*Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2019, 2020 and 2021, included herein is derived from the Restated Consolidated Financial Statements, included in this Prospectus. For further information, see "Restated Consolidated Financial Statements" on page 205.*

*Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year. Unless otherwise indicated, the financial information included herein is based on our Restated Consolidated Financial Statements included in this Prospectus. For further information, see "Restated Consolidated Financial Statements" on page 205. Unless the context otherwise requires, in this section, references to "we", "us", or "our" refers to Devyani International Limited on a consolidated basis and references to "the Company" or "our Company" refers to Devyani International Limited on a standalone basis.*

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "India – The Future of Foodservice to 2025" dated March 2021 (the "GlobalData Report"), prepared and issued by GlobalData, and commissioned and paid for by us. GlobalData was appointed on April 26, 2021 for commissioning the report. Also see, "Certain Conventions, Presentation of Financial, Industry and Market Data – Industry and Market Data" on page 17.*

### OVERVIEW

We are the largest franchisee of Yum Brands in India and are among the largest operators of chain quick service restaurants ("**QSR**") in India (*Source: GlobalData Report*), on a non-exclusive basis, and operate 655 stores across 155 cities in India, as of March 31, 2021, and 696 stores across 166 cities in India, as of June 30, 2021. Yum! Brands Inc. operates brands such as KFC, Pizza Hut and Taco Bell brands and has presence globally with more than 50,000 restaurants in over 150 countries, as of December 31, 2020[1]. In addition, we are a franchisee for the Costa Coffee brand and stores in India.

Our business is broadly classified into three verticals that includes stores of KFC, Pizza Hut and Costa Coffee operated in India (KFC, Pizza Hut and Costa Coffee referred to as "**Core Brands**", and such business in India referred to as the "**Core Brands Business**"); stores operated outside India primarily comprising KFC and Pizza Hut stores operated in Nepal and Nigeria ("**International Business**"); and certain other operations in the F&B industry, including stores of our own brands such as Vaango and Food Street ("**Other Business**"). Revenue from our Core Brands Business, together with our International Business, represented 83.01%, 82.94% and 94.19% of our revenue from operations in Fiscals 2019, 2020 and 2021, respectively.

We began our relationship with Yum in 1997, when we commenced operations of our first Pizza Hut store in Jaipur. We have subsequently continued to expand our operations with both KFC and Pizza Hut franchises, and as of March 31, 2021, operated 264 KFC stores and 297 Pizza Hut stores across India. We operated 284 KFC stores and 317 Pizza Hut stores in India as of June 30, 2021. In our Core Brands Business, we had an extensive presence in 26 states and three union territories in India as of March 31, 2021 and June 30, 2021. In addition, we are a franchisee of the Costa Coffee brand in India, which is owned by Costa, and operated 44 Costa Coffee stores as of March 31, 2021 and June 30, 2021. We have been consistently expanding our store network over the years. Stores in our Core Brands Business grew at a CAGR of 13.58% from 469 stores as of March 31, 2019 to 605 stores as of March 31, 2021, and had 645 stores as of June 30, 2021. Despite the ongoing COVID-19 pandemic, we have continued to expand our store network and in the six months ended March 31, 2021, we opened 109 stores in our Core Brands Business. Our defined store expansion and development process is focused on high potential locations across towns and cities, airports, high street locations, malls, food courts, hospitals, business hubs and transit areas. We ensure that our new stores are consistent in terms of look and feel across various formats that include dine-in, takeaway and delivery.

We collaborate with Yum across various aspects of our operations for KFC and Pizza Hut for the franchisor's brand protection and management, including product innovation and development, brand strategy and technology initiatives. We also work

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1 *Source: Yum! Brands Inc. Annual Report (10-K) available at:* https://www.sec.gov/ix?doc=/Archives/edgar/data/1041061/000104106121000012/yum-20201231.htm)

closely with Yum on advertising, promotion and marketing activities. For Costa Coffee, we retain flexibility over our operations with respect to similar parameters and are supported by Costa in determining our menu, ingredients, suppliers and distributors.

Our value proposition to customers is predicated on the quality of products we offer, the brand recall of the Core Brands we operate, our sustained focus on customer satisfaction and implementation of digital measures to increase efficiency in operations. Raw materials for our operations are sourced from vendors that are pre-approved and meet international safety and quality standards. Our stores are routinely audited and accredited to ensure compliance with global standards. For example, our KFC and Pizza Hut stores are certified by Yum as part of their restaurant operations compliance check. Our service and diverse menu including various value offerings across the Core Brands has led to significant brand recall for these brands.

We attribute our growth over the years to our employees and consider them to be among our key assets. We ensure that employees across our Core Brands Business, International Business and Other Business, undergo training to be able to provide quality customer service and ensure high standards of food safety and quality. Our employee engagement and training processes have led us to being awarded as a "*Great Workplace*" in 2018 and as one of "*India's 100 Best Workplaces for Women 2020*" in 2020 by the Great Place to Work Institute, India.

Following the onset of COVID-19, we have increased our focus on safety by introduction of contactless delivery and takeaway, ensuring greater cleanliness of our stores, additional safety measures such as frequent sanitization and temperature checks. Among measures we adopted to counter the effects of COVID-19 include re-developing our menus to focus on delivery and takeaway options. We also introduced measures to reduce fixed and variable costs and sought rental waivers from store landlords and lessors. We also rationalized certain loss-making stores to ensure that we continue to maintain our profitability position and strong financial performance.

Besides the pandemic, increasing internet and mobile penetration within India and the advent of food delivery apps are key factors to lead consumers away from traditional dine-in experiences and towards convenience-driven options (*Source: GlobalData Report*). We are among the single largest QSR companies in India that is listed on the Swiggy platform, and were among the largest QSR companies in India listed on the Zomato platform in the calendar years 2019 and 2020. The prevalence of home delivery in the Indian QSR industry is expected to continue to grow due to changing lifestyles and changing consumer eating patterns in the post-COVID atmosphere. Operators will need to modernize and digitize their operations and have an online presence to meet customer demand (*Source: GlobalData Report*). We intend to grow our store network to be focused on delivery and takeaway formats while ensuring safety and convenience for customers who prefer to dine-in. We intend to continue to focus on enhancing our operations with the increased adoption of digital and technology measures including implementing artificial intelligence and machine learning measures to ensure greater customer satisfaction.

Our committed senior management team and the experience of our Promoters has also led the growth of our operations. Our corporate Promoter, RJ Corp, is a diversified conglomerate that is focused on F&B sectors. Our individual Promoter, Ravi Kant Jaipuria, also has significant experience in the F&B sector and has been instrumental in the growth of our Company. Our Whole-time Director (President & CEO), Virag Joshi has been a key strategist in expansion of Pizza Hut, KFC and Costa Coffee stores.

The following table sets forth certain key performance indicators for our Core Brands Business in India for the periods indicated:

| **Particulars(1)** | **As of / for the year ended March 31,** | | | **As of / for the three months ended** | |
|---|---|---|---|---|---|
| | **2019** | **2020** | **2021** | **December 31, 2020** | **March 31, 2021** |
| | **(₹ million except percentages and number of stores)** | | | | |
| **Same Store Sales Growth ("SSSG")(2)** | | | | | |
| - KFC | 4.65% | 3.15% | (33.69)% | (13.00)% | 19.62% |
| - Pizza Hut | 4.67% | (3.68)% | (30.25)% | (11.01)% | 13.40% |
| - Costa Coffee | 2.72% | (4.38)% | (61.64)% | (55.92)% | (24.89)% |
| **Stores(3)** | | | | | |
| - KFC | 134 | 172 | 264 | 240 | 264 |
| - Pizza Hut | 268 | 269 | 297 | 273 | 297 |
| - Costa Coffee | 67 | 63 | 44 | 45 | 44 |
| **Total Stores – Core Brands Business** | **469** | **504** | **605** | **558** | **605** |
| **Revenue from operations** | | | | | |
| - KFC | 4,641.14 | 6,091.34 | 6,442.64 | 2,210.53 | 2,540.30 |
| - Pizza Hut | 4,232.88 | 4,174.27 | 2,879.09 | 951.19 | 1,035.90 |
| - Costa Coffee | 902.04 | 819.62 | 213.95 | 76.07 | 85.25 |
| **Total Revenue from Operations – Core Brands Business** | **9,776.06** | **11,085.23** | **9,535.69** | **3,237.79** | **3,661.46** |
| **Gross Margin (4)** | | | | | |
| - KFC | 3,064.27 | 3,949.68 | 4,360.18 | 1,483.96 | 1,768.96 |
| - Pizza Hut | 3,131.39 | 3,125.59 | 2,134.53 | 703.64 | 789.42 |

| Particulars[1] | As of / for the year ended March 31, | | | As of / for the three months ended | |
|---|---|---|---|---|---|
| | **2019** | **2020** | **2021** | **December 31, 2020** | **March 31, 2021** |
| | **(₹ million except percentages and number of stores)** | | | | |
| - Costa Coffee | 693.59 | 633.95 | 167.98 | 58.50 | 67.75 |
| **Total Gross Margin - Core Brands Business** | **6,889.25** | **7,709.23** | **6,662.69** | **2,246.09** | **2,626.13** |
| **Gross Margin [5] (%)** | | | | | |
| - KFC | 66.02% | 64.84% | 67.68% | 67.13% | 69.64% |
| - Pizza Hut | 73.98% | 74.88% | 74.14% | 73.97% | 76.21% |
| - Costa Coffee | 76.89% | 77.35% | 78.51% | 76.90% | 79.47% |
| **Total Gross Margin (%) – Core Brands Business** | **70.47%** | **69.55%** | **69.87%** | **69.37%** | **71.72%** |

*Notes:*
*(1) Information is limited to Core Brands Business.*
*(2) Same-Store Sales Growth represents the period-over-period percentage change in net revenue from operations of all stores that have been open prior to the first day of the previous fiscal year and were operational in both fiscal years.*
*(3) Stores refers to the number of stores at the end of the relevant period.*
*(4) Gross Margin is calculated as revenue from operations less (i) cost of materials consumed at the store level; and (ii) purchase of stock-in-trade*
*(5) Gross Margin as a percentage of revenue from operations*

The following table sets forth certain additional information for our Core Brands Business in India for the periods indicated:

| Particulars[1] | As of / for the year ended March 31, | | | As of / for the three months ended | |
|---|---|---|---|---|---|
| | **2019** | **2020** | **2021** | **December 31, 2020** | **March 31, 2021** |
| | **(₹ million except percentages)** | | | | |
| **Brand Contribution [2][3]** | | | | | |
| - KFC | 853.65 | 972.66 | 1,181.70 | 423.16 | 574.64 |
| - Pizza Hut | 655.48 | 438.96 | 372.44 | 153.57 | 156.69 |
| - Costa Coffee | 181.73 | 174.09 | 33.21 | 27.11 | 25.81 |
| **Total Brand Contribution – Core Brands Business** | **1,690.87** | **1,585.71** | **1,587.35** | **603.83** | **757.13** |
| **Brand Contribution –Margin (%) [4]** | | | | | |
| - KFC | 18.39% | 15.97% | 18.34% | 19.14% | 22.62% |
| - Pizza Hut | 15.49% | 10.52% | 12.94% | 16.14% | 15.13% |
| - Costa Coffee | 20.15% | 21.24% | 15.52% | 35.63% | 30.27% |
| **Total Brand Contribution Margin - Core Brands Business** | **17.30%** | **14.30%** | **16.65%** | **18.65%** | **20.68%** |

*Notes:*
*(1) Information is limited to the Core Brands Business*
*(2) Brand Contribution is calculated as revenue from operations at the store less (i) cost of materials consumed at the store; (ii) employee benefit expenses of employees at the store; and (iii) other expenses incurred at the store level.*
*(3) Not adjusted for the impact of Ind AS 116. For a reconciliation with Brand Contribution as adjusted for Ind AS 116, see "Management's Discussion and Analysis of Financial Condition and Results of Operation – Non-GAAP Measures" on page 339.*
*(4) Brand Contribution as a percentage of revenue from operations*

For further information on certain KFC stores acquired by our Company from Yum in Fiscals 2019, 2020 and 2021, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Acquisition of KFC Stores and Pro-forma Financial Information*" on page 326.

## PRESENTATION OF FINANCIAL INFORMATION

Our restated consolidated balance sheet as at March 31, 2021, 2020, and 2019, and the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated cash flow statement, restated statement of changes in equity and notes forming part of the restated consolidated financial information for the years ended March 31, 2021, March 31, 2020, and March 31, 2019, together with the summary of significant accounting policies and explanatory information thereon (collectively, the "**Restated Consolidated Financial Statements**"), have been compiled from our audited financial statements as at and for the years ended March 31, 2021, 2020 and 2019, prepared in accordance with Ind AS, read with the Companies (Indian Accounting Standards) Rules, 2015, and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on "*Reports in Company Prospectuses (Revised 2019)*" issued by ICAI and the circular no. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 issued by SEBI.

***Acquisition of KFC Stores and Pro-forma Financial Information***

Pursuant to the Business Transfer Agreements dated September 20, 2018 and December 11, 2019, our Company acquired 13, 9, and 51 KFC stores from Yum in Fiscals 2019, 2020 and 2021, respectively (the "**KFC Store Acquisition**"). Accordingly, our Company's historical operational and financial information prior to the KFC Store Acquisition is not comparable to that subsequent to such KFC Store Acquisition.

Since the KFC Store Acquisition had a significant impact on the financial statements of our Company, we have included in this Prospectus, Pro-forma Financial Information to present the impact of the KFC Store Acquisition on our Company's financial performance, assuming the KFC Store Acquisition had taken place with effect from April 1, 2018. The proforma impact of the KFC Store Acquisition is reflected in the Pro-forma Financial Information for Fiscals 2019, 2020, and 2021.

The Pro-forma Financial Information comprises of the pro-forma balance sheet as at March 31, 2019, 2020, and 2021, and the pro-forma statement of profit and loss for the years ended March 31, 2019, March 31, 2020 and March 31, 2021, read with the notes to the pro-forma financial information, and has been reported on jointly by the Statutory Auditors of our Company.

The Pro-forma Financial Information for the period and years presented has been prepared by adjusting the Restated Consolidated Financial Statements (unadjusted financial information) of the Group and its Joint Venture (prepared for the purposes of inclusion in Red Herring Prospectus) for the years ended March 31, 2019, 2020 and 2021, to reflect the KFC Store Acquisition as if such acquisition had taken place from the beginning of the earliest reported year, i.e. with effect from April 1, 2018. The adjustments are as set out under "Proforma Adjustments" therein, and include adjustments to make (i) accounting policies of financial information of the KFC stores acquired consistent with that of our Company, and (ii) other directly attributable adjustments to the said acquisitions. For further information, see "*Pro-forma Financial Information*" on page 308.

The Pro-forma Financial Information has been prepared for illustrative purposes only, and shows the impact of the KFC Store Acquisition on our Company as if such acquisition had occurred on the dates set forth in the report thereon. The Pro-forma Financial Information addresses a hypothetical situation and does not represent our actual consolidated financial condition or results of operations, and is not intended to be indicative of our future financial condition and results of operations. The adjustments set forth in the Pro-forma Financial Information are based upon available information and assumptions that our management believes to be reasonable. Further, our Pro-forma Financial Information were not prepared in connection with an offering registered with the SEC under the U.S. Securities Act and consequently do not comply with the SEC's rules on presentation of the Pro-forma Financial Information. Accordingly, the Pro-forma Financial Information included in this Prospectus is not intended to be indicative of expected results or operations in the future periods or the future financial position of our Company or a substitute for our past results, and the degree of reliance placed by investors on our Pro-forma Financial Information should be limited. Also see "*Risk Factors – Pro-forma Financial Information included in this Prospectus is not indicative of our future financial condition or results of operations*." on page 37.

**SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

***COVID-19***

Beginning in March 2020 we experienced a substantial reduction in in-store dining volumes due to the nationwide lockdown implemented on March 25, 2020, quarantines, stay-at-home and shelter-in-place orders, the promotion of social distancing, and other travel related restrictions. The impact of the COVID-19 pandemic on our business, operations and financial performance have included and may continue to include significant decline in revenue from operations. We experienced and may continue to be subject to temporary as well as permanent closures and reduced store-level operations such as reduced operating hours, as mandated by regulatory authorities. Restrictive government measures also limited seating capacities at operational stores, leading to a decline in same-store sales growth. Revenue generated from in-store dining represented 48.85% of our revenue from operations of our Core Brands Business in Fiscal 2020 and declined to 29.80% of our revenue from operations of our Core Brands Business in Fiscal 2021. Our total revenue from operations also decreased by 25.16% from ₹ 15,163.86 million in Fiscal 2020 to ₹ 11,348.38 million in Fiscal 2021. The impact of the ongoing pandemic may also result in an adverse impact on our profitability as our operating expenses, primarily comprising lease rental expenses and employee benefit expenses, are less variable in nature. We also incurred and may continue to incur additional expenses in complying with evolving government regulations, including with respect to social distancing measures, food safety norms, and sanitization practices. Also see "*Risk Factors – The current and continuing impact of the ongoing COVID-19 pandemic on our business and operations has been significant. The impact of the pandemic on our operations in the future, including its effect on the ability or desire of customers to dine in stores, is uncertain and may be significant and continue to have an adverse effect on our business prospects, strategies, business, operations, our future financial performance, and the price of our Equity Shares*" on page 27. However, during the temporary decline in number of COVID-19 infections in India, easing of restrictions, and gradual recovery of the economy, footfalls improved in the last quarter of Fiscal 2021, with SSSGs of 19.62% and 13.40% being recorded in the three months ended March 31, 2021, for our KFC and Pizza Hut stores, respectively, under our Core Brands Business. We also opened more stores in the last two quarters with 51 stores and 50 stores being opened in the three months ended December 31, 2020 and March 31, 2021, respectively, out of 111 stores that we opened in all of Fiscal 2021 under our Core Brands Business. However, our footfalls and sales were adversely impacted by the onset of the second wave of the pandemic in India during the first quarter of Fiscal 2022, resulting in temporary closure of a number of stores for several days as well as reduced footfalls and sales in our stores as a result of the lockdowns and other pandemic related restrictions imposed by various regulatory authorities. As a result, our results of operations, including revenues from operations, in the first quarter of Fiscal 2022 was adversely impacted.

In order to manage the adverse impact of COVID-19 on our operations, we have implemented and are in the process of implementing various measures to manage our expenses and liquidity. These measures include rationalization of under-performing stores, exacerbated by COVID-19, primarily determined by store-level EBITDA and SSSG values. Although we opened 111 stores in Fiscal 2021, the decline in footfalls during the lockdowns and COVID-19 pandemic led to permanent closure of 61 stores under our Core Brands Business in Fiscal 2021, and reduction in format size of several stores. We also converted our employee engagement structure from appointing full-time employees at the stores to a part-time employment model, and scaled down our menu to limit offerings to core items. We were also granted certain one-time incentives by Yum to continue to grow our network of KFC and Pizza Hut stores. In addition, we capitalized on this opportunity to renegotiate our rental arrangements under various agreements with mall developers, landlords and lessors during the onset of the COVID-19 pandemic in India. Based on these rent relief negotiations, we arrived at negotiated agreements with respect to reductions in rent and our rental obligations during the COVID-19 crisis with a majority of our landlords. However, there can also be no assurance that we will be able to obtain such waivers or successfully further renegotiate these arrangements in the future. Brand Contribution Margins for stores in our Core Brands Business improved from 14.30% in Fiscal 2020 to 16.65% in Fiscal 2021. Brand Contribution Margins for stores in our Core Brands Business was 20.68% in the three months ended March 31, 2021. This was primarily driven by the Brand Contribution Margins for our KFC stores in our Core Brands Business that improved from 15.97% in Fiscal 2020 to 18.34% in Fiscal 2021. Brand Contribution Margins for our KFC stores in our Core Brands Business was 22.62% in the three months ended March 31, 2021. Further, in accordance with MCA Notification dated July 24, 2020 on Ind AS 116 (the "**MCA Notification**"), the Company has elected to apply the practical expedient of not assessing lease concessions as a lease modification for all lease concessions which are granted due to COVID-19 pandemic. As per the requirements of the MCA Notification, out of total lease concessions confirmed until March 31, 2021, of ₹ 1,057.26 million, ₹ 626.09 million relating to conditional rent concessions has been netted from rent expenses and balance of ₹ 431.71 million relating to unconditional rent concessions has been recognised under other income for Fiscal 2021.

To improve unit-contribution and increase revenue generation opportunities, we propose to strategically open delivery-focused new stores with smaller formats, and partner with food delivery aggregators. Through these smaller formats, we seek to lower our rental expenses, employee benefit expenses, and other costs associated with operating and maintaining our stores. We believe the increased presence of delivery aggregators in India will have a significant impact on our business going forward as delivery aggregators have increased and facilitated access to international QSR brands like us to more households across India. Through delivery aggregators and our own delivery platform, we have been able to leverage the fixed costs we have invested in our stores to generate more revenue by serving customers seeking delivery of our products. However, we are required to pay food delivery aggregators a commission on orders placed through their platform, and it is possible that the negotiating leverage of food delivery aggregators may increase as their businesses grow, compelling us to pay higher fees for their services in the future. Revenue generated from delivery sales represented 51.15% of our revenue from operations in our Core Brands Business in Fiscal 2020 and increased to 70.20% of our revenue from operations in our Core Brands Business in Fiscal 2021. Commission and brokerage expenses paid to aggregators increased from ₹ 517.28 million in Fiscal 2020 to ₹ 819.38 million in Fiscal 2021, and represented 3.41% and 7.22% of our revenue from operations in these periods, respectively.

In the short- to medium-term, we expect our in-store dining revenues as a proportion of our overall revenue from operations to continue to decline while our revenues through food delivery aggregators as a proportion of our overall revenue from operations is expected to continue to gradually increase. However, due to the surge in infections in India in April 2021 and related lockdown orders imposed by the respective state governments and local administrations, as of April 30, 2021, 16 additional stores in our Core Brands Business have temporarily ceased operations in Fiscal 2022. The impact of the ongoing second wave on our business cannot be ascertained at this time and we cannot currently estimate the duration or future negative impact of the COVID-19 pandemic on our ability to continue expanding our network of stores, or improve same-store sales growth. As a QSR company, we are significantly exposed to the public health and economic effects of the COVID-19 pandemic and there can be no assurance that our business will not be adversely affected if the COVID-19 pandemic were to worsen or last for an extended period, or if subsequent waves and more restrictive measures were to be implemented.

***Store Openings and Acquisitions***

One of the key drivers of our results of operations historically has been the growth of the number of stores in our network, both organically and inorganically. For example, we opened 72 stores, 50 stores and 111 stores, in Fiscals 2019, 2020 and 2021, respectively, under our Core Brands Business. The following table sets forth total number of stores in our Core Brands Business and their movements for the periods indicated:

| | Fiscal | | | Three Months ended | |
|---|---|---|---|---|---|
| | **2019** | **2020** | **2021** | **December 31, 2020** | **March 31, 2021** |
| **Core Brands Business Total** | | | | | |

| | Fiscal | | | Three Months ended | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | December 31, 2020 | March 31, 2021 |
| Number of units at the beginning of the period | 412 | 469 | 504 | 527 | 558 |
| Number of new units opened during the period | 72 | 50 | 111 | 51 | 50 |
| Number of new units acquired during the period | 13 | 9 | 51 | 8 | 0 |
| Number of units closed during the period [(1)] | 28 | 24 | 61 | 28 | 3 |
| **Number of units at the end of the period** | **469** | **504** | **605** | **558** | **605** |

*1. Includes 1 store that was acquired pursuant to the KFC Store Acquisition*

Due to the nature of the QSR business, our stores generally need to be in high visibility and high traffic locations. Our ability to effectively obtain quality commercial property to relocate existing stores or open new stores depends on the availability of commercial property that meets our criteria for customer traffic, square footage, lease economics, demographics and other factors, including our ability to negotiate terms that meet our financial targets. In addition, rising real estate prices may restrict our ability to lease new desirable locations.

Any new store that we establish requires significant resources in terms of lease costs, fit-outs and refurbishments, to align the store with our preferred format, and may not be profitable immediately upon its opening or may take time to break even, and failure to do so within a reasonable period may adversely affect our profitability. Our ability to reduce our payback periods depends on our ability to negotiate commercially reasonable terms with lessors/ landlords/ mall developers, based on the store format and the location for such format, that is subject to various assumptions on demand for our products from the particular demographic at the location. In addition, new stores could impact the sales of our existing stores nearby, and there can be no assurance that sales cannibalization will not occur or become more significant in the future as we increase our presence in existing markets. An inability to appropriately identify suitable locations, or set-up the most appropriate store-format at a particular location, or to negotiate commercially reasonable lease terms, may increase our payback periods, result in store-closures, and adversely affect our results of operations and financial condition.

In addition, we may supplement the expansion of our store network by acquiring existing stores from third parties. For example, we acquired 13, 9 and 51 KFC stores from Yum, in Fiscals 2019, 2020 and 2021, respectively. The pre-acquisition Brand Contribution Margin of the 73 KFC stores subsequently acquired by us was 12.97% in Fiscal 2019. For further information on the acquisition, see " – *Acquisition of KFC Stores and Pro-forma Financial Information*" on page 326. The KFC Store Acquisition has resulted in strengthening our store network across five States in India, i.e. Karnataka, Andhra Pradesh, Telangana, Kerala and Goa. It has also supplemented our cluster-based expansion approach, enabling us to capitalize on economies of scale to further contain operating costs per store and improve unit-level profitability. The acquired stores are situated in central locations such as high street locations, shopping malls, and food courts that have significant footfalls and greater accessibility through food delivery platforms. As part of our integration process following the KFC Store Acquisition as well as on account of the COVID-19 pandemic, we were required to take strategic decisions for rationalization of operations. These included restructuring employee engagements, scaling down menu offerings, and renegotiating lease arrangements. The post-acquisition Brand Contribution Margin of the 73 KFC stores that we acquired was 19.62% in Fiscal 2021and 22.99% in the three months ended March 31, 2021. While we seek to increase operational efficiency and improve the unit-level profitability of these acquired stores, in the event we are unable to integrate the operations of acquired stores with our existing operations, or are unable to profitably operate these stores due to onerous lease terms or other reasons beyond our control, our results of operation and financial condition could be adversely impacted. Also see, "*Risk Factors – We may undertake strategic acquisitions or investments, which may prove to be difficult to integrate and manage or may not be successful*." on page 40.

***Same-store sales growth***

The COVID-19 pandemic has significantly impacted the same-store sales of our stores in Fiscal 2021, continuing into Fiscal 2022. The following table sets forth certain information on the SSSG for our Core Brands Business in India for the periods indicated:

| Particulars[(1)] | As of / for the year ended March 31, | | | As of / for the three months ended | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | December 31, 2020 | March 31, 2021 |
| | (₹ million except percentages and number of stores) | | | | |
| **Same-Store Sales Growth ("SSSG")[(2)]** | | | | | |
| - KFC | 4.65% | 3.15% | (33.69)% | (13.00)% | 19.62% |
| - Pizza Hut | 4.67% | (3.68)% | (30.25)% | (11.01)% | 13.40% |
| - Costa Coffee | 2.72% | (4.38)% | (61.64)% | (55.92)% | (24.89)% |
| **Stores[(3)]** | | | | | |
| - KFC | 134 | 172 | 264 | 240 | 264 |
| - Pizza Hut | 268 | 269 | 297 | 273 | 297 |
| - Costa Coffee | 67 | 63 | 44 | 45 | 44 |

| Particulars(1) | As of / for the year ended March 31, | | | As of / for the three months ended | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | December 31, 2020 | March 31, 2021 |
| | (₹ million except percentages and number of stores) | | | | |
| **Total Stores – Core Brands Business** | **469** | **504** | **605** | **558** | **605** |

*Notes:*

*(1) Information is limited to Core Brands Business.*

*(2) Same-Store Sales Growth represents the period-over-period percentage change in net revenue from operations of all stores that have been open prior to the first day of the previous fiscal year and were operational in both fiscal years.*

*(3) Stores refers to the number of stores at the end of the relevant period.*

Our customer proposition focuses on value leadership, offering our customers variety through innovative new food offerings, catering to the local Indian palate, and offering a wide range of food choices. Historically, we believe that this has enabled us to grow our customer base by attracting customers looking for everyday value and giving them opportunities to access our Core Brands for the first time. During the pre-COVID period, this also increased the frequency and occasions when customers can visit our stores, which drove footfalls and same-store sales. In addition, our focus on promoting and maintaining operational quality, a people-centric culture and effective technology systems in our interactions with customers has historically enabled us to enhance customer experience and drive footfalls and same-store sales in our stores. In pre-COVID-19 periods, same-store sales were also driven by the accessibility of our Core Brands to the Indian consumer through brand awareness. We have historically made sustained investment in our advertising and marketing with frequent and inclusive messaging and engaging consumers at multiple touch points, including through social media and mass media channels, such as regular TV commercials, big ticket and high impact media properties. Our advertising and sales promotion expenses were ₹ 573.75 million, ₹ 824.42 million and ₹ 661.79 million in Fiscals 2019, 2020 and 2021, respectively, and represented 4.38%, 5.44% and 5.83% of our revenue from operations in such periods, respectively.

When the COVID-19 crisis subsides, we expect brand building and marketing efforts to further drive brand awareness of the KFC, Pizza Hut and Costa brands in India. Prior to the COVID-19 crisis, growth in our brand awareness and loyalty directly impacted our number of footfalls by making customers aware of our product and promotions, which brought in new customers into our stores and kept our brand fresh in the minds of existing customers and drove same-store sales. The effectiveness of advertising and marketing as well as our same-store sales have also historically been impacted by the advertising and marketing of our competitors, as well as competition generally on the basis of product and service quality, price and location. Future growth of our same-store sales will also depend on trends in consumer spending, demographics and general economic and market conditions in India. See *"— Consumer spending, demographics and general economic and market conditions in India*" on page 330.

However, a continuation or worsening of the COVID-19 crisis or unfavourable changes in macroeconomic conditions, demographic trends or consumer sentiment, or in other business and economic conditions affecting our customers, could result in a reduction in our same-store sales in some or all of our stores. In addition, there can be no assurances that our advertising and marketing of our products and promotions and our customer proposition will be successful or that our competitors will not be more effective in their advertising and marketing or in competing with our products and promotions.

***Operating Expenses***

Our primary operating expenses include the cost of materials consumed (such as cheese, flour, chicken and coffee), beverage costs, staff costs, store rentals and other operating costs (which include packaging costs, fuel costs). Most of these are commodities and therefore subject to price fluctuations as a result of seasonality, weather, demand and other factors. Our cost of materials consumed (including purchases of stock-in-trade) represented 29.67%, 30.36% and 30.37% of our revenue from operations in Fiscal 2019, 2020 and 2021, respectively.

Wages and other compensation paid to our employees also comprise a significant portion of our operating costs, and an increase in the wages or employee benefit costs will significantly increase our operating costs. Our employee benefit expenses represented 14.62%, 14.87% and 13.60% of our revenue from operations in Fiscal 2019, 2020 and 2021, respectively.

While we actively manage our costs to drive cost efficiencies and achieve economies of scale through operational leverage throughout our business, we expect that other expenses will increase as we grow, but may decline as a percentage of revenue. Our net losses have historically resulted primarily from high operating costs incurred towards expansion of our store network, and inability to successfully recover these costs through operations at such stores. We continue to grow our business by opening a number of new stores every year, and expect to report losses till such time as these new stores mature and we are able to apportion corporate level expenses across a larger base of stores. We continue to leverage on the size of our store network, multi-brand focus, and cluster-based approach, to optimize and manage our supply chain and associated costs. More stores in a particular area results in lower operating costs per store and thereby facilitates unit-level profitability. We seek to optimize spending on ingredients, reduce our exposure to price fluctuations and contain supply chain costs through a variety of measures, including actively planning our network growth using our cluster-based approach and penetration strategy. For a few select categories of ingredients, we also engage in strategic or long-term contracting, which helps us secure a pricing insulated from inflationary impacts. However, as we open more stores and hire more people, our operating costs will increase.

Other operating expenses mainly comprise rental expenses. Our rent costs represented 4.96% and 5.28% of our revenue from operations in Fiscals 2019 and 2020, respectively. In accordance with MCA Notification, the Company has elected to apply the practical expedient of not assessing lease concessions as a lease modification for all lease concessions which are granted due to COVID-19 pandemic. As per the requirements of the MCA Notification, out of total lease concessions confirmed till March 31, 2021 of ₹ 1,057.26 million, ₹ 626.09 million has been accounted under rent expenses (to the extent available) and balance of ₹431.17 million is reported under Other Income for Fiscal 2021. Accordingly, we had nil rent costs in Fiscal 2021. We consistently seek to optimize our rental costs and most recently renegotiated our rental arrangements by invoking the *force majeure* clause under various agreements with mall developers, landlords and lessors during the onset of the COVID-19 pandemic in India. However, the COVID-19 pandemic also increased certain other operating expenses incurred in order to comply with evolving government regulations on sanitization measures and food safety systems.

***Continuing fees, store opening fees, and marketing contributions, and variable incentives***

We operate stores for our Core Brands based on various development agreements, franchisee agreements, technology and trademark license agreements. For each store that we open under our Core Brands Business, we are required to pay a one-time store-opening fee. In addition:

- Under the KFC TLAs, we are required to pay a continuing fee amounting to 6.30% of the revenues of each KFC store as consideration for the right to use the KFC restaurant formats and operating systems.

- Under the PH TLAs, we are required to pay a continuing fee amounting to 6.30% of the revenues of each Pizza Hut store as consideration for the right to use the Pizza Hut restaurant formats and operating systems.

- Under the Costa IDA, we are required to pay a service fee amounting to 6.00% of the revenues (excluding GST) of each Costa Coffee store as consideration for the right to sell coffee products and use the Costa brand.

Further, while marketing for KFC and Pizza Hut brands is carried out by Yum, we are required to spend (in accordance with Yum's directions) 6.00% of our gross revenues (after netting off the discounts) for the relevant store (excluding applicable taxes) in connection with the advertisement, promotion and marketing activities as contemplated in the KFC TLA/ PH TLA. Out of the 6.00%, we are required to contribute 5.00% to Yum, and spend 1.00% of our gross revenues per store, for localized/ store-based promotion and marketing activities. Under the Costa IDA, we are obligated to spend 2.00% of the gross revenue (excluding GST) of our Costa Coffee stores on marketing activities, based on a marketing plan approved by Costa and as may be required by Costa from time to time.

As a result of the significant impact of the COVID-19 pandemic which affected the roll out of KFC and Pizza Hut stores in 2020 and 2021, Yum and we agreed to amend and modify certain terms of our arrangements. Such recovery relief arrangements include certain additional incentives for the calendar years 2020 and 2021, based on variables such as net new stores opened in the relevant periods, and initial fee waiver and advertising and marketing contribution waivers calculated based on various net new store opening tiers. These incentives are available to us subject to satisfying eligibility criteria set out by Yum and other continuing obligations. For further information on these arrangements, see "*Our Business – Key Agreements*" on page 148.

Each of these incentives is conditional upon our ability to comply with the obligations set out in our various arrangements, including our obligation to develop a specified number of stores under these brands each year. In the event we are unable to meet these targets or otherwise fail to comply with any of our obligations towards Yum, Yum will be entitled to clawback the incentives granted. The aforementioned recovery relief arrangements may be terminated by Yum on non-compliance of the terms or uncured defaults, and on such termination we will be liable to pay all the outstanding amounts to Yum under the existing agreements. In addition, as we enter into and negotiate a separate KFC TLA/ TMA and separate PH TLA/ TMA for each store we open, we may also be subject to a change in store opening fees payable or in the amount of continuing fees payable per store. An inability to avail incentives offered or a clawback of incentives granted or a change in the amounts payable under our arrangements with Yum, could therefore impact our operating costs and profitability.

We are also in the process of entering into a revised development agreement with Costa that is under negotiation and has not been finalized as on the date of this Prospectus. To this effect, we have executed a non-binding heads of terms with Costa (the "**Costa Term Sheet**"). The Costa Term Sheet sets out, among other matters, a revised development schedule for the Costa Coffee stores and revised development fees that maybe payable to Costa, and any increase in amounts payable by us to Costa is likely to impact our operating costs and profitability.

***Consumer spending, demographics and general economic and market conditions in India***

Our success depends to a significant extent on consumer confidence and spending, which is influenced by general economic conditions and discretionary income levels. Many factors affect the level of consumer confidence and spending in the overall food service market and the fast food market, including recession, inflation, deflation, political uncertainty, availability of consumer credit, taxation, stock market performance and unemployment. Our performance may decline during recessionary periods or in other periods where one or more macro-economic factors, or potential macro-economic factors, negatively affect the level of consumer confidence and spending including the amount that consumers spend on eating out. In addition, an increasing number of government and media initiatives to create increased awareness of healthy eating could have an impact on the public's perception of the QSR industry, and customers may turn to our competitors offering healthier convenience food options such as lower calorie ready meals, which could adversely affect our business, financial condition or prospects, through resulting decreased sales. In addition, negative publicity involving our products or commonly used ingredients may negatively affect consumer confidence and reduce demand for our products. For instance, poultry vendors were suspected to have been supplying contaminated chicken meat in West Bengal, a key market for our KFC stores, which was widely publicized in 2018. This led to a sharp decline in sales of chicken and chicken products across the region, that affected sales at our KFC stores and resulted in a comparatively low SSSG for our KFC stores in Fiscal 2019. Similar such events in the future could also impact sales at our stores, which could have an adverse effect on our business, results of operations and financial condition.

***Competition***

We compete within the food service industry and the QSR sector not only for customers, but also for personnel and suitable sites for our stores. Our competitors include international QSR chains operating in India, such as McDonalds, Domino's Pizza, Subway, Starbucks, and Burger King, as well as local restaurants in the QSR segment such as Café Coffee Day and Chai Point. We generally compete on the basis of product and service quality and price, location. The industry is often also affected by changes in consumer tastes, religious beliefs, economic conditions, demographic trends and consumer disposable income. Due to increased competition, we could experience downward pressure on prices, lower demand for our products, reduced margins, an inability to take advantage of new business opportunities, including finding suitable store locations and a loss of market share.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The Restated Consolidated Financial Statements comprise the Restated Consolidated Balance Sheet as at March 31, 2021, March 31, 2020, and March 31, 2019, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Cash Flow Statement, the Restated Consolidated Statement of Changes in Equity and Notes forming part of the restated consolidated financial information for the years ended March 31, 2021, March 31, 2020, and March 31, 2019 (hereinafter collectively referred to as "**Restated Consolidated Financial Statements**").

The Restated Consolidated Financial Statements has been prepared to comply in all material respects with the requirements of: Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act"), SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI), as amended (the "**Guidance Note**"). The Restated Consolidated Financial Statements has been compiled from the audited consolidated financial statements as at and for the years ended March 31, 2021, March 31, 2020, and March 31, 2019 prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act.

The accounting policies have been consistently applied by our Company in preparation of the Restated Consolidated Financial Statements and are consistent with those adopted in the preparation of financial statements for the year ended March 31, 2021. This Restated Consolidated Financial Statements do not reflect the effects of events that occurred subsequent to the respective dates of board meeting on the audited consolidated financial statements mentioned above. The Restated Consolidated Financial Statements have been prepared so as to contain information/disclosures and incorporating adjustments set out below in accordance with the ICDR Regulations: (a) adjustments to the profits or losses of the earlier periods and of the period in which the change in the accounting policy has taken place is recomputed to reflect what the profits or losses of those periods would have been if a uniform accounting policy was followed in each of these periods, if any; (b) adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited consolidated financial statements of our Group and Joint Venture for the year ended March 31, 2021, and the requirements of the SEBI Regulations, if any; and (c) the resultant impact of tax due to the aforesaid adjustments, if any.

### Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and financial liabilities that are measured at fair value or amortized cost, defined benefit obligations and share based payments.

### Critical accounting estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and if material, their effects are disclosed in the notes to the consolidated financial statements.

Information about significant areas of estimation /uncertainty and judgements in applying accounting policies that have the most significant effect on the consolidated financial statements are as follows: measurement of defined benefit obligations: key actuarial assumptions; measurement of useful life and residual values of property, plant and equipment, fair valuation of investment properties and useful life of intangible assets; judgment required to determine probability of recognition of deferred tax assets; fair value measurement of financial instruments; impairment assessment of non-financial assets key assumptions underlying recoverable amount; impairment assessment of financial assets; measurement of share based payments; measurement of financial guarantee contracts, provisions and contingent liabilities; judgment required to ascertain lease classification, lease term, incremental borrowing rate, lease and non-lease component, and impairment of ROU; judgment is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim; measurement of consideration and assets acquired as part of business combination; cash flow projections and liquidity assessment with respect to COVID-19.

There are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year except for as disclosed in these financial statements.

**Property, plant and equipment**

*Recognition and measurement*

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises: (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Expenditure which are directly attributable to commissioning of quick service restaurants are capitalised. Other expenditure incurred during the commissioning phase, which is not directly attributable, is charged off to consolidated Profit and Loss. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other cost directly attributable to bringing the item to working condition for its intended use. The cost of improvements to leasehold premises, if recognition criteria are met, have been capitalised and disclosed separately under leasehold improvement.

*Initial Cost.* An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit and loss when such asset is derecognised.

*Subsequent Cost.* Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Group and the cost of the item can be measured reliably. All other subsequent cost are charged to consolidated statement of profit and loss at the time of incurrence.

*Depreciation*

Depreciation on property, plant and equipment is provided on straight line basis based on the method computed on the useful life prescribed in the Companies Act 2013 on a pro-rate basis from the date the asset is ready to put to use. Freehold land is not depreciated. Leasehold improvements are depreciated on a straight-line basis over the period of the initial lease term or 10 years, whichever is lower. Any refurbishment of structure is depreciated over a period of 5 years.

Depreciation is calculated on a pro rata basis for assets purchased/sold during the year. The residual values, useful lives and methods of depreciation of property plant and equipment are reviewed by management at each reporting date and adjusted prospectively, as appropriate.

**Business combination and intangible assets**

We for the business combinations using the acquisition method when control is transferred to us. The consideration transferred in the acquisition is generally measured at fair value as at the date the control is acquired ('acquisition date'), as are the net identifiable assets (tangible and other intangible assets) acquired and any non-controlling interest in the acquired business. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, we reassess whether we have correctly identified all of the assets acquired and all of the liabilities assumed and review the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in Other Comprehensive Income ('OCI') and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI. Any goodwill that arises is not amortised but is tested for impairment at least on an annual basis, based on a number of factors, including operating results, business plans and future cash flows. The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquirer. Such amounts are generally recognised in the consolidated statement of profit and loss.

**Other intangible assets**

Intangible assets that are acquired are recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to us and the cost of assets can be measured reliably. The other intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation and are carried at cost less accumulated amortisation and impairment losses, if any. Gain or losses arising from derecognition of other intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the other intangible assets and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

Subsequent cost is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All the subsequent expenditure on other intangible assets is recognised in consolidated statement of profit and loss, as incurred.

Amortisation is calculated to write off the cost of other intangible assets over their estimated useful lives as stated below using straight-line method. Amortisation is calculated on a pro-rata basis for assets purchased /disposed during the year. Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

**Inventories**

Inventories consist of raw materials which are of a perishable nature and traded goods. Inventories are valued at lower of cost and net realisable value ('NRV'). Raw materials are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished goods will exceed their NRV. Cost of inventories has been determined using weighted average cost method and comprise all costs of purchase after deducting non-refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition. Provision is made for items which are not likely to be consumed and other anticipated losses wherever considered necessary. The comparison of cost and NRV for traded goods is made on at item group level basis at each reporting date.

**Leases**

**Transition to Ind AS 116 – Leases**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 - Leases which replaces the earlier leases standard, Ind AS 17 – Leases (effective during year ended March 31, 2019), and other interpretations. Ind AS 116 – Leases sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

We have adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases using the modified retrospective approach, under which the cumulative effect of initially applying the standard, is recognized on the date of initial application April 1, 2019. However, for the purpose of preparing restated consolidated financial information, Ind AS 116 has been applied using the modified retrospective approach with effect from April 1, 2018.

***As a Lessee***

We enter into an arrangement for lease of buildings and office equipments. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with Ind AS 116 – Leases, at inception of the contract we assess whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, we assess whether: (a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; (b) we have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and (c) we assess whether we have the right to direct 'how and for what purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract that contains a lease component, we allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which we are a lessee, we have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

*Measurement and recognition of leases as a lessee.* We recognize a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses (unless such right of use assets fulfils the requirements of Ind AS 40 - Investment Property and is accounted for as there under), if any and adjusted for any re-measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, our incremental borrowing rate. Generally, we use our incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following: (a) fixed payments, including in-substance fixed payments; (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (c) amounts expected to be payable under a residual value guarantee; and (d) the exercise price under a purchase option that we are reasonably certain to exercise, lease payments in an optional renewal period if we are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless we are reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in our estimate of the amount expected to be payable under a residual value guarantee, or if we change our assessment of whether we will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be. We present right-of-use assets that do not meet the definition of investment property on the face of balance sheet below 'property, plant and equipment' and lease liabilities under 'financial liabilities' in the balance sheet.

We have elected not to apply the requirements of Ind AS 116-Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

***As a Lessor***

When we acts as a lessor, we determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, we make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, we consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

When we are an intermediate lessor, we account for our interests in the head lease and the sub-lease separately. We assess the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which we apply the exemption described above, then we classify the sub-lease as an operating lease. We recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

We recognize lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When we are an intermediate lessor we account for our interests in the head lease and the sub-lease separately. We assess the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which we apply the exemption described above, then we classify the sub-lease as an operating lease.

*Lease payments.* Lease payments in respect of assets taken on operating lease are charged to the consolidated profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases.

**Borrowing costs**

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost includes exchange differences to the extent regarded as an adjustment to the borrowing costs, if any.

**Impairment - non-financial assets**

At each reporting date, we review the carrying amounts of our non-financial assets to determine whether there is any indication of impairment. If any such indication of impairment exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ('CGU'). Goodwill arising from a business combination is allocated to a CGU or groups of CGU that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in the consolidated profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Provisions and contingent liabilities**

*Provisions.* Provisions are recognised when we have a present legal or constructive obligation as a result of a past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

*Contingent Liabilities.* Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within our control. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

**Employee benefits**

*Short-term employee benefits.* Employee benefit liabilities such as salaries, wages and bonus, that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at an undiscounted amount expected to be paid when the liabilities are settled.

***Post-employment benefit plans***

*Defined contribution plans.* A defined contribution plan is a post-employment benefit plan under which we pay fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

*Defined benefit plans.* We have an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. Gratuity liability is partially funded by us through annual contribution to DIL Employees Gratuity Trust (the 'Trust') against ascertained gratuity liability. The trustees administer contributions made to the Trust and contributions are invested in a scheme with the Life Insurance Corporation of India as permitted by the laws of India. The liability recognised in the consolidated Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost and other costs are included in employee benefits expense in the consolidated profit or loss.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in other comprehensive income and transferred to retained earnings. Changes in the present value of the defined benefit obligation resulting from settlement or curtailments are recognised immediately in consolidated profit or loss as past service cost. Our net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

***Other long-term employee benefits***

*Compensated absences.* Our net obligation in respect of compensated absences is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Remeasurements are recognised in consolidated profit or loss in the period in which they arise.

*Share based payments.* The grant-date fair value of equity-settled share-based payment arrangements granted to eligible employees under the Employee Stock Option Scheme ('ESOS') is recognised as employee stock option scheme expenses in the consolidated profit or loss, in relation to options granted to employees (over the vesting period of the awards), with a corresponding increase in other equity. The amount recognised as an expense to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. The increase in equity recognised in connection with a share based payment transaction is presented in the "Employee stock options outstanding account", as separate component in other equity. For share-based payment awards with market conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. At the end of each period, the Group revises its estimates of the number of options that are expected to be vested based on the non-market performance conditions at the vesting date.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**Income Taxes**

Income tax expense comprises of current tax and deferred tax. It is recognised in the consolidated profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

*Current tax.* Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any relating to income taxes. It is measured using tax rates enacted for the relevant reporting period. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis.

*Deferred tax.* Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, we recognise a deferred tax asset only to the extent that we have sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which we expect, at the reporting date, to recover or settle the carrying amount of our assets and liabilities.

*Minimum Alternative Tax.* It is credit entitlement under the provisions of the Indian Income Tax Act, 1961 and is recognised as a deferred tax asset when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to us and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which we become liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is recognised to the extent that is probable that future taxable profits will be available against which they can be used. MAT credit entitlement has been presented as deferred tax asset in consolidated Balance Sheet. Significant management judgment is required to determine the probability of recognition of MAT credit entitlement.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets levied by the same tax authorities.

**Foreign currency transactions and translations**

Monetary and non-monetary transactions in foreign currencies are initially recorded in the functional currency of at the exchange rates at the date of the transactions. Monetary foreign currency assets and liabilities remaining unsettled on reporting date are translated at the rates of exchange prevailing on reporting date. Gains/ (losses) arising on account of realisation/ settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognised in the consolidated profit or loss. Foreign exchange gains / (losses) arising on translation of foreign currency monetary loans are presented in the consolidated profit or loss on net basis. However, foreign exchange differences arising from foreign currency monetary loans to the extent regarded as an adjustment to borrowing costs are presented in the consolidated profit or loss, within finance costs.
The assets and liabilities of foreign operations including goodwill and fair value adjustments arising on acquisition, are translated into Indian rupees (INR), the functional currency at the exchange rate at the reporting date. The income and expenses of foreign operations are translated to Indian rupees (INR) at exchange rates at the date of transactions or an average rate if the average rate approximates the actual rate at the date of transaction.

Foreign currency translation differences are recognised in other comprehensive income and accumulated in equity and attributed to non-controlling interests as applicable.

*Revenue Recognition.* Under Ind AS 115 - Revenue from Contracts with Customers, revenue is recognised upon transfer of control of promised goods or services to customers. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, incentives, performance bonuses, price concessions, amounts collected on behalf of third parties, or other similar items, if any, as specified in the contract with the customer. Revenue is recorded provided the recovery of consideration is probable and determinable.

*Sale of Products.* Revenue from the sale of manufactured and traded goods products is recognised upon transfer of control of products to the customers which coincides with their delivery to customer and is measured at fair value of consideration received/ receivable, net of discounts, amount collected on behalf of third parties and applicable taxes. Revenue from outdoor catering services is recognised at a point in time, on completion of the respective services agreed to be provided, the consideration is reliably determinable and no significant uncertainty exists regarding the collection. The amount recognised as revenue is net of applicable taxes.

*Service Income and Management Fee.* Revenue from marketing support services, management fee and auxiliary and business support services are in terms of agreements with the customers and are recognised on the basis of satisfaction of performance obligation over the duration of the contract from the date the contracts are effective or signed provided the consideration is reliably determinable and no significant uncertainty exists regarding the collection. The amount recognised as revenue is net of applicable taxes.

*Rental Income.* Revenue from rentals is recognised over the period of the contract provided the consideration is reliably determinable and no significant uncertainty exists regarding the collection. The amount recognised as revenue is net of applicable taxes.

*Scrap Sale.* Sale of scrap is recognised upon transfer of control of products to the customers which coincides with their delivery to customer.

*Interest Income.* Interest income on financial assets (including deposits with banks) is recognised using the effective interest rate method.

**Current and non-current classification**

All assets and liabilities are classified into current and non-current.

***Assets***

An asset is classified as current when it satisfies any of the following criteria: (i) it is expected to be realised in, or is intended for sale or consumption in, our normal operating cycle; (ii) it is held primarily for the purpose of being traded; (iii) it is expected to be realised within 12 months after the reporting date; or (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

***Liabilities***

A liability is classified as current when it satisfies any of the following criteria: (i) it is expected to be settled in our normal operating cycle; (ii) it is held primarily for the purpose of being traded; (iii) it is due to be settled within 12 months after the reporting period; or (iv) we do not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Segment reporting**

As our business activity primarily falls within a single business and the geographical segments considered are "within India" and "outside India" and the Chief Operating Decision Maker monitors the operating results of its business units not separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements, accordingly the relevant disclosures has been provided under Ind AS 108 –"Segment Reporting". The management considers that the various goods and services provided by us constitutes single business segment, since the risk and rewards from these services are not different from one another. The analysis of geographical segments is based on geographical location of the customers.

**Discontinued operations**

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations separately in the statement of profit and loss.

**CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE FINANCIAL YEARS**

There have been no changes in the accounting policies of the Company during the last three financial years, except for with respect to Ind AS 116, which was effective for accounting periods beginning on or after April 1, 2019.

***Ind AS 116***

On March 30, 2019, the Ministry of Company Affairs ("**MCA**") notified that Ind AS 116 would be effective for accounting periods beginning on or after April 1, 2019.

We have adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to our leases using the modified retrospective approach, under which the cumulative effect of initially applying the standard, is recognized on the date of initial application April 1, 2019. However, for the purpose of preparing restated consolidated financial information, Ind AS 116 has been applied using the modified retrospective approach with effect from April 1, 2018. On transition to Ind AS 116, i.e. April 1, 2018, we elected to apply the practical expedient to grandfather the assessment of leases. We applied Ind AS 116, Leases, only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under Ind AS 116, Leases, was applied only to contracts entered into or changed on or after April 1, 2018.

The adoption of this new standard has resulted in us recognising a right-of-use assets and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The table below sets out the impact of adoption of Ind AS 116 on the line items of our statement of profit and loss:

| | Fiscal | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | (₹ million) | | |
| **Net loss for the year as per audited consolidated financial statements** | (694.34) | (1,071.60) | (577.67) |
| | | | |
| **Restatement adjustments:** | | | |
| *Impact of Ind AS 116* | | | |
| Increase/(decrease) in total income | 40.20 | - | - |
| Increase/(decrease) in total expenses: | | | |
| - Depreciation on right-of-use assets | 1,428.10 | - | - |
| - Finance cost on lease liability | 1,038.40 | - | - |
| - Decrease in other expenses | (2,019.65) | - | - |
| - Exceptional item | (131.48) | | |
| Total adjustments before tax | 275.17 | - | - |
| | | | |
| Deferred tax impact of restatement adjustments | 1.97 | - | - |
| | | | |
| **Restated loss after tax** | (971.48) | (1,071.60) | (577.67) |

## NON-GAAP MEASURES

EBITDA, Gross Margin, and others below, (together, "**Non-GAAP Measures**"), presented in this Prospectus is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, these Non-GAAP Measures are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance.

### Company EBITDA, Company Adjusted EBITDA, and Brand Contribution

In this section we have presented our Brand Contribution and the reconciliation of our Brand Contribution to Company Adjusted EBITDA and the reconciliation of our restated loss for the year/period to Company EBITDA and Company Adjusted EBITDA.

The table below sets out our Brand Contribution, which has been adjusted to remove the effects of our adoption of Ind AS 116, for the periods indicated.

| Brand Contribution | Fiscal | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | (₹ million) | | |
| **KFC** | | | |
| Revenue from operations | 4,641.14 | 6,091.34 | 6,442.64 |
| *Less:* | | | |
| Cost of materials consumed | 1,576.87 | 2,141.66 | 2,082.47 |
| Employee benefit expenses | 335.15 | 454.41 | 435.84 |
| Other expenses | 1,875.47 | 2,522.62 | 2,742.63 |
| **KFC – Brand Contribution** | **853.65** | **972.66** | **1,181.70** |
| | | | |
| **Pizza Hut** | | | |
| Revenue from operations | 4,232.88 | 4,174.27 | 2,879.09 |
| *Less:* | | | |
| Cost of materials consumed | 1,101.49 | 1,048.68 | 744.56 |
| Employee benefit expenses | 513.21 | 514.09 | 272.89 |
| Other expenses | 1,962.70 | 2,172.53 | 1,489.20 |
| **Pizza Hut – Brand Contribution** | **655.48** | **438.96** | **372.44** |
| | | | |
| **Costa Coffee** | | | |
| Revenue from operations | 902.04 | 819.62 | 213.95 |
| *Less:* | | | |
| Cost of materials consumed | 208.45 | 185.67 | 45.97 |

| Brand Contribution | Fiscal | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | (₹ million) | | |
| Employee benefit expenses | 66.05 | 60.84 | 16.84 |
| Other expenses | 445.80 | 399.02 | 117.93 |
| **Costa Coffee – Brand Contribution** | **181.73** | **174.09** | **33.21** |
| | | | |
| **Other Business** | | | |
| Revenue from operations | 2,177.61 | 2,535.42 | 598.73 |
| *Less:* | | | |
| Cost of materials consumed | 620.99 | 705.73 | 166.40 |
| Employee benefit expenses | 245.86 | 304.79 | 77.69 |
| Other expenses | 1,355.54 | 1,639.18 | 533.33 |
| **Other Business – Brand Contribution** | **(44.78)** | **(114.27)** | **(178.69)** |
| | | | |
| **International Business** | | | |
| Revenue from operations | 1,103.66 | 1,491.06 | 1,153.58 |
| *Less:* | | | |
| Cost of materials consumed | 380.80 | 522.23 | 407.20 |
| Employee benefit expenses | 144.51 | 172.96 | 125.11 |
| Other expenses | 435.06 | 571.28 | 457.03 |
| **International Business – Brand Contribution** | **143.29** | **224.62** | **164.27** |
| | | | |
| KFC – Brand Contribution | 853.65 | 972.66 | 1,181.70 |
| Pizza Hut – Brand Contribution | 655.48 | 438.96 | 372.44 |
| Costa Coffee – Brand Contribution | 181.73 | 174.09 | 33.21 |
| Other Business – Brand Contribution | (44.78) | (114.27) | (178.69) |
| International Business – Brand Contribution | 143.29 | 224.62 | 164.27 |
| **Company – Brand Contribution** | **1,789.38** | **1,696.06** | **1.572.93** |
| | | | |

Notes:

(1) *Other expenses include other expenses in relation to our store-level functions, which primarily include power and fuel expenses, royalties, operating supplies, repairs and maintenance, rental expenses, commission and delivery expenses and IT-related expenses in relation to our store-level functions. Other expenses have not been adjusted to our adoption of Ind AS 116, which in Fiscal 2019, 2020 and 2021 included an adjustment on account of lease contract, which related to amounts corresponding to other expenses relating primarily to store leases existing as at April 1, 2018. Upon adoption of Ind AS 116 by the Company, rent and repair and maintenance others under Other Expenses are now recognized as finance costs, and amounted to ₹ 1,038.40 million, ₹ 1,123.90 million, and ₹ 1,028.32 million, for Fiscals 2019, 2020 and 2021, respectively and depreciation and amortization expenses amounting to ₹1,241.12 million, ₹1,308.76 million, and ₹ 1,299.31 million, for Fiscals 2019, 2020 and 2021, respectively. In addition, deferred prepaid rent on security deposit of the Company ("**Deferred Prepaid Rent on Security Deposit**"), which related to amounts corresponding to portion of other expenses relating to amortisation of Deferred Prepaid Rent on Security Deposits paid to landlords, was recognised as right-of-use assets upon the adoption of Ind AS 116.*

The table below sets out a reconciliation of Company – Brand Contribution to Company Adjusted EBITDA for the periods indicated:

| Reconciliation of Company – Brand Contribution to Company Adjusted EBITDA for the Year/ Period | Fiscal Year | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | (₹ million) | | |
| | | | |
| **Company – Brand Contribution** | 1,789.38 | 1,696.06 | 1,572.93 |
| ***Add:*** | | | |
| Other Operating Revenue (1) | 48.65 | 52.14 | 60.38 |
| Corporate general and administration expenses(2) | (876.86) | (1,172.60) | (791.00) |
| **Company Adjusted EBITDA** | 961.17 | 575.59 | 842.30 |

*Notes:*

(1) *Comprises items that cannot be allocated business-wise and vary from period to period, and includes branding revenue and rent received.*

(2) *Corporate general and administration expenses includes employee benefit expense and other expenses in relation to our corporate-level functions, which primarily include salaries, travel consultancy, housekeeping, rental and IT-related expenses in relation to our corporate-level functions in relation to our corporate-level functions.*

The table below sets out a reconciliation of restated loss for the year/period to Company EBITDA and Company Adjusted EBITDA for the periods indicated.

| Reconciliation of Restated Loss for the year/period to Company EBITDA and Company Adjusted EBITDA | Fiscal Year | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | (₹ million) | | |
| | | | |
| **Restated loss for the year/ period before tax** | (579.88) | (769.11) | (823.92) |
| ***Less:*** | | | |
| Other Income[(1)] | 130.85 | 186.55 | 640.57 |
| ***Add:*** | | | |
| Finance cost[(2)] | 1,356.04 | 1,584.37 | 1,528.03 |
| Depreciation and amortization expense[(3)] | 2,028.26 | 2,233.14 | 2,294.53 |
| Exceptional items[(4)] | (131.48) | (345.78) | (568.84) |
| Impairment of non-financial assets | 247.53 | 38.77 | 480.05 |
| **Company EBITDA** | **2,789.62** | **2,554.84** | **2,269.28** |
| ***Less:*** | | | |
| Ind AS Adjustments[(5)] | (1,828.45) | (1,979.25) | (1,426.98) |
| **Company Adjusted EBITDA** | 961.17 | 575.59 | 842.30 |

*Notes:*

*(1) Other income includes primarily rent concessions, termination of lease and interest income on fixed deposits.*

*(2) Finance cost includes finance costs for interest accrued on lease liabilities recognised as financial liabilities under Ind AS 116 with respect to the fixed minimum monthly guaranteed amount of our leases and site restoration, as well as finance costs in relation to our interest expense that we incurred in relation to our credit facilities. See "Financial Indebtedness".*

*(3) Depreciation and amortisation expense includes depreciation on right-of-use assets recognised under Ind AS 116 in respect of the fixed minimum monthly guaranteed amount of our leases, amortisation of deferred pre-paid rent on security deposits, and on leasehold improvements and plant and equipment; and amortisation of franchise rights and software.*

*(4) Exceptional items include gain on termination of lease liabilities.*

*(5) Ind AS Adjustments includes adjustments for Ind AS 116, in accordance with MCA Notification, the Company has elected to apply the practical expedient of not assessing lease concessions as a lease modification for all lease concessions which are granted due to COVID-19 pandemic. As per the requirements of the MCA Notification, out of total lease concessions confirmed till March 31, 2021 of ₹ 1,057.26 million, ₹ 626.09 million has been accounted under rent expenses (to the extent available) and balance of ₹431.17 million is reported under Other Income for Fiscal 2021.*

### Gross Margins

Gross Margin is revenue from operations less: (a) cost of material consumed; (b) purchase of stock-in-trade; and (c) changes in inventories of stock-in-trade. Gross Margin (%) is Gross Margin as a percentage of revenue from operations.

| Gross Margin | Fiscal Year | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | (₹ million) | | |
| **KFC** | | | |
| Revenue from operations | 4,641.14 | 6,091.34 | 6,442.24 |
| *Less:* | | | |
| Cost of materials consumed | 1,576.87 | 2,141.66 | 2,082.47 |
| Purchase of stock-in-trade | - | - | - |
| **KFC – Gross Margin** | **3,064.27** | **3,949.68** | **4,360.18** |
| **KFC – Gross Margin (%)** | **66.02%** | **64.84%** | **67.68%** |
| | | | |
| **Pizza Hut** | | | |
| Revenue from operations | 4232.88 | 4,174.27 | 2,879.10 |
| *Less:* | | | |
| Cost of materials consumed | 1,101.49 | 1,048.68 | 744.56 |
| Purchase of stock-in-trade | - | - | - |
| **Pizza Hut – Gross Margin** | **3,131.39** | **3,125.59** | **2,134.53** |
| **Pizza Hut – Gross Margin (%)** | **73.98%** | **74.88%** | **74.14%** |
| | | | |
| **Costa Coffee** | | | |
| Revenue from operations | 902.04 | 819.62 | 213.95 |
| *Less:* | | | |

| Gross Margin | Fiscal Year | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | (₹ million) | | |
| Cost of materials consumed | 208.45 | 185.67 | 45.97 |
| Purchase of stock-in-trade | - | - | - |
| **Costa Coffee – Gross Margin** | **693.59** | **633.95** | **167.98** |
| **Costa Coffee – Gross Margin (%)** | **76.89%** | **77.35%** | **78.51%** |
| | | | |
| **Other Business** | | | |
| Revenue from operations | 2,177.61 | 2,535.42 | 598.73 |
| *Less:* | | | |
| Cost of materials consumed | 505.23 | 588.95 | 106.73 |
| Purchase of stock-in-trade | 115.76 | 116.78 | 59.67 |
| **Other Business – Gross Margin** | **1,556.62** | **1,829.69** | **432.32** |
| **Other Business – Gross Margin (%)** | **71.48%** | **72.17%** | **72.21%** |
| | | | |
| **International Business** | | | |
| Revenue from operations | 1,103.66 | 1,491.06 | 1,153.58 |
| *Less:* | | | |
| Cost of materials consumed | 380.8 | 522.23 | 407.20 |
| Purchase of stock-in-trade | - | - | - |
| **International Business – Gross Margin** | **722.86** | **968.84** | **746.38** |
| **International Business – Gross Margin (%)** | **65.5%** | **64.98%** | **64.70%** |
| | | | |
| KFC – Gross Margin | 3,064.27 | 3,949.68 | 4,360.18 |
| Pizza Hut – Gross Margin | 3,131.39 | 3,125.59 | 2,134.53 |
| Costa Coffee – Gross Margin | 693.59 | 633.95 | 167.98 |
| Other Business – Gross Margin | 1,556.62 | 1,829.69 | 432.32 |
| International Business – Gross Margin | 722.86 | 968.84 | 746.38 |
| **Company – Gross Margin** | **9,168.67** | **10,507.76** | **7,841.39** |
| **Company – Gross Margin (%)** | **69.96%** | **69.29%** | **69.10%** |
| | | | |

The table below sets out a reconciliation of restated revenue from operations to Gross Margins for the periods indicated.

| Reconciliation of Revenue from Operations to Company Gross Margin | Fiscal Year | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | | | |
| Revenue from operations | 13,105.98 | 15,163.86 | 11,348.38 |
| Less: Other Operating Revenue (1) | 48.65 | 52.14 | 60.38 |
| Revenue for gross margin | 13,057.33 | 15,111.72 | 11,288.00 |
| *Less:* | | | |
| Cost of materials consumed | 3,772.90 | 4,487.18 | 3,386.93 |
| Purchase of stock-in-trade | 115.76 | 116.78 | 59.67 |
| **Company – Gross Margin** | **9,168.67** | **10,507.76** | **7,841.39** |
| **Company – Gross Margin (%)** | **69.96%** | **69.29%** | **69.10%** |

1. *Comprises items that cannot be allocated business-wise and vary from period to period, and includes branding revenue and rent received.*

## PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE

Set forth below are the principal components of income and expenditure from our continuing operations:

### Total Income

Our total income comprises (i) revenue from operations, and (ii) other income.

#### *Revenue from Operations*

Revenue from operations comprises (i) sale of products such as finished goods and traded goods (comprising beverages and other ancillary items consumed with our finished products); and (ii) other operating revenue, such as marketing and other services, rental and maintenance income, and scrap sales.

### *Other Income*

Other income includes (i) interest income under effective interest method from bank deposits and others; (ii) interest income from financial assets at amortized cost; (iii) liabilities no longer required written-back; (iv) gain on disposal of property, plant and equipment (net); (v) net gain on foreign currency transactions and translations; (vi) gain on extinguishment of lease liabilities; (vii) gain on termination of leases; (viii) gain on sale of investments; (ix) gain on net investment in finance lease; (x) derivatives at fair value through profit and loss; (xi) lease concession; and (xii) others such as commissions.

### Expenses

Our expenses comprise (i) cost of materials consumed; (ii) purchases of stock-in-trade; (iii) changes in inventories of stock-in-trade; (iv) employee benefits expenses; (v) finance costs; (vi) depreciation and amortisation expenses; (vii) impairment of non-financial assers; and (viii) other expenses.

### *Costs of Materials Consumed*

Costs of materials consumed refers to costs of raw materials/ ingredients such as chicken, coffee, flour, and cheese and packing materials consumed, which comprises opening inventories and inventory purchases offset by closing inventories.

### *Purchases of stock-in-trade*

Purchases of stock-in-trade comprises raw materials/ ingredients that we supply to certain third-parties occassionally, primarily other co-franchisees of Yum.

### *Employee Benefits Expenses*

Employee benefits expenses comprises (i) salaries, wages and bonus; (ii) contribution to provident and other funds; (iii) gratuity; (iv) cost of ESOP grants and (v) staff welfare expenses.

### *Finance Costs*

Finance cost refers to (i) interest expense; (ii) interest accretion on financial liabilities measured at amortized cost; (iii) net loss on foreign currency transactions and translation to the extent regarded as borrowing cost; and (iv) other borrowing costs.

### *Depreciation and Amortisation Expenses*

Depreciation and amortization expenses comprises (i) depreciation of property, plant and equipment; (ii) amortisation on right-of-use assets; (iii) depreciation on investment property; and (iv) amortization of other intangible assets.

### *Impairment of non-financial assets*

Impairment of non-financial assets comprises (i) (reversal)/ impairment on property, plant and equipment; (ii) impairment on right-of-use assets; (iii) impairment on investment properties; (iv) impairment of goodwill; and (v) (reversal)/ impairment of other intangible assets.

### *Other Expenses*

Other expenses comprises (i) power and fuel; (ii) rent; (iii) repairs and maintenance; (iv) rates and taxes; (v) travelling and conveyance expenses; (vi) legal and professional fees; (vii) license fees; (viii) management fee; (ix) auditors' remuneration; (x) water charges; (xi) insurance; (xii) princiting and stationery; (xiii) communication; (xiv) directors' sitting fee; (xv) security and service; (xvi) bank charges; (xvii) advertisement and sales promotion; (xviii) commission and delivery; (xix) royalty and continuing fees; (xx) freight, octroi and insurance; (xxi) delivery vehicle running and maintenance; (xxii) loss on sale of property, plant and equipment; (xxiii) bad debts and advances written-off; (xxiv) loss allowance; (xxv) CSR expenses; (xxvi) net loss on foreign currency translations and trnasactions; (xxvii) derivatives at fair value through profit and loss; and (xxviii) general office and other miscellaneous expenses.

Key components of other expenses are explained below:

- Power and fuel expenses comprise payments made to mall developers/ landlords/ lessors/ electricity boards towards utility expenses and LPG consumption expenses incurred for operating our stores;

- Advertisement and sales promotion expenses primarily comprises marketing expenses incurred towards our Core Brands, including 6.00% of our gross revenues (net off discounts) for the relevant store (excluding applicable taxes) in connection with the advertisement, promotion and marketing activities as contemplated in the KFC TLA/ PH TLA, and 2.00% of the gross revenue (excluding GST) of our Costa Coffee stores for marketing the Costa brand in India;

- Commission and delivery expenses primarily comprises commission paid to food delivery aggregators for orders placed on their platforms;

- Royalty and continuing fees comprises continuing fees payable to Yum/ Costa as a percentage of the revenue generated per store.

- Repair and maintainence expenses primarily comprises of common area maintainence charges, AMC of equipments and general repair and maintainence.

**RESULTS OF OPERATIONS**

The following table sets forth certain information with respect to our results of operations on a consolidated basis for Fiscal 2019, 2020 and 2021:

| Particulars | Fiscal | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2020 | | 2021 | |
| | (₹ million) | Percentage of total income | (₹ million) | Percentage of total income | (₹ million) | Percentage of total income |
| **Continuing Operations** | | | | | | |
| **Income** | | | | | | |
| Revenue from operations | 13,105.98 | 99.01% | 15,163.86 | 98.78% | 11,348.38 | 94.66% |
| Other income | 130.85 | 0.99% | 186.55 | 1.22% | 640.57 | 5.34% |
| **Total Income** | **13,236.83** | **100.00%** | **15,350.41** | **100.00%** | **11,988.95** | **100.00%** |
| **Expenses** | | | | | | |
| Cost of materials consumed | 3,772.90 | 28.50% | 4,487.18 | 29.23% | 3,386.93 | 28.25% |
| Purchases of stock-in-trade | 115.76 | 0.87% | 116.78 | 0.76% | 59.67 | 0.50% |
| Employee benefits expenses | 1,915.73 | 14.47% | 2,254.85 | 14.69% | 1,543.32 | 12.87% |
| Finance costs | 1,356.04 | 10.24% | 1,584.37 | 10.32% | 1,528.03 | 12.75% |
| Depreciation and amortisation expenses | 2,028.26 | 15.32% | 2,233.14 | 14.55% | 2,294.53 | 19.14% |
| Impairment of non-financial assets | 247.53 | 1.87% | 38.77 | 0.25% | 480.05 | 4.00% |
| Other expenses | 4,511.97 | 34.09% | 5,750.21 | 37.46% | 4,089.18 | 34.11% |
| **Total expenses** | **13,948.19** | **105.37%** | **16,465.30** | **107.26%** | **13,381.71** | **111.62%** |
| **Loss before share of loss of equity accounted for investee and tax** | **(711.36)** | **(5.37)%** | **(1,114.89)** | **(7.26)%** | **(1392.76)** | **(11.62)%** |
| **Exceptional Items** | **(131.48)** | **(0.99)%** | **(345.78)** | **(2.25)%** | **(568.84)** | **(4.74)%** |
| **Loss before tax** | **(579.88)** | **(4.38)%** | **(769.11)** | **(5.01)%** | **(823.92)** | **(6.87)%** |
| **Tax expense** | | | | | | |
| (a) Current tax | 8.53 | 0.06% | 13.48 | 0.09% | 9.75 | 0.08% |
| (b) Deferred tax | 4.49 | 0.04% | 4.93 | 0.03% | (20.43) | (0.17)% |
| **Total tax expense** | 13.02 | 0.10% | 18.41 | 0.12% | (10.68) | (0.09)% |
| **Loss for the year from continuing operations** | **(592.90)** | **(4.48)%** | **(787.52)** | **(5.13)%** | **(813.24)** | **(6.78)%** |
| | | | | | | |
| Loss before tax from discontinued operations | (348.28) | (2.63)% | (426.66) | (2.78)% | 183.37 | 1.53% |
| Tax expense of discontinued operations | 0.26 | 0.00% | - | - | - | - |
| **Loss for the year from discontinued operations** | **(348.54)** | **(2.63)%** | **(426.66)** | **(2.78)%** | **183.37** | **1.53%** |
| **Loss for the year** | **(941.44)** | **(7.11)%** | **(1,214.18)** | **(7.91)%** | **(629.87)** | **(5.25)%** |
| **Other comprehensive income / (expense) – continuing operations** | | | | | | |
| | | | | | | |
| **Items that will not be reclassified to profit or loss** | | | | | | |
| Remeasurements of defined benefit plans | (9.55) | (0.07)% | 3.73 | 0.02% | (12.94) | (0.11)% |
| Income tax relating to above mentioned item | 0.39 | 0.00% | (0.34) | 0.00% | (0.14) | 0.00% |
| **Other comprehensive income/ (loss) not to be reclassified to profit or loss** | **(9.16)** | **(0.07)%** | **3.39** | **0.02%** | **(13.08)** | **(0.11)%** |
| | | | | | | |
| **Items that will be reclassified to profit or loss** | | | | | | |

| Particulars | Fiscal | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2020 | | 2021 | |
| | (₹ million) | Percentage of total income | (₹ million) | Percentage of total income | (₹ million) | Percentage of total income |
| Exchange difference in translating financial statements of foreign operations | (17.02) | (0.13)% | 156.95 | 1.02% | 124.14 | 1.04% |
| Exchange difference in translating financial statements of discontinued operations | (5.30) | (0.04)% | (17.76) | (0.12)% | (58.86) | (0.50)% |
| Income tax relating to above mentioned item | - | - | - | - | - | - |
| **Other comprehensive income/ (loss) to be reclassified to profit or loss** | **(22.32)** | **(0.17)%** | **139.19** | **0.91%** | **65.28** | **0.54%** |
| **Other comprehensive income/ (loss) for the year** | **(31.48)** | **(0.24)%** | **142.58** | **0.93%** | **52.20** | **0.44%** |
| | | | | | | |
| **Total comprehensive income/ (loss) for the year** | **(972.92)** | **(7.35)%** | **(1071.60)** | **(6.98)%** | **577.67** | **(4.82)%** |

## FISCAL 2021 COMPARED TO FISCAL 2020

### Key Developments

- Our operations in Fiscal 2021 were severely impacted by COVID-19 and consequent lockdowns and restrictions imposed in India. Dine-in operations at our stores were suspended or restricted, which resulted in a decrease in sale of our products, on account of government restrictions imposed during Fiscal 2021, in particular during the six months ended September 30, 2020. For further information, see " – *Significant Factors Affecting our Results of Operations and Financial Condition – COVID-19*" on page 326.

- Our operations in Fiscal 2021 were also impacted by related rationalization efforts undertaken by us in order to improve operational efficiency. These included, renegotiating existing lease arrangements, scaling down menu offerings during the period, restructuring employee engagement from a full-time basis to part-time basis, and closing poorly performing stores. As a result, we closed 61 stores in Fiscal 2021, compared to 24 stores in Fiscal 2020, under our Core Brands Business. For further information, see " – *Significant Factors Affecting our Results of Operations and Financial Condition – COVID-19*" on page 326.

- In addition, we opened 50 and 111 stores under our Core Brands Business in Fiscals 2020 and 2021, respectively. We also acquired 9 and 51 KFC stores from Yum in Fiscals 2020 and 2021, respectively. For further information, see " – *Significant Factors Affecting Results of Operations and Financial Condition – Store Openings and Acquisitions*" on page 327.

### Income

Total income decreased by 21.90% from ₹ 15,350.41 million in Fiscal 2020 to ₹ 11,988.95 million in Fiscal 2021 primarily due to the impact of the COVID-19 crisis and the temporary closure of a number of our stores across India due to the lockdown related restrictions on our business operations commencing from end of Fiscal 2020, as well as reduced store-level operations, including reduced operating hours and dining closures in line with GoI guidelines, which resulted in a significant decrease in customer footfalls at our stores given the lockdown, and significant decrease in same-store sales.

#### *Revenue from Operations*

Revenues from operations decreased by 25.16% from ₹ 15,163.86 million in Fiscal 2020 to ₹ 11,348.38 million in Fiscal 2021, primarily due to a decrease in our Core Brands Business, largely attributable to a decrease in sale of products on account of impact of COVID-19 pandemic.

In particular, revenue from operations in our Core Brands Business decreased by 13.98% from ₹ 11,085.23 million in Fiscal 2020 to ₹ 9,535.69 million in Fiscal 2021, driven by decrease in revenue from operations from (i) our Pizza Hut stores that decreased by 31.03% from ₹ 4,174.27 million in Fiscal 2020 to ₹ 2,879.09 million in Fiscal 2021, and (ii) our Costa Coffee stores decreased by 73.90% from ₹ 819.62 million in Fiscal 2020 to ₹ 213.95 million in Fiscal 2021.

This was partially offset by an increase in revenue from operations of our KFC stores under our Core Brands Business by 5.77% from ₹ 6,091.34 million in Fiscal 2020 to ₹ 6,442.64 million in Fiscal 2021, driven by our acquisition of the acquired KFC stores that are situated at central locations such as high street locations, shopping malls, and food courts that have significant footfalls and greater accessibility for takeaway and delivery through food delivery platforms.

Revenue from operations from our Other Business also significantly decreased by 76.39% from ₹ 2,535.42 million in Fiscal 2020 to ₹ 598.73 million in Fiscal 2021 due to the airport operations being closed for most of the period during the COVID-19 pandemic and surrender of food court license at three airport locations – Srinagar, Raipur and Trichy.

*Sale of Products*

Sale of finished goods decreased by 24.57% from ₹ 14,785.81 million in Fiscal 2020 to ₹ 11,152.67 million in Fiscal 2021, primarily driven by the closure of 61 stores during Fiscal 2021 compared to closure of 24 stores in Fiscal 2020, as well as reduced operating hours and dining-room closures in accordance with GoI guidelines. This also resulted in a decrease in sale of traded goods by 7.44% from ₹ 44.59 million in Fiscal 2020 to ₹ 41.27 million in Fiscal 2021.

*Other Operating Revenue*

Other operating revenue also decreased by 53.69% from ₹ 333.46 million in Fiscal 2020 to ₹ 154.44 million in Fiscal 2021 primarily due to a decrease in marketing and other services by 81.06% from ₹ 105.78 million in Fiscal 2020 to ₹ 20.04 million in Fiscal 2021, as a result of a decrease in marketing at our stores by third-parties; and a decrease in rental and maintenance income by 39.83% from ₹ 221.43 million in Fiscal 2020 to ₹ 133.24 million in Fiscal 2021, as a result of lease concessions that we offered to lessees of our food courts under our Other Business in Fiscal 2021 compared to Fiscal 2020.

***Other Income***

Other income increased from ₹ 186.55 million in Fiscal 2020 to ₹ 640.57 million in Fiscal 2021, primarily due to lease concessions availed amounting to ₹ 431.17 million in Fiscal 2021 compared to no such concession in Fiscal 2020, as a result of renegotiations of certain of our leases with our landlords, which resulted in additional liquidity in Fiscal 2021 as compared to Fiscal 2020.

**Expenses**

Total expenses decreased by 18.73% from ₹ 16,465.30 million in Fiscal 2020 to ₹ 13,381.71 million in Fiscal 2021, primarily due to the decreased scale of our store operations during the COVID-19 pandemic.

***Cost of Materials Consumed***

Cost of materials consumed decreased by 24.52% from ₹ 4,487.18 million in Fiscal 2020 to ₹ 3,386.93 million in Fiscal 2021 primarily due to decreased food and beverage sales as a result of the temporary closure of a number of our stores across India commencing from the end of Fiscal 2020, as well as reduced store-level operations, including reduced operating hours and dining-room closures due to COVID-19 related restrictions imposed in accordance with GoI guidelines. Cost of material consumed represented 29.59% and 29.85% of our revenue from operations in Fiscals 2020 and 2021, respectively.

***Purchases of Stock-in-Trade***

Purchases of stock-in-trade decreased by 48.90% from ₹ 116.78 million in Fiscal 2020 to ₹ 59.67 million in Fiscal 2021 due to decline in sale of traded goods, i.e. supply of raw materials from our warehouse to third-parties.

Our Gross Margins remained stable at 69.10% in Fiscal 2021 compared to 69.29% in Fiscal 2020.

***Employee Benefits Expenses***

Employee benefits expenses decreased by 31.56% from ₹ 2,254.85 million in Fiscal 2020 to ₹ 1,543.32 million in Fiscal 2021, primarily due to a decrease in salaries, wages and bonus by 31.77% from ₹ 2,007.58 million in Fiscal 2020 to ₹ 1,369.79 million in Fiscal 2021 on account of conversion from full-time to part-time engagement of certain employees, as well as temporary reductions in the salaries of senior management and certain other employees during the COVID-19 crisis till September 30, 2020. This also led to a decrease in the contribution to provident and other funds by 41.41% from ₹ 147.54 million in Fiscal 2020 to ₹ 86.44 million in Fiscal 2021, and a decrease in staff welfare expenses by 21.88% from ₹ 74.64 million in Fiscal 2020 to ₹ 58.31 million in Fiscal 2021.

Our employee benefits expense as a percentage of our revenue from operations decreased to 13.60% in Fiscal 2021 compared to 14.87% in Fiscal 2020, primarily as a result of our cost rationalization measures during COVID-19, including conversion of full-time employment to part-time at most of our stores and temporary reductions in salaries of senior management and certain other employees.

***Finance Costs***

Finance costs decreased by 3.56% from ₹ 1,584.37 million in Fiscal 2020 to ₹ 1,528.03 million in Fiscal 2021 due to a decrease in net loss on foreign currency transactions and translations to the extent regarded as borrowing cost by 73.88% from ₹ 127.37 million in Fiscal 2020 to ₹ 33.27 million in Fiscal 2021, as a result of loss on foreign currency in Nigeria being set off by gain on foreign currency in India amounting to ₹ 39.61 million.

***Depreciation and Amortisation Expenses***

Depreciation and amortisation expenses increased by 2.75% from ₹ 2,233.14 million in Fiscal 2020 to ₹ 2,294.53 million in Fiscal 2021, primarily on account of acquisition of 51 KFC stores in Fiscal 2021 compared to acquisition of 9 KFC stores in Fiscal 2020, and new store openings in Fiscal 2021. We opened 111 stores in Fiscal 2021 compared to 50 stores in Fiscal 2020, under our Core Brands Business. This was partially offset by a decrease in depreciation on right-of-use assets by 0.72% from ₹ 1,308.76 million in Fiscal 2020 to ₹ 1,299.31 million in Fiscal 2021, primarily due to surrendering licenses to operate our stores at three airports under our Core Brands Business.

***Impairment of non-financial assets***

Impairment of non-financial assets increased from ₹ 38.77 million in Fiscal 2020 to ₹ 480.05 million in Fiscal 2021, primarily due to an increase in impairment of property, plant and equipment, from a reversal of ₹ 50.34 million in Fiscal 2020 to ₹ 405.22 million in Fiscal 2021 on account of impairment charge created in the loss making assets such as operations at airports in India, and consequently, impairment on right-of-use assets decreased by 54.89% from ₹ 82.86 million in Fiscal 2020 to ₹ 37.38 million in Fiscal 2021.

***Other Expenses***

Other expenses decreased by 28.89% from ₹ 5,750.21 million in Fiscal 2020 to ₹ 4,089.18 million in Fiscal 2021, primarily due to a decrease in:

- Power and fuel that decreased by 32.10% from ₹ 959.34 million in Fiscal 2020 to ₹ 651.36 million in Fiscal 2021 primarily due to the temporary closures of certain of our stores due to COVID-19 and reduced operating hours. Our power and fuel costs as a percentage of our revenue from operations decreased to 5.74% in Fiscal 2021 compared to 6.33% in Fiscal 2020 primarily due to reduction in revenue from operations in Fiscal 2021;

- Rent expenses that decreased from ₹ 800.24 million in Fiscal 2020 to no such expenses in Fiscal 2021 primarily due to rent relief negotiations pursuant to which we arrived at negotiated agreements with respect to reductions in rent and our rental obligations during the COVID-19 pandemic with a majority of our landlords. In accordance with MCA Notification, the Company has elected to apply the practical expedient of not assessing lease concessions as a lease modification for all lease concessions which are granted due to COVID-19 pandemic. As per the requirements of the MCA Notification, out of total lease concessions confirmed till March 31, 2021 of ₹1,057.26 million, ₹ 626.09 million related to conditional rent concessions has been netted from rent expenses and balance of ₹ 431.71 million related to unconditional rent concessions has been recognised under Other Income for the year ended March 31, 2021.

- Repairs and maintenance expenses that decreased by 22.62% from ₹ 630.64 million in Fiscal 2020 to ₹ 487.96 million in Fiscal 2021 due to decrease in (i) repairs and maintenance on buildings by 26.65% from ₹ 383.79 million in Fiscal 2020 to ₹ 281.53 million in Fiscal 2021 due to waivers of common area maintenance charges from mall owners for the duration of the nationwide lockdown imposed by the government in Fiscal 2021 on account of the COVID-19 pandemic; and (ii) repairs and maintenance on plant and equipment by 26.94% from ₹ 162.67 million in Fiscal 2020 to ₹ 118.85 million in Fiscal 2021 due to lower annual maintenance charges on account of an increase in store closures during the pandemic;

- Advertisement and sales promotion expenses that decreased by 19.73% from ₹ 824.42 million in Fiscal 2020 to ₹ 661.79 million in Fiscal 2021 due to lower revenue from operations in our Core Brands Business, and reduced localized marketing expense at the store level on account of store closures as a result of the COVID-19 pandemic; and

- Royalty and continuing fees that decreased by 13.73% from ₹ 840.39 million in Fiscal 2020 to ₹ 724.99 million in Fiscal 2021, due to reduced revenue from operations under our Core Brands Business. However, royalty and continuing fees as a percentage of revenue from operations increased to 6.39% in Fiscal 2021 compared to 5.54% in Fiscal 2020, due to higher contribution of our Core Brands Business in our total revenue from operations, i.e. our Core Brands Business represented 73.10% and 84.03% of our revenue from operations in Fiscals 2020 and 2021, respectively.

The decrease was marginally offset by an increase in commission and brokerage expenses that increased by 58.40% from ₹ 517.28 million in Fiscal 2020 to ₹ 819.38 million in Fiscal 2021 on account of a sharp increase in sales through food delivery aggregators, as a result of the COVID-19 pandemic and related in-store dining restrictions. Revenue generated from delivery sales as a percentage of our revenue from operations in our Core Brands Business increased to 70.20% in Fiscal 2021, compared to 51.15%% in Fiscal 2020.

**Loss before tax**

For the reasons discussed above, loss before tax was ₹ 823.92 million in Fiscal 2021 compared to ₹ 769.11 million in Fiscal 2020.

**Exceptional Item**

We recorded an exceptional item amounting to ₹ 345.78 million in Fiscal 2020 and ₹ 568.84 million in Fiscal 2021 as gain on termination of leases. In Fiscal 2021, leases with the Airport Authority of India were terminated for stores at the airports at Trichy, Lucknow, Raipur and Srinagar, amounting to ₹ 491.16 million, and the balance amount in respect of termination of leases of other loss making stores. Gain on leases terminated in Fiscal 2020 amounted to ₹ 345.78 million, and was with respect to termination of lease with the Mumbai International Airport Authority. For further information, see "*Restated Consolidated Financial Statements – Note 32: Exceptional Items*" on page 264.

**Tax Expense**

Current tax expenses decreased from ₹ 13.48 million in Fiscal 2020 to ₹ 9.75 million in Fiscal 2021 and deferred tax decreased from ₹ 4.93 million in Fiscal 2020 to a credit of ₹ 20.43 million in Fiscal 2021, primarily on account of loss in a subsidiary, Devyani Food Street Private Limited in Fiscal 2021 as compared to profits recorded in Fiscal 2020. As a result, total tax expense amounted to a credit of ₹ 10.68 million in Fiscal 2021 compared to ₹ 18.41 million in Fiscal 2020.

**Loss for the Year from Continuing Operations**

For the various reasons discussed above, we recorded a loss for the year from continuing operations of ₹ 813.24 million in Fiscal 2021 compared to loss of ₹ 787.52 million in Fiscal 2020.

**Discontinued Operations**

We were operating the business of tea trading under the brand name of TWG which has operations in India through two stores and in the UK through a subsidiary-Devyani International (UK) Private Limited. During Fiscal 2021, we sold the business of two TWG stores in India by way of a slump sale to our Corporate Promoter on March 1, 2021. Further, we sold our Company's entire shareholding in DIL UK to a subsidiary of our Corporate Promoter on February 17, 2021. Accordingly, the business of the two stores in India and of DIL UK have been reported as discontinued operations during Fiscal 2021 till February 28, 2021 and February 16, 2021, respectively. For further information, see "*Restated Consolidated Financial Statements – Note 54: Discontinued Operations*" on page 301.

Gain for the years from discontinued operations was ₹ 183.37 million in Fiscal 2021 compared to loss ₹ 426.66 million in Fiscal 2020.

**Loss for the Year**

We recorded a loss for the year of ₹ 629.87 million in Fiscal 2021 compared to ₹ 1,214.18 million in Fiscal 2020.

**Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)**

EBITDA from continuing operations was ₹ 2,269.28 million in Fiscal 2021 compared to EBITDA from continuing operations of ₹ 2,554.84 million in Fiscal 2020, while EBITDA Margin from continuing operations is 20.00% in Fiscal 2021 compared to 16.85% in Fiscal 2020.

**FISCAL 2020 COMPARED TO FISCAL 2019**

**Key Developments**

- Our operations in Fiscal 2020 were impacted by COVID-19 and consequent lockdowns and restrictions imposed in India in March 2020, that affected dine-in operations at our stores. For further information, see " – *Significant Factors Affecting our Results of Operations and Financial Condition – COVID-19*" on page 326.

- In addition, we opened 72 and 50 stores under our Core Brands Business in Fiscals 2019 and 2020, respectively. We also acquired 13 and 9 KFC stores from Yum in Fiscals 2019 and 2020, respectively. For further information, see " – *Significant Factors Affecting our Results of Operations and Financial Condition – Store Openings and Acquisitions*" on page 327.

## Income

Total income increased by 15.97% from ₹ 13,236.83 million in Fiscal 2019 to ₹ 15,350.41 million in Fiscal 2020 primarily due to an increase in the number of stores during most of Fiscal 2020. We had 610 stores as of March 31, 2020 compared to 566 stores as of March 31, 2019.

### *Revenue from Operations*

Revenues from operations increased by 15.70% from ₹ 13,105.98 million in Fiscal 2019 to ₹ 15,163.86 million in Fiscal 2020, primarily due to an increase in our Core Brands Business, largely attributable to an increase in sale of products.

In particular, revenue from operations in our Core Brands Business increased by 13.39% from ₹ 9,776.06 million in Fiscal 2019 to ₹ 11,085.23 million in Fiscal 2020, driven by an increase in revenue from operations from our KFC stores that increased by 31.25% from ₹ 4,641.14 million in Fiscal 2019 to ₹ 6,091.34 million in Fiscal 2020.

*Sale of Products*

Sale of finished goods increased by 15.17% from ₹ 12,838.46 million in Fiscal 2019 to ₹ 14,785.81 million in Fiscal 2020, primarily due to a 7.46% increase in the number of stores under our Core Brands Business from 469 stores as of March 31, 2019 to 504 stores as of March 31, 2020, giving us a presence in 128 cities across India as of March 31, 2020, as compared to 113 cities as of March 31, 2019. This also resulted in an increase in sale of traded goods by 35.07% from ₹ 33.01 million in Fiscal 2019 to ₹ 44.59 million in Fiscal 2020.

*Other Operating Revenue*

Other operating revenue also increased by 42.20% from ₹ 234.51 million in Fiscal 2019 to ₹ 333.46 million in Fiscal 2020 primarily due to an increase in marketing and other services by 16.53% from ₹ 90.78 million in Fiscal 2019 to ₹ 105.78 million in Fiscal 2020, as a result of an increase in marketing at our stores by third-parties; and an increase in rental and maintenance income by 58.59% from ₹ 139.62 million in Fiscal 2019 to ₹ 221.43 million in Fiscal 2020, as a result of a new food court under our Other Business that we opened in Fiscal 2019.

### *Other Income*

Other income increased by 42.57% from ₹ 130.85 million in Fiscal 2019 to ₹ 186.55 million in Fiscal 2020, primarily due to gain on finance lease.

## Expenses

Total expenses increased by 18.05% from ₹ 13,948.19 million in Fiscal 2019 to ₹ 16,465.30 million in Fiscal 2020, primarily due to an increase in cost of materials consumed, employee benefits expenses, finance costs, depreciation and amortization expenses, and other expenses, driven by an increase in scale of our operations in Fiscal 2020.

### *Cost of Materials Consumed*

Cost of materials consumed increased by 18.93% from ₹3,772.90 million in Fiscal 2019 to ₹4,487.18 million in Fiscal 2020 primarily due to increased food and beverage sales at our stores.

### *Purchases of Stock-in-Trade*

Purchases of stock-in-trade was ₹ 115.76 million in Fiscal 2019 and ₹ 116.78 million in Fiscal 2020.

Our Gross Margin marginally decreased to 69.29% in Fiscal 2020 compared to 69.96% in Fiscal 2019, primarily due to new KFC stores opened during the year that involved higher cost of materials consumed compared to other brands. We opened 31 new KFC stores in Fiscal 2020 compared to 25 KFC stores in Fiscal 2019.

### *Employee Benefits Expenses*

Employee benefits expenses increased by 17.70% from ₹ 1,915.73 million in Fiscal 2019 to ₹ 2,254.85 million in Fiscal 2020, primarily due to an increase in salaries, wages and bonus by 16.49% from ₹ 1,723.44 million in Fiscal 2019 to ₹ 2,007.58 million in Fiscal 2020 on account of increase in the number of our employees from 8,568 as of March 31, 2019 to 8,659 as of March 31, 2020. This also led to an increase in contribution to provident and other funds by 15.94% from ₹ 127.26 million in Fiscal 2019 to ₹ 147.54 million in Fiscal 2020, and increase in staff welfare expenses by 72.86% from ₹ 43.18 million in Fiscal 2019 to ₹ 74.64 million in Fiscal 2020.

Our employee benefits expense as a percentage of our revenue from operations increased to 14.87% in Fiscal 2020 compared to 14.62% in Fiscal 2019, primarily as a result of increase in scale of our operations and workforce.

***Finance Costs***

Finance costs increased by 16.84% from ₹ 1,356.04 million in Fiscal 2019 to ₹ 1,584.37 million in Fiscal 2020 due to an increase in: (i) interest expenses by 8.67% from ₹ 1,340.10 million in Fiscal 2019 to ₹ 1,456.29 million in Fiscal 2020, as a result of increase in interest on lease liabilities and increase in bank borrowings (ii) net loss on foreign currency transactions and translations to the extent regarded as borrowing cost from ₹ 14.24 million in Fiscal 2019 to ₹ 127.37 million in Fiscal 2020, primarily as a result of depreciation of the Nigerian Naira recorded for our operations under our International Business.

***Depreciation and Amortisation Expenses***

Depreciation and amortisation expenses increased by 10.10% from ₹ 2,028.26 million in Fiscal 2019 to ₹ 2,233.14 million in Fiscal 2020, primarily due to the increase in the number of stores in connection with the expansion of our store network, depreciation of the right-of-use assets we recognize in respect of our store leases under Ind AS 116 and on leasehold improvements and plant and equipment at our stores. Depreciation on right-of-use assets increased by 5.45% from ₹ 1,241.12 million in Fiscal 2019 to ₹ 1,308.76 million in Fiscal 2020.

***Impairment of non-financial assets***

Impairment of non-financial assets decreased by 84.34% from ₹ 247.53 million in Fiscal 2019 to ₹ 38.77 million in Fiscal 2020, primarily due to a decrease in impairment of property, plant and equipment, from an impairment ₹ 182.13 million in Fiscal 2019 to a reversal of ₹ 50.34 million in Fiscal 2020 on account of certain stores turning profitable in Fiscal 2020. This was partially offset by an increase in impairment on right-of-use assets from no such impairment in Fiscal 2019 to an impairment of ₹ 82.86 million in Fiscal 2020.

***Other Expenses***

Other expenses increased by 27.44% from ₹ 4,511.97 million in Fiscal 2019 to ₹ 5,750.21 million in Fiscal 2020, primarily due to an increase in:

- Power and fuel that increased by 11.78% from ₹ 858.27 million in Fiscal 2019 to ₹ 959.34 million in Fiscal 2020 due to primarily due to the increased number of stores, the variable component of fuel costs associated with food sales, in particular with respect to new products that we introduced, and annual inflation on rates of electricity. Our power and fuel costs as a percentage of our revenue from operations decreased to 6.33% in Fiscal 2020 compared to 6.55% in Fiscal 2019;

- Rent expenses that increased by 23.09% from ₹ 650.13 million in Fiscal 2019 to ₹ 800.24 million in Fiscal 2020 primarily due to the increase in variable, revenue-linked contractual rent we pay on our store leases and GST on the fixed minimum monthly guaranteed amount under our leases that has been categorized as right-of-use assets under Ind AS 116. Our rent costs as a percentage of our revenue from operations decreased to 5.28% in Fiscal 2020 compared to 4.96% in Fiscal 2019.

- Repairs and maintenance expenses that increased by 17.48% from ₹ 536.79 million in Fiscal 2019 to ₹ 630.64 million in Fiscal 2020 due to increase in (i) repairs and maintenance on buildings by 27.15% from ₹ 301.85 million in Fiscal 2019 to ₹ 383.79 million in Fiscal 2020 due to higher common area managements charges payable driven by the expansion in our network of stores; and (ii) repairs and maintenance on plant and equipment by 3.68% from ₹ 156.91 million in Fiscal 2019 to ₹ 162.67 million in Fiscal 2020 due to stable annual maintenance charges;

- Advertisement and sales promotion expenses that increased by 43.69% from ₹ 573.75 million in Fiscal 2019 to ₹ 824.42 million in Fiscal 2020 due to marketing and promotion expenses that we are required to contribute under our Core Brands Business, and higher revenue from operations from our Core Brands Business;

- Commission and brokerage expenses that increased from ₹ 239.43 million in Fiscal 2019 to ₹ 517.28 million in Fiscal 2020 on account of a sharp increase in sales through food delivery aggregators;

- Royalty and continuing fees that increased by 15.49% from ₹ 727.66 million in Fiscal 2019 to ₹ 840.39 million in Fiscal 2020 primarily due to an increase in revenue from operations from our Core Brands Business. Royalty and continuing fees as a percentage of revenue from operations was 5.55% in Fiscal 2019, and 5.54% in Fiscal 2020.

- Loss on sale of property, plant and equipment that increased from ₹ 11.49 million in Fiscal 2019 to ₹ 82.12 million in Fiscal 2020 primarily on account of closure of stores at the international terminal of the airport in Mumbai; and

- Net loss on foreign currency transactions and translations that increased from ₹ 2.43 million in Fiscal 2019 to ₹ 193.70 million in Fiscal 2020 primarily on account of currency depreciation of the Nigerian Naira recorded under our International Business.

The increase was marginally offset by a decrease in freight including delivery charges that decreased by 32.10% from ₹ 305.83 million in Fiscal 2019 to ₹ 207.66 million in Fiscal 2020 primarily on account of a decrease in our own delivery channels and an increase in delivery sales through food delivery aggregators.

**Loss before tax**

For the reasons discussed above, loss before tax was ₹ 1,114.89 million in Fiscal 2020 compared to ₹ 711.36 million in Fiscal 2019.

**Exceptional Item**

We recorded an exceptional item amounting to ₹ 345.78 million in Fiscal 2020 as compared to ₹ 131.48 million primarily on account of gain on termination of a significant lease, i.e. with respect to termination of lease with the Mumbai International Airport Authority. For further information, see "*Restated Consolidated Financial Statements – Note 32: Exceptional Items*" on page 264.

**Tax Expense**

Current tax expenses increased from ₹ 8.53 million in Fiscal 2019 to ₹ 13.48 million in Fiscal 2020 and deferred tax increased from ₹ 4.49 million in Fiscal 2019 to ₹ 4.93 million in Fiscal 2020, primarily on account of profits in our Subsidiary, Devyani Food Street Private Limited. As a result, total tax expense amounted to ₹ 18.41 million in Fiscal 2020 compared to ₹ 13.02 million in Fiscal 2019.

**Loss for the Year from Continuing Operations**

For the various reasons discussed above, we recorded a loss for the year from continuing operations of ₹ 787.52 million in Fiscal 2020 compared to loss of ₹ 592.90 million in Fiscal 2019.

**Discontinued Operations**

We were operating the business of tea trading under the brand name of TWG which has operations in India through two stores and in the UK through a subsidiary-Devyani International (UK) Private Limited. During Fiscal 2021, we sold the business of two TWG stores in India by way of a slump sale to our Corporate Promoter on March 1, 2021. Further, we sold our Company's entire shareholding in DIL UK to a subsidiary of our Corporate Promoter on February 17, 2021. Accordingly, the business of the two stores in India and of DIL UK have been reported as discontinued operations during Fiscal 2021 till February 28, 2021 and February 16, 2021, respectively. For further information, see "*Restated Consolidated Financial Statements – Note 54: Discontinued Operations*" on page 301.

Loss for the years from discontinued operations was ₹ 426.66 million in Fiscal 2020 compared to a loss of ₹ 348.02 million in Fiscal 2019.

**Loss for the Year**

We recorded a loss for the year of ₹ 1,214.18 million in Fiscal 2020 compared to ₹ 941.44 million in Fiscal 2019.

**Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)**

EBITDA from continuing operations was ₹ 2,554.84 million in Fiscal 2020 compared to EBITDA from continuing operations of ₹ 2,789.62 million in Fiscal 2019, while EBITDA Margin from continuing operations was 16.85% in Fiscal 2020 compared to 21.29% in Fiscal 2019.

**FINANCIAL CONDITION**

***Assets***

Total assets decreased from ₹ 18,835.76 million as of March 31, 2020 to ₹ 16,684.07 million as of March 31, 2021, primarily due to a decrease in right-of-use assets from ₹10,350.83 million as of March 31, 2020 to ₹ 6,660.20 million as of March 31, 2021, as a result of termination of leases for stores at certain airports under our Core Brands Business, as well as stores under our Other Businesses, that were closed during Fiscals 2021.

***Liabilities***

Current liabilities decreased from ₹ 5,777.66 million as of March 31, 2020 to ₹ 4,206.69 million as of March 31, 2021, primarily due to a decrease in other financial liabilities from ₹1,896.91 million as of March 31, 2020 to ₹ 1,305.94 million as of March 31, 2021, as a result of reduction of utilitazation of working capital facilities amounting to ₹ 693.46 million and reduction in current maturities of long term borrowing to the extent of ₹ 305.68 million. This was primarily due to infusion of fresh capital. In addition, there was a decrease in lease liabilities amounting to ₹ 335.45 million.

Non-current liabilities decreased from ₹ 15,340.25 million as of March 31, 2020 to ₹ 11,758.80 million as of March 31, 2021, primarily due to a decrease in lease liabilities from ₹11,759.04 million as of March 31, 2020 to ₹ 7,936.96 million as of March 31, 2021, as a result of termination of leases for stores at certain airports under our Core Brands Business, and certain stores in our Other Business during Fiscal 2021.

Lease liabilities decreased from ₹11,759.04 million as of March 31, 2020 to ₹ 7,936.96 million as of March 31, 2021, primarily due to termination of leases for stores at certain airports under our Core Brands Business, and certain stores in our Other Business during Fiscal 2021.

**LIQUIDITY AND CAPITAL RESOURCES**

We have historically financed the expansion of our business and operations primarily through debt financing and funds generated from our operations. From time to time, we may obtain loan facilities to finance our short-term working capital requirements.

**CASH FLOWS**

The following table sets forth certain information relating to our cash flows in the periods indicated:

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | (₹ million) | | |
| Net cash from/ (used in) operating activities | 2,777.62 | 3,007.16 | 2395.57 |
| Net cash from/ (used in) investing activities | (1,676.74) | (974.29) | (3,585.96) |
| Net cash from/ (used in) financing activities | (1,305.04) | (2,226.15) | 1,419.82 |
| Effect of foreign currency fluctuation arising out of consolidation | 26.86 | 59.81 | 37.93 |
| Net increase/ (decrease) in cash and cash equivalents | (177.29) | (133.47) | 267.36 |
| Cash and cash equivalents at the end of the period/ year | 265.72 | 132.26 | 399.62 |

**Operating Activities**

***Fiscal 2021***

In Fiscal 2021, net cash from operating activities was ₹ 2,395.57 million. Loss before tax from continuing and discontinued operations was ₹ 640.55 million in Fiscal 2021 and adjustments to reconcile loss before tax to operating profit before working capital changes primarily consisted of depreciation and amortization expense on operations of ₹ 2,356.94 million, and finance costs of ₹ 1,621.75 million. Operating profit before working capital changes was ₹ 1,993.98 million in Fiscal 2021. The main working capital adjustments in Fiscal 2021 included adjustments for changes in inventories of ₹ 126.01 million, adjustments for changes in loans, other financial assets, and other assets of ₹ 163.94 million, and adjustments for changes in trade payables, other financial liabilities and other liabilities of ₹102.60 million. Cash generated from operating activities in Fiscal 2021 amounted to ₹ 2,390.72 million. Income tax refund (net) amounted to ₹ 4.85 million.

***Fiscal 2020***

In Fiscal 2020, net cash from operating activities was ₹ 3,007.16 million. Loss before tax from continuing and discontinued operations was ₹ 1,195.77 million in Fiscal 2020 and adjustments to reconcile loss before tax to operating profit before working capital changes primarily consisted of depreciation and amortization expense on operations of ₹ 2,467.04 million, and finance costs of ₹ 1,687.91 million. Operating profit before working capital changes was ₹ 2,791.62 million in Fiscal 2020. The main working capital adjustments in Fiscal 2020 included adjustments for changes in trade payables, other financial liabilities and other liabilities of ₹ 433.13 million. This was partially offset by adjustments for changes in inventories of ₹ 171.45 million. Cash generated from operating activities in Fiscal 2020 amounted to ₹ 3,014.97 million. Income tax paid (net) amounted to a credit of ₹ 7.81 million.

***Fiscal 2019***

In Fiscal 2019, net cash from operating activities was ₹ 2,777.62 million. Loss before tax from continuing and discontinued operations was ₹ 928.16 million in Fiscal 2019 and adjustments to reconcile loss before tax to operating profit before working capital changes primarily consisted of depreciation and amortization expense on continuing operations of ₹ 2,257.32 million, and finance costs of ₹ 1,421.17 million. Operating profit before working capital changes was ₹ 2,763.18 million in Fiscal 2019. The main working capital adjustments in Fiscal 2019 included adjustments for inventories of ₹ 103.10 million. This was partially offset by adjustments for changes in trade payables, other financial liabilities and other liabilities of ₹ 176.26 million. Cash generated from operating activities in Fiscal 2019 amounted to ₹ 2,780.47 million. Income tax paid (net) amounted to a credit of ₹ 2.85 million.

**Investing Activities**

***Fiscal 2021***

Net cash used in investing activities was ₹ 3,585.96 million in Fiscal 2021, primarily on account of the KFC Store Acquisition of ₹ 2,300 million, and purchase of property, plant and equipment, and intangible assets other than from business combination, of ₹ 1,373.37 million.

***Fiscal 2020***

Net cash used in investing activities was ₹ 974.29 million in Fiscal 2020, primarily on account of purchase of property, plant and equipment, and intangible assets other than from business combination, of ₹ 999.09 million.

***Fiscal 2019***

Net cash used in investing activities was ₹ 1,676.74 million in Fiscal 2019, primarily on account of purchase of property, plant and equipment, and intangible assets other than from business combination, of ₹ 1,422.56 million.

**Financing Activities**

***Fiscal 2021***

Net cash from financing activities was ₹ 1,419.82 million in Fiscal 2021, primarily on account of proceeds from issue of equity share capital of ₹ 3,476.43 million and proceeds from long-term borrowings of ₹ 2,355.86 million. This was partially offset by repayment of long-term borrowings of ₹ 2,401.08 million, payment of lease liabilities interest of ₹ 825.69 million, repayment from cash credit facilities from banks (net) of ₹ 693.46 million, and interest paid of ₹ 492.24 million.

***Fiscal 2020***

Net cash used in financing activities was ₹ 2,226.15 million in Fiscal 2020, primarily on account of repayment of long-term borrowings of ₹ 651.19 million, payment of lease liabilities – interest of ₹ 1,123.90 million, payment of lease liabilities – principal of ₹ 1,043.52 million and interest paid of ₹ 435.17 million. This was partially offset by proceeds from long-term borrowings of ₹ 800.00 million.

***Fiscal 2019***

Net cash used in financing activities was ₹ 1,305.04 million in Fiscal 2019, primarily on account of repayment of long-term borrowings of ₹ 619.36 million, repayment from cash credit facilities from banks (net) of ₹ 249.54 million, payment of lease liabilities (principal and interest) of ₹ 2,019.65 million, and interest paid of ₹ 338.27 million. This was partially offset by proceeds from long-term borrowings of ₹ 1,921.78 million.

**INDEBTEDNESS**

As of March 31, 2021, we had total borrowings (consisting of current and non-current borrowings) of ₹ 4,633.27 million. Our gross debt to equity ratio was 6.45 as of March 31, 2021. For further information on our indebtedness, see "*Financial Indebtedness*" on page 320.

The following table sets forth certain information relating to our outstanding indebtedness as of March 31, 2021, and our repayment obligations in the periods indicated:

| Particulars | As of March 31, 2021 Payment due by period (₹ million) | | | |
|---|---|---|---|---|
| | Total | Not later than 1 year | 1-5 years | More than 5 years |
| **Long Term Borrowings** | | | | |
| Term loans (secured) | 3,627.08 | 800.00 | 3,315.00 | 222.85 |
| Term loans (unsecured) | 796.09 | 294.09 | 499.00 | 66.00 |
| **Total long term borrowings (including current maturities)** | **4,422.17** | **1,094.09** | **3,814.00** | **288.85** |
| **Short Term Borrowings** | | | | |
| Secured | 211.10 | 211.10 | - | - |
| Unsecured | - | - | - | - |
| **Total Short Term Borrowings** | **211.10** | **211.10** | **-** | **-** |
| **Total Borrowings** | **4,633.27** | **1,305.19** | **3,814.00** | **288.65** |

## CONTINGENT LIABILITIES AND OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2021, our contingent liabilities that have not been accounted for in our financial statements, were as follows:

| Particulars | Amount (₹ million) |
|---|---|
| **Contingent Liabilities and Other Claims** | |
| **(a) Claims against the Group not acknowledged as debts (1)** | |
| **(i) Claims made by sales tax authorities, service tax authorities and income tax authorities** | |
| Value added tax | 44.17 |
| Service tax | 10.37 |
| Income tax | 184.73 |
| **Total** | **239.27** |
| | |
| **(ii) Others (miscellaneous claims in relation to the Company's operations) (1)** | 30.44 |
| | |
| **(b) Others** | |
| Commitments – Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) | 494.40 |

*Notes:*

*1. The Group is party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on the consolidated financial statements and hence no provision has been recorded against these legal proceedings at this stage. Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash out flows, if any, in respect of the above as it is determinable only on receipt of judgements / decisions pending with various forums/ authorities. Accordingly, the abovementioned contingent liabilities are disclosed at an undiscounted amount.*

For further information on our contingent liabilities, see "*Restated Consolidated Financial Statements*" on page 205.

Except as disclosed in the Restated Consolidated Financial Statements or elsewhere in this Prospectus, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

## CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth certain information relating to future payments due under known contractual commitments as of March 31, 2021, aggregated by type of contractual obligation:

| Particulars | As of March 31, 2021 Payment due by period | | | |
|---|---|---|---|---|
| | Carrying Amount | Less than 1 year | 1-5 years | More than 5 years |
| | (₹ million) | | | |
| Contractual obligations | | | | |
| Long term borrowings including current portion | 4,422.17 | 1,094.09 | 3,814.00 | 288.85 |
| Lease liabilities | 8,724.34 | 2,181.08 | 5,482.60 | 6,062.57 |
| Trade Payables | 1,619.00 | 1,619.00 | - | - |
| Security deposits payable | 55.69 | 10.70 | 55.54 | 0.60 |
| Short term borrowings | 211.1 | 211.1 | - | - |
| Capital creditors | 341.26 | 341.26 | - | - |
| Others | 122.54 | 122.54 | - | - |
| **Total** | **15,496.10** | **5,579.77** | **9,352.14** | **6,352.02** |

For further information on our capital and other commitments, see "*Restated Consolidated Financial Statements*" on page 205.

## CAPITAL EXPENDITURES

In Fiscal 2019, Fiscal 2020, and Fiscal 2021, our capital expenditure towards additions to fixed assets (property, plant and equipment's and intangible assets including franchise rights) were ₹ 1,543.04 million, ₹ 1,306.34 million and ₹ 3,190.26 million, respectively. The following table sets forth our fixed assets for the periods indicated:

| **Particulars** | **Fiscal 2019** | **Fiscal 2020** | **Fiscal 2021** |
|---|---|---|---|
| | **(₹ million)** | | |
| Property, plant and equipment | 1,825.22 | 925.49 | 1,299.20 |
| Intangible Assets | 157.05 | 285.79 | 1,463.46 |
| Capital Work in Progress (net additions/transfers) | (448.72) | 20.09 | 7.49 |
| Goodwill on acquisition of business | 9.49 | 74.97 | 420.11 |
| **Total** | **1,543.04** | **1,306.34** | **3,190.26** |

For further information, see "*Restated Consolidated Financial Statements*" on page 205.

## RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business. These transactions principally include remuneration to executive Directors and Key Managerial Personnel. For further information relating to our related party transactions, see "*Restated Consolidated Financial Statements – Note 38: Related Party Disclosures*" on page 282.

## AUDITOR'S OBSERVATIONS

Other than as disclosed below, there have been no reservations/ qualifications/ adverse remarks/ matters of emphasis highlighted by our joint statutory auditors in their auditor's reports on the audited financial statements as of and for the years ended March 31, 2019, 2020 and 2021.

***<u>Emphasis of Matter and Other Matters</u>***

***Emphasis of matter as of March 31, 2021***

The joint auditors' report drew attention to note 53 of the accompanying consolidated financial statements, which describes the uncertainties relating to the effect of COVID-19 pandemic outbreak and the management's evaluation of the impact on the consolidated financial statements as at the balance sheet date. The extent of the impact of these uncertainties on our operations is significantly dependent on future developments. Also see, "*Restated Consolidated Financial Statements – Note 53: Estimation of uncertainties relating to the global health pandemic from Coronavirus (COVID-19)*" on page 306.

***Emphasis of matter as of March 31, 2020***

The joint auditors' report drew attention to note 54 of the accompanying consolidated financial statements, which describes the uncertainties relating to the effect of COVID-19 pandemic outbreak and the management's evaluation of the impact on the consolidated financial statements as at the balance sheet date. The extent of the impact of these uncertainties on our operations is significantly dependent on future developments. Also see, "*Restated Consolidated Financial Statements – Note 53: Estimation of uncertainties relating to the global health pandemic from Coronavirus (COVID 19)*" on page 306.

***Material Uncertainty Regarding Going Concern as of March 31, 2019***

The joint auditors' audit report on the audited consolidated financial statements as of and for the year ended March 31, 2019, included reference to material uncertainty regarding going concern, as follows:

"*We draw attention to Note 49 in the consolidated financial statements, wherein it is mentioned that the Group and its joint venture has incurred losses in current year and has accumulated losses as at 31 March 2019, which has resulted in erosion of the net worth of the Group and its joint venture as at 31 March 2019. Further, the Group and its joint venture's current liabilities exceed its current assets as at 31 March 2019. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Group and its joint venture's ability to continue as a going concern. However, as a result of the mitigating factors elaborated in note i.e. projected cash flows of the Group and its joint venture, available revolving undrawn credit facility, current liquidity position and continued financial and operational support from ultimate holding company, the management is confident of its ability to continue as a going concern and have accordingly, prepared these consolidated* *financial statements on going concern basis. Consequently, no adjustments have been made to the carrying values of the assets and liabilities in the consolidated financial statements."*

Also see, "*Restated Consolidated Financial Statements – Note 52: Disclosures about the Group's ability to continue as a going concern*" on page 306.

***Qualifications***

The joint auditors' report on our audited standalone financial statements as of and for the year ended March 31, 2020, included a qualification as follows:

"*As stated in Note 43 to the standalone financial statements for the year ended 31 March 2020, the Company has a long term investment in RV Enterprizes Pte. Limited., Singapore ('Subsidiary') in form of equity shares, preference shares and loan (including interest accrued thereon) granted to the Subsidiary amounting to INR 108.93 million, INR 612.02 million and INR 327.24 million, respectively, as at 31 March 2020. Majority of the funds invested in / granted to the Subsidiary have been further invested in / granted to Devyani International (Nigeria) Limited (a subsidiary of R V Enterprizes Pte. Limited referred to as 'Step down subsidiary'). In view of continuing losses and increasing uncertainty of achieving the estimated cash flows in relation to this Step Down Subsidiary, we are unable to determine whether any adjustment is required to the carrying value of the investments in the Subsidiary and loan (including interest accrued thereon) granted to the Subsidiary as at the year-end, along with its consequential impact on the accompanying standalone financial statements. The above matter was also reported as a qualification in the audit report dated 23 September 2019 issued by the predecessor joint auditors on the standalone financial statements of the Company for the year ended 31 March 2019.*"

Similar qualifications were included in the statutory auditors' reports on the audited financial statements of our subsidiary RV Enterprizes Pte. Limited for Fiscals 2019 and 2020 and of our step-down subsidiary DIL Nigeria for Fiscals 2019 and 2020.

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

***Market Risk***

We are exposed to various types of market risks during the normal course of business. Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Board of Directors is responsible for reviewing the risk management policies and ensuring its effectiveness. Our policies are established to identify and analyse the risks faced by us in order to set appropriate risks limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in the market conditions and our activities. The Board of Directors oversee the monitoring and compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk.

***Interest Rate Risk***

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our exposure to the risk of changes in market interest rates relates primarily to our borrowings with floating interest rates.

***Credit Risk***

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk on cash and cash equivalents and bank deposits (shown under bank balances other than cash and cash equivalents) and other financial assets is limited as we generally invest in deposits with banks with high credit ratings assigned by domestic credit rating agencies. The loans primarily represents security deposits given to lessors for premises taken on lease. Such deposits will be returned to us on vacation of the premises or termination of the agreement whichever is earlier.

The exposure to the credit risk is primarily from security deposit receivables and trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers. Trade receivables also includes receivables from credit card companies which are generally realisable on fortnightly basis. We monitor the economic environment in which we operate, and manage our credit risk through credit approvals, establishing credit limits and continuously monitoring credit worthiness of customers to which we grant credit terms in the normal course of business.

We use the expected credit loss model to assess the impairment loss or gain. We use a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available internal credit risk factors such as our historical experience for customers. Based on the business environment in which we operate, management considers that the trade receivables are in default (credit impaired) if the payments are more than 90 days past due however based upon past trends, we determine an impairment allowance for loss on receivables (other than receivables from related parties) outstanding for more than 180 days past due. For receivables from related parties impairment allowance is made on receivables outstanding for more than 365 days past due. Majority of trade receivables are from domestic customers, which are fragmented and are not concentrated to individual customers. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

***Liquidity Risk***

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Our approach to manage liquidity is to have sufficient liquidity to meet liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to our reputation.

We believe that our liquidity position, including total cash and cash equivalent and bank deposits maturing within a year (including bank deposits under lien and excluding interest accrued but not due), anticipated future internally generated funds from operations and its fully available, revolving undrawn credit facility and other current assets (financial and non-financial), will enable us to meet future known obligations due in next year in the ordinary course of business. Our liquidity management process includes the following: (i) day to day funding, managed by monitoring future cash flows to ensure that requirements can be met; (ii) maintaining rolling forecasts of our liquidity position on the basis of expected cash flows; and (iii) maintaining diversified credit lines.

***Currency Risk***

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. We are exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from our operating, investing and financing activities. Our Investment and Borrowing Committee evaluates foreign exchange rate exposure arising from foreign currency transactions on periodic basis and follows appropriate risk management policies.

***Inflation***

In recent years, India has experienced relatively high rates of inflation. While we believe inflation has not had any material impact on our business and results of operations, inflation generally impacts the overall economy and business environment and hence could affect us.

**UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS**

Except as described in this Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

**SIGNIFICANT ECONOMIC CHANGES THAT MATERIALLY AFFECT OR ARE LIKELY TO AFFECT INCOME FROM CONTINUING OPERATIONS**

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations*" and the uncertainties described in "*Risk Factors*" on pages 326 and 27, respectively.

**KNOWN TRENDS OR UNCERTAINTIES**

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations*" and the uncertainties described in "*Risk Factors*" on pages 326 and 27, respectively. To our knowledge, except as discussed in this Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

**FUTURE RELATIONSHIP BETWEEN COST AND INCOME**

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 27, 125 and 323 respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

**NEW PRODUCTS OR BUSINESS SEGMENTS**

Except as set out in this Prospectus, we have not announced and do not expect to announce in the near future any new business segments.

**COMPETITIVE CONDITIONS**

We operate in a competitive environment. See "*Risk Factors*", "*Industry Overview*", "*Our Business*" and on pages 27, 113 and 125, respectively, for further details on competitive conditions that we face across our various business segments.

**EXTENT TO WHICH MATERIAL INCREASES IN NET SALES OR REVENUE ARE DUE TO INCREASED SALES VOLUME, INTRODUCTION OF NEW PRODUCTS OR SERVICES OR INCREASED SALES PRICES**

Changes in revenue in the last three Fiscals are as described in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Fiscal 2021 compared to Fiscal 2020*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Fiscal 2020 compared to Fiscal 2019*" above on pages 345 and 348, respectively.

**SEGMENT REPORTING**

Our business activity primarily falls within a single business and geographical segment, i.e. food and beverages, and in India, accordingly, other than as disclosed in "*Restated Consolidated Financial Statements – Note 46: Segment Reporting*" on page 305, we do not follow any other segment reporting.

**SIGNIFICANT DEPENDENCE ON SINGLE OR FEW CUSTOMERS**

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers.

**SEASONALITY/ CYCLICALITY OF BUSINESS**

Our business is not subject to seasonality or cyclicality. For further information, see "*Industry Overview*" and "*Our Business*" on pages 113 and 125, respectively.

**SIGNIFICANT DEVELOPMENTS AFTER MARCH 31, 2021 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS**

There has been no significant developments after March 31, 2021 that may affect our future results of operations.

However, as a recent development, on July 12, 2021, our Company has purchased 2,940,000 equity shares of face value of ₹ 10 each and 11,316,693 preference shares of DASMPL for a total consideration of ₹ 69.04 million from the minority shareholder. Pursuant to the above acquisition, DASMPL has become a wholly owned subsidiary of the Company. For further information, see "*History and Certain corporate Matters - Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years*" and "*Restated Consolidated Financial Statements – 57: Events occurring after reporting period*" on page 169 and 307.

## SECTION VI: LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no outstanding (i) criminal proceedings, (ii) actions taken by statutory or regulatory authorities, (iii) claims related to direct and indirect taxes, in a consolidated manner or (iv) material civil litigation (including tax proceedings), in each case involving our Company, Subsidiaries, Individual Promoters or our Directors (collectively, the "**Relevant Parties**"). Further, there are no disciplinary actions including penalty imposed by SEBI or stock exchanges against the Promoters in the last five Financial Years including outstanding action.*

*In relation to (iv) above, our Board in its meeting held on April 21, 2021, has considered and adopted a policy of materiality for identification of material civil litigation involving the Relevant Parties ("**Materiality Policy**"). In terms of the Materiality Policy, any outstanding civil litigation involving the Relevant Parties which exceed the amount of ₹ 119.89 million (being 1% of the total revenue from operations and other income as per the Restated Consolidated Financial Statements of the Company for the Financial Year 2021) have been considered material. Further, any outstanding civil litigation involving the Corporate Promoter which exceeds the amount of ₹16.57 million (being 1% of the total standalone revenue of RJ Corp, for the Financial Year 2020) have been considered material.*

*Accordingly, disclosures of the following types of civil litigation involving the Relevant Parties have been considered material and accordingly disclosed, as applicable, (a) where the aggregate amount involved in such individual civil litigation (including tax proceedings) exceeds the relevant monetary threshold disclosed above, individually; (b) where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in an individual litigation may not exceed ₹ 119.89 million; (c) which may not meet the monetary threshold, but where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of the Company.*

*There are no outstanding legal proceedings involving Group Companies, the outcome of which could have a material impact on the Company or the Offer.*

*Except as stated in this section, there are no outstanding material dues to creditors of our Company. For this purpose, our Board has considered and adopted a policy of materiality for identification of material outstanding dues to creditors. In terms of this materiality policy, outstanding dues to any creditor of our Company having monetary value exceeding ₹ 80.95 million, which is 5% of the total trade payables of our Company as on March 31, 2021, as per the latest Restated Consolidated Financial Statements of our Company included in this Prospectus, shall be considered as 'material'. Accordingly, as on March 31, 2021, any outstanding dues exceeding ₹ 80.95 million have been considered as material outstanding dues for the purpose of disclosure in this section. Further, for outstanding dues to any party which is a micro, small or medium enterprise ("**MSME**"), the disclosure will be based on information available with the Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Act, 2006, as amended, as has been relied upon by Statutory Auditors.*

*It is clarified that for the purposes of the above, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by statutory/regulatory/tax authorities) shall, unless otherwise decided by our Board, not be considered as material until such time that the Relevant Parties, as applicable, is impleaded as defendant in litigation proceedings before any judicial forum.*

*We have also disclosed matters relating to all the outstanding litigations (including direct and indirect taxes) involving the Relevant Parties in a consolidated manner giving details of number of cases and total amount involved in such claims.*

| Nature of cases | Number of outstanding cases | Amount involved (in ₹ million)* |
|---|---|---|
| ***Litigation involving our Company*** | | |
| ***Litigation against our Company*** | | |
| Criminal proceedings | 2 | - |
| Actions by regulatory or statutory authorities | 33 | 1.21 |
| Indirect tax matters | 8 | 19.45 |
| Direct tax matters | 9 | 1.19 |
| ***Litigation filed by our Company*** | | |
| Criminal proceedings | 13 | 5.39 |
| Material civil proceedings | 1 | 133.82 |
| ***Litigation involving our Subsidiaries*** | | |
| ***Litigation against our Subsidiaries*** | | |
| Criminal proceedings | 1 | - |
| Indirect tax matters | 5 | 35.09 |
| Direct tax matters | 6 | 185.18 |
| ***Litigation involving our Corporate Promoter*** | | |
| ***Litigation against our Corporate Promoter*** | | |
| Actions by regulatory or statutory authorities | 5 | - |
| Indirect tax matters | 7 | 151.94 |
| Direct tax matters | 19 | 69.22 |
| ***Litigation filed by our Corporate Promoter*** | | |

| Nature of cases | Number of outstanding cases | Amount involved (in ₹ million)* |
|---|---|---|
| Criminal Proceedings | 1 | 3.3 |
| ***Litigation involving our Directors**** | | |
| ***Litigation against our Directors*** | | |
| Criminal proceedings | 3[#] | 1.2 |
| Actions by regulatory or statutory authorities | 2 | - |
| Material civil proceedings | 1 | 371.23 |

** To the extent quantifiable, excluding interest and penalty thereon*
*** Ravi Kant Jaipuria and Varun Jaipuria are the Non-Executive Directors as well as Individual Promoters of our Company.*
*[#] Includes the complaint filed by Ritesh Agarwal against Ravi Kant Jaipuria and Varun Jaipuria*

## I. Litigation involving our Company

***Litigation against our Company***

*Criminal proceedings*

1. Ashim Borah filed an FIR under Sections 406, 272 and 273 of the Indian Penal Code, 1860 ("**IPC**") in the Jorhat police station on October 16, 2020 alleging that the chicken served to him and to other customers at KFC, Jorhat was rotten and sought an inquiry into the quality of the food served at the establishment. Subsequently, the investigating officer issued a notice for examination under Section 41(A) of the Code of Criminal Procedure, 1973 ("**CrPC**") to Subrata Chakraborty, the Regional Manager (Operations) for KFC, Gauhati (employee of our Company) and others. On receipt of such notice, Subrata Chakraborty filed a criminal petition under Section 482 of the CrPC before the Gauhati High Court to quash the FIR, submitting that the allegations made in the FIR are false and baseless and the alleged items had not been properly examined under the Food Safety and Standards Act, 2006 ("**FSSA**"), and the police had no power to investigate the matter without a judicial order. The Gauhati High Court, by its order dated December 2, 2020 directed that no coercive order shall be taken against Subrata Chakraborty till the returnable date. The matter is currently pending.

2. Mr. Ranjeet Singh filed an FIR under Section 3 of the Delhi Prevention of Defacement of Public Property, 2007 with the Saket police station on December 31, 2019 against Partner/ Director of Pizza Hut located at 9 Community Centre, PVR Saket, New Delhi, alleging that our Company has displayed the signage of Pizza Hut in violation of the permissible size allowed by the South Delhi Municipal Corporation. Thereafter, a trial has been initiated pursuant to the FIR. The matter is currently pending in the Saket District Court.

*Actions by regulatory and statutory authorities*

1. A complaint was filed by State of Uttar Pradesh through the Food Safety Officer, Mathura ("**FSO Mathura**") before the Adjudication Officer cum Additional District Magistrate, Mathura in alleging that the sample of Sambar Masala (packed) was misbranded and in contravention of the FSSA and rules notified thereunder. The FSO Mathura conducted an inspection of Company's premises at Food Court, Expressway, Noida on August 4, 2016 and collected the sample of Sambar Masala (packed) and sent it for analysis. The food analyst in its report dated September 06, 2016 opined that the sample was misbranded. The Adjudication officer cum Additional District Magistrate passed an order dated May 7, 2018 imposing a penalty of ₹ 0.10 million on Mr. Virender Singh & ₹ 0.30 million on our company (the "**Impugned Order**"). Our Company filed an appeal before the Session Judge, Agra, Uttar Pradesh (the "**Appeal**"). The Session Judge, Agra by its order dated April, 23, 2019 admitted the Appeal and stayed the execution of the Impugned Order subject to deposition of 50% of the penalty amount, which was duly paid by the Company. The matter is currently pending.
2. A complaint was filed by the Food Safety Officer ("**FSO Delhi**") against Anil Rana and others, alleging that the sample of 'Crushed Red Chilly' was 'substandard' and 'misbranded' and in contravention of the FSSA and rules notified thereunder. The FSO Delhi conducted an inspection of our Company's premises at Pizza Hut, M-20, Connaught Place, New Delhi on September 16, 2011 and sent the sample for analysis. The food analyst in its report dated September 26, 2011 opined that the sample of 'Crushed Red Chilly' was substandard as its non-volatile ether content was less than the minimum prescribed limit. Subsequently, in its order dated May 7, 2013 ("**May 2013 Order**"), the Additional District Magistrate, Jamnagar imposed a penalty of ₹ 0.30 million on our Company. Our Company filed an appeal before the Food Safety Appellate Tribunal, New Delhi ("**FSAT Delhi**") challenging the May 2013 Order on the grounds, *inter alia*, that the accused was only responsible for using the 'Crushed Red Chilly' and not manufacturing the same. The FSAT Delhi passed an order dated February 19, 2019 remanding the case back to the Additional District Magistrate, Jamnagar for passing a reasoned order since the May 2013 Order did not contain any finding on the contention raised by the appellants herein. The matter is currently pending.
3. A complaint has been filed by the Food Safety Officer, New Delhi ("**FSO Delhi**") before the Court of Additional District Magistrate ("**ADM**") against Bipin Kumar Maurya, the Company and others, alleging that

the sample of 'Fusilli Barilli (Pasta)' was misbranded and was in contravention of the FSSA and rules notified thereunder. The FSO Delhi conducted an inspection of our Company's premises at one of the stores of the Company in Laxmi Nagar, Delhi on June 21, 2018 and sent the sample for analysis. The food analyst in its report dated July 4, 2018 opined that the sample of 'Fusilli Barilli (Pasta)' was misbranded. Subsequently, Bipin Kumar Maurya has filed a reply challenging the complaint on the grounds that, *inter alia*, the product was not manufactured and only used by the accused and thus, the complaint shall be dismissed. An order was passed by the ADM on June 2, 2021 ("**June Order**") imposing a penalty of ₹ 50,000 on our Company and its employees. Our Company has filed an appeal dated July 15, 2021 before Food Safety Appellate Tribunal ("**FSAT**") against the June Order and a stay was ordered against the June Order.

4. A complaint has been filed by the State of West Bengal through the Food Safety Officer, Eastern Railway ("**FSO Howrah**") before the Court of District Magistrate against Neha Shaw (shift manager, Pizza Hut, New Complex, Howrah Station) and others, alleging that the sample of 'Pepper Cocktail (Culinary Powder)' was substandard and misbranded and was in contravention of the FSSA and rules notified thereunder. The FSO Howrah conducted an inspection of our Company's premises at Pizza Hut, New Complex, Howrah Station on February 23, 2017 and sent the sample for analysis. The food analyst in its report dated March 22, 2017 opined that the sample of 'Pepper Cocktail (Culinary Powder)' was substandard and misbranded. Subsequently, Neha Shaw has filed a reply challenging the complaint on the grounds that, *inter alia*, the product was not manufactured but only used by the accused and thus, the complaint shall be dismissed. The matter is currently pending.

5. A complaint has been filed by the State of Rajasthan through the Food Safety Officer, District Alwar ("**FSO Alwar**") before the Designated Officer and Chief Medical Health Officer, Alwar against Amit Kumar Singh, Restaurant Manager at Pizza Hut, Alwar, alleging that the sample of 'Shredded Mozzarella Cheese (Dynamix)' was misbranded and was in contravention of the FSSA and rules notified thereunder. The FSO Alwar conducted an inspection of our Company's premises at Pizza Hut, Cross Point Shopping Mall, Alwar on September 9, 2017 and sent the sample for analysis. The food analyst in its report dated September 22, 2017 opined that the sample of 'Shredded Mozzarella Cheese' was misbranded. Subsequently, Amit Kumar Singh has filed a reply challenging the complaint on the grounds that, *inter alia*, the product was not manufactured and only used by the accused and thus, the complaint shall be discharged qua the Company and its employees. The matter is currently pending.

6. A complaint has been filed by the State of Uttar Pradesh through the Food Safety Officer, Ghaziabad ("**FSO Ghaziabad**") before the Court of Additional District Magistrate against one Kumari Kanchan Lata and others, nominee of the Company, alleging that the sample of 'Butter (Cowbell)' was substandard and was in contravention of the FSSA and rules notified thereunder. The FSO Ghaziabad conducted an inspection of our Company's premises at KFC, EDM Mall, Kaushambi, Ghaziabad on April 18, 2015 and sent the sample for analysis. The food analyst in its report dated May 12, 2015 opined that the sample of 'Butter (Cowbell)' was substandard. Subsequently, Rajat Luthra (one of the applicants) has filed a reply challenging the complaint on the grounds that, *inter alia*, the product was not manufactured but only used by the accused and thus, the complaint shall be dismissed. The matter is currently pending.

7. A complaint has been filed by the State of Uttar Pradesh through the Food Safety Officer, Ghaziabad ("**FSO Ghaziabad**") before the Court of Additional District Magistrate against VKL Seasoning Private Limited, Pizza Hut (Paramount Spectrum, Crossing Republic, Ghaziabad) and others, alleging that the sample of 'PHI Spicy Mix (Culinary Powder)' was substandard and misbranded and was in contravention of the FSSA and rules notified thereunder. The FSO Ghaziabad conducted an inspection of our Company's premises at Pizza Hut (Paramount Spectrum, Crossing Republic, Ghaziabad) on November 4, 2016 and sent the sample for analysis. The food analyst in its report dated July 30, 2017 opined that the sample of 'PHI Spicy Mix (Culinary Powder)' was substandard and misbranded. Subsequently, Ravi Kumar, on behalf of the applicants, has filed a reply challenging the complaint on the grounds that, *inter alia*, the product was not manufactured but only used by the accused and thus, the complaint shall be dismissed. The matter is currently pending.

8. A complaint has been filed by the Food Safety Officer, New Delhi ("**FSO Delhi**") before the Court of Additional District Magistrate against Nitin Kumar Mishra, the Company and others, alleging that the sample of 'Italian seasoning' was misbranded and was in contravention of the FSSA and rules notified thereunder. The FSO Delhi conducted an inspection of our Company's premises at Pizza Hut (Satyam Cinema, Nehru Place) on May 24, 2018 and sent the sample for analysis. The food analyst in its report dated June 6, 2018 opined that the sample of 'Italian seasoning' was misbranded. Subsequently, Munish Bhatnagar, on behalf of the Company and its employees, has filed a reply challenging the complaint on the grounds that, *inter alia*, control over labelling of the product was not exercised by the Company and thus, the complaint shall be dismissed. The matter is currently pending.

9. A complaint has been filed by the State of Uttar Pradesh through the Food Safety Officer, Ghaziabad ("**FSO Ghaziabad**") before the Court of Additional District Magistrate against Sanjeev Sirohi, the Company and others, alleging that the sample of 'Paneer' was substandard and was in contravention of the FSSA and rules notified thereunder. The FSO Ghaziabad conducted an inspection of our Company's premises at Pizza Hut

located at Paramount Spectrum, Crossing Republic, Ghaziabad on October 18, 2019 and sent the sample for analysis. The food analyst in its report dated November 6, 2019 opined that the sample of 'Paneer' was substandard. The matter is currently pending.

10. A complaint has been filed by the Food Safety Officer, Dehradun ("**FSO Dehradun**") before the Court of Additional District Magistrate against Abhijeet Shukla, the Pizza Hut (Silver City Mall, Dehradun) and others, alleging that the sample of 'Parmesan Cheese Powder (Mix)' was misbranded and was in contravention of the FSSA and rules notified thereunder. The food analyst in its report dated March 18, 2017 opined that the sample of 'Parmesan Cheese Powder (Mix)' was misbranded. Subsequently, Sandeep Dabola, on behalf of Pizza Hut and its employees, has filed a reply challenging the complaint on the grounds that, *inter alia*, the product was not manufactured but only used by the accused and thus, the complaint shall be dismissed. The matter is currently pending.

11. A complaint has been filed by the State of Jammu & Kashmir through the Food Safety Officer ("**FSO Jammu**"), before the Chief Judicial Magistrate, Jammu against Rajat Luthra, a nominee of our Company. The FSO Jammu conducted an inspection of our Company's food establishment at Wave Mall, Jammu on July 14, 2018 and collected a sample of fried chicken, which was declared as 'unsafe' by the food analyst, Jammu. Pursuant to the receipt of an intimation letter dated July 30, 2018 and the report of the food analyst, Rajat Luthra and another filed an appeal before the Designated Officer for reanalysis of the sample. Hence, another part of the sample was sent to the Referral Food Laboratory, Kolkata, which also declared the sample as 'unsafe'. Subsequently, the FSO Jammu filed this complaint alleging contravention of Section 26(2)(i), read with Section 59(i) of the FSSA by the Company. The matter is currently pending.

12. A complaint has been filed by the State of Jammu & Kashmir through the Food Safety Officer ("**FSO Jammu**") before the Chief Judicial Magistrate, Jammu against our Company and Ravi Kumar Thakur, Store Manager at KFC, Wave Mall, Bye Pass Road, Jammu. The FSO Jammu conducted an inspection of our Company's food establishment at Wave Mall, Bye Pass Road, Jammu on December 29, 2015 and collected a sample of fried chicken, which was declared as 'unsafe' by the food analyst, Jammu. Pursuant to the receipt of an intimation letter dated March 26, 2016 and the report of the food analyst, the accused and another filed an appeal before the Designated Officer for reanalysis of the sample. Hence, another part of the sample was sent to the Referral Food Laboratory, Kolkata, which also declared the sample as 'unsafe'. Subsequently, the FSO Jammu filed this complaint alleging contravention of Section 26(2)(i), read with Section 59(i) of the FSSA by the Company. The matter is currently pending.

13. A complaint was filed by R. P. Tripathi, Legal Metrology Officer of Weights and Measurements Department, Government of NCT of Delhi ("**LMO Delhi**") before the evening court of Metropolitan Magistrate, Patiala House Court, New Delhi, against our Company pursuant to an inspection carried out at one of the outlets of Pizza Hut located at Shop no. 58, Janpath, Connaught Place, New Delhi. During the inspection, LMO Delhi alleged that our outlet was selling one-litre water bottle of Aquafina brand and Red Bull, a beverage, at a price higher than maximum retail price, thereby violating provisions of Legal Metrology Act, 2009 and rules notified thereunder. The matter is currently pending.

14. An application has been filed by the Food Safety Officer, Connaught Place, New Delhi ("**FSO Delhi**") before the Adjudicating Officer cum Additional District Magistrate, Saket, New Delhi against our Company, Hem Chandra Bhagat and others, alleging that the sample of 'Roasted Coffee Beans' was 'misbranded' and in contravention of the FSSA and rules notified thereunder. The FSO Delhi conducted an inspection of our Company's premises at Costa Coffee, Shop No. S-28, Green Park, Main Market, New Delhi on November 19, 2018 and sent the sample for analysis. The food analyst in its report dated December 3, 2018 opined that the sample of 'Roasted Coffee Beans' was misbranded and was not labelled in accordance with law. Our Company, Hem Chandra Bhagat and others filed a reply challenging the application on the grounds *inter alia* that the said sample had been purchased from the manufacturer in a sealed condition and could not be held liable under the FSSA and thus, the application shall be dismissed. The matter is currently pending.

15. A complaint has been filed by the State of Uttar Pradesh through the Food Safety Officer ("**FSO Lucknow**") before the Chief Judicial Magistrate, Lucknow against Atul Kumar and others. The FSO Lucknow conducted an inspection of our Company's food establishment situated at Fan Mall, Food Court, Gomti Nagar, Lucknow on October 17, 2015 and collected a sample of the premix for meat preparation, 'Fiery Marinade' and sent the sample for analysis. The food analyst in its report dated November 18, 2015 opined that the sample of 'Fiery Marinade' was 'unsafe' and 'misbranded'. The matter is currently pending.

16. A complaint has been filed by the State of Uttar Pradesh through the Food Safety Officer ("**FSO Ghaziabad**") before the Additional District Magistrate, Ghaziabad against Keshav Sharma, Restaurant Manager at Pizza Hut and others, alleging that the sample of 'Tandoori Sauce Fast Bake (culinary)' was 'misbranded' and in contravention of the FSSA and rules notified thereunder. The FSO Ghaziabad conducted an inspection of our Company's premises at Pizza Hut, GF 7 & 8, Paramount Symphony, Ghaziabad on October 4, 2016 and sent the sample for analysis. The food analyst in its report dated December 26, 2016 opined that the sample of 'Tandoori Sauce Fast Bake (culinary)' was misbranded as all packaging and labelling information had been

declared on a detachable sticker. Keshav Sharma and others filed a reply challenging the complaint on the grounds *inter alia* that our Company was only the purchaser of the product and could not be held liable under the FSSA and thus, the complaint shall be dismissed. The matter is currently pending.

17. A complaint has been filed by the State of Uttar Pradesh through the Food Safety Officer, Meerut ("**FSO Meerut**") before the Additional District Magistrate (City), Meerut against Furkan and others, alleging that the sample of 'Mozzarella Cheese' was 'substandard' and in contravention of the FSSA. The FSO Meerut conducted an inspection of our Company's premises at Pizza Hut, PVR Mall, Shastri Nagar, K Block, Meerut on May 25, 2016 and sent the sample for analysis. The food analyst in its report dated July 12, 2016 opined that the sample of 'Mozzarella Cheese' was substandard as the milk fat content of the sample was less than the minimum prescribed limit. Furkan and others filed a reply before the Additional District Magistrate, Meerut challenging the complaint on the grounds *inter alia* that our Company could not be held liable as it had undertaken the necessary due diligence in relation to the product and thus, the complaint shall be dismissed. The matter is currently pending.

18. A notice has been issued by the State of Uttar Pradesh through the Food Safety Officer, Meerut ("**FSO Meerut**") to Om Prakash, Restaurant Manager at Pizza Hut alleging that the sample of 'Tomato Sauce' was substandard and was in contravention of the FSSA and rules notified thereunder. The FSO purchased the sample from our Company's premises at Pizza Hut, PVS Mall, Meerut on August 17, 2013 and sent the sample for analysis. The food analyst in its report dated September 6, 2013 opined that the sample of 'Tomato Sauce' was substandard as it contained starch and synthetic colours and its acidity was less than the minimum prescribed limit. Subsequently, Om Prakash has filed a reply challenging the notice on the grounds that, *inter alia,* the product was not manufactured but only sold by the accused. The matter is currently pending.

19. An application has been filed by the State of Uttarakhand through the Food Safety Officer, Roorkee, District Haridwar ("**FSO Haridwar**") to Kamlesh Pandey, Restaurant Manager at Pizza Hut and others alleging that the sample of 'Shredded Mozzarella Cheese' was substandard and was in contravention of the FSSA and rules notified thereunder. The FSO Haridwar had conducted an inspection of our Company's premises at Pizza Hut, Civil Line, Roorkee, Haridwar on February 23, 2019 and sent the sample for analysis. The food analyst in its report dated December 16, 2019 opined that the sample of 'Shredded Mozzarella Cheese' was substandard as the milk fat content of the sample was less than the minimum prescribed limit. Subsequently, Ajay Kumar, Restaurant Manager and others have filed a reply challenging the application on the grounds that, *inter alia*, the product was not manufactured but only sold by the accused and thus, the application shall be dismissed. The matter is currently pending.

20. A complaint has been filed by the State of Jammu Kashmir through the Food Safety Officer ("**FSO Jammu**") against Ravi Kumar Thakur, Rajat Luthra (nominee of the Company) and others, before the Chief Judicial Magistrate, Jammu pursuant to his visit at KFC, Wave Mall, Bye Pass Road, Jammu. The Complainant conducted an inspection of our Company's food establishment at Wave Mall, Jammu on December 29, 2015 and used Miracle FF Fry Oil Filter and Powder, which was declared as unsafe and misbranded by the food analyst, Jammu. Ravi Kumar filed an appeal before the Designated Officer, Municipal Limit Jammu to make Taurus Chemicals (P) Limited a necessary party. The FSO Jammu filed this complaint alleging contravention of Section 26(2)(i), read with Section 59(i) of the FSSA by the Company. The matter is currently pending.

21. A notice has been issued by the State of Uttar Pradesh through the Food Safety Officer ("**FSO UP**") to Pankaj Kumar Dubey and others, alleging that the sample of 'White Cheese Dressing' was 'misbranded' and was in contravention of the FSSA and rules notified thereunder. The FSO UP had conducted an inspection of our Company's premises at Pizza Hut, DLF Mall, Sector 14, Noida on April 7, 2016 and sent the sample for analysis. The food analyst in its report dated December 7, 2018 opined that the sample of 'White Cheese Dressing' was misbranded and substandard. Subsequently, Pankaj Kumar Dubey has filed a reply challenging the notice on the grounds that, *inter alia*, the product was not manufactured but only sold by the accused. The matter is currently pending.

22. A notice has been issued by the State of Uttar Pradesh through the Food Safety Officer ("**FSO UP**") to Pankaj Kumar Dubey and others, alleging that the sample of 'Mozzarella Cheese' was 'substandard' and was in contravention of the FSSA and rules notified thereunder. The FSO UP had conducted an inspection of our Company's premises at Pizza Hut, Shop No. B-407, DLF Mall, Noida on June 24, 2018 and sent the sample for analysis. The food analyst in its report dated July 25, 2018 opined that the sample of 'Mozzarella Cheese' was substandard. Pankaj Kumar Dubey has filed a reply challenging the notice on the grounds that, *inter alia*, the product was not manufactured but only sold by the accused. The matter is currently pending.

23. A complaint has been filed by the State of Uttar Pradesh through the Food Safety Officer ("**FSO Lucknow**") before the Additional Chief Judicial Magistrate, Lucknow against Ankush Agarwal and others. The FSO Lucknow conducted an inspection of our Company's food establishment at Saharaganj Mall, Hajratganj, Lucknow on March 19, 2016 and collected a sample of the premix for meat preparation, 'Hot and Spicy Marinade'. The food analyst opined that the sample included monosodium glutamate, which was a prohibited substance under the Food Safety and Standards (Packaging and Labelling) Regulations, 2011 ("**FSS

**Regulations**") and the packaging on the premix was misleading and in contravention of the FSS Regulations. The food analyst in its report dated May 11, 2016 declared the sample as 'misbranded' and 'unsafe', pursuant to which the FSO, Lucknow filed this complaint. The matter is currently pending.

24. A complaint has been filed by the State of Uttar Pradesh through the Food Safety Officer, Gautam Budh Nagar, Uttar Pradesh ("**FSO UP**") against Jitendra Kumar and others before Upper District Magistrate, Gautam Budh Nagar ("**UDM**"), alleging that the sample of Peri Peri Herb Mix was misbranded and was in contravention of the FSSA and rules notified thereunder. The FSO UP had conducted an inspection of our Company's premises at KFC, P-21. Sector 18, Noida on January 27, 2018 and sent the sample for analysis. The food analyst in its report dated February 8, 2018 opined that the sample of Peri Peri Herb Mix was misbranded. The UDM, pursuant to its order dated September 25, 2019, imposed a penalty of ₹ 0.25 million each on the Company and the KFC unit and ₹ 0.01 million on Jitender Kumar. Subsequently, the Company and others have filed an appeal against the order of the UDM before Food Safety Appellate Tribunal, Meerut, Uttar Pradesh ("**FSAT Meerut**"). The FSAT Meerut by its order dated November 27, 2019, stayed the recovery of the penalty from the Company and others subject to payment of 20% of the penalty amount, which was duly paid by the Company. The appeal is currently pending.

25. A complaint was filed by Sukesh Negi, Legal Metrology Officer of Weights and Measurements Department, Government of NCT of Delhi ("**LMO Delhi**") before the evening court of Metropolitan Magistrate, Patiala House Court, New Delhi, against our Company pursuant to an inspection carried out at one of the outlets of Costa Coffee located at C-5, Community Centre, Safdarjung Development area, New Delhi. During the inspection, LMO Delhi alleged that the manufacturing date on a packet of coconut cookies was not legible which constitutes violation of Legal Metrology Act, 2009 and rules notified thereunder. The matter is currently pending.

26. A complaint has been filed by the State of Uttar Pradesh through the Food Safety Officer, Ghaziabad ("**FSO Ghaziabad**") before the Additional District Magistrate, Ghaziabad against Sanjeev Kumar and others, alleging that the sample of 'Smoked Type Garlic & Pepper' was misbranded and in contravention of the FSSA and the rules notified thereunder. The FSO Ghaziabad conducted an inspection of one of our Pizza Hut outlet, situated at GF-7 and 8, Paramount Spectrum, Crossing Republic, Ghaziabad on October 26, 2017 and sent the sample for analysis. The food analyst in its report dated November 13, 2017 opined that the sample of 'Smoked Type Garlic and Pepper' was misbranded as the manufacturer has declared all packaging & labelling requirements on a detachable sticker which is violation of FSSA and the rules notified thereunder. Subsequently, Sanjeev Kumar filed a reply challenging the complaint on the grounds *inter alia* that our Company was only the purchaser of the product and could not be held liable under the FSSA and thus, the complaint shall be dismissed. The matter is currently pending.

27. A notice has been issued by Food Safety Officer, Delhi ("**FSO Delhi**") before the Adjudicating Officer, South Delhi against Haider Ali and others, alleging that the sample of 'Roasted Coffee Beans' was 'misbranded'. The FSO Delhi conducted an inspection of our Company's premises at Shop no. – 5, DDA Commercial Complex, SDA Market, New Delhi 110016 on February 8, 2019 and sent the sample for analysis. The matter is currently pending.

28. A complaint has been filed by the State of Jammu through the Food Safety Officer, JMC Zone I, Jammu ("**FSO Jammu I**") before the Court of Adjudicating Officer against one Rajat Luthra, nominee of the Company, alleging that the sample of 'Refined Palmolein Oil (Fry Ola)' was substandard and was in contravention of the FSSA and rules notified thereunder. The FSO Jammu I conducted an inspection of our Company's premises at KFC, Wave Mall, Bye pass road, Jammu on July 14, 2018 and sent the sample for analysis. The food analyst in its report dated July 30, 2018 opined that the sample of 'Refined Palmolein Oil (Fry Ola)' was substandard. Subsequently, Rajat Luthra has filed a reply challenging the complaint on the grounds that, *inter alia*, the product was not manufactured and only used by the accused and thus, the complaint shall be dismissed. The matter is currently pending.

29. A complaint has been filed by the State of Uttar Pradesh through the Food Safety Officer ("**FSO Varanasi**") before the Additional Chief Judicial Magistrate, Varanasi against Amit Mishra and others, alleging that the sample of 'Amul Fresh Cream' was adulterated and in contravention of the Prevention of Food Adulteration Act, 1954, FSSA and the rules notified thereunder. The FSO Varanasi conducted an inspection of our Company's premises at Pizza Hut, JHB Mall, Shop no. 1 and 2D, Mall Road, Varanasi on May 10, 2008 and sent the sample for analysis. The food analyst in its report dated June 23, 2008 opined that the sample of Amul Fresh Cream was adulterated. The matter is currently pending.

30. Two complaints have been filed by the State of Uttar Pradesh through the Food Safety Officer, Moradabad ("**FSO Moradabad**") before the Additional District Magistrate, Moradabad against Sandeep Kumar and others, alleging that the samples of 'Refined Soyabean Oil' and 'Garlic chilli sauce' were substandard and misbranded, respectively. The FSO Moradabad conducted an inspection of one of our Pizza Hut outlet, situated at Civil Line, Moradabad on August 08, 2018 and sent the sample for analysis. The food analyst in its reports dated August 23, 2018 and August 28, 2018 opined that the sample of 'Refined Soyabean Oil' was

substandard and the sample of 'Garlic chilli sauce' was misbranded, respectively. The matters are currently pending.

31. Two complaints have been filed by the State of Uttar Pradesh through the Food Safety Officer, Lucknow ("**FSO Lucknow")** before the Additional District Magistrate, Lucknow against Pradeep Kumar Srivastav and others, alleging that the sample of 'Malt Flavoured Syrup' and 'Mozzarella Cheese' were misbranded and substandard, respectively. The FSO Lucknow conducted an inspection of one of our Pizza Hut outlets, situated at The Mall Avenue, MG Road, Lucknow on September 07, 2019 and sent the sample for analysis. The food analyst in its report dated September 26, 2019 and September 19, 2019 opined that the sample of 'Malt Flavoured Syrup' was misbranded and sample of 'Mozzarella Cheese' was substandard. The matters are currently pending.

*Other complaints*

1. **E-mail dated June 29, 2021 received from the SEBI pertaining to an anonymous complaint against our Company, our Promoters and VBL**

Our Company and the BRLMs received an e-mail from the SEBI on June 29, 2021 ("**SEBI E-mail**"), with an anonymous complaint raising certain allegations in relation to our Company, one of our Group Companies, VBL, our Promoters (who are also promoters of VBL) and the key employees of VBL. The SEBI E-mail included certain allegations, among others, regarding (a) an ongoing investigation against VBL in relation to dealing in securities of VBL, details of which are disclosed in "*Risk Factors- There are outstanding litigation proceedings against our Company, Subsidiaries, Directors, and Promoters. Any adverse outcome in such proceedings may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows.*" on page 34, (b) a tax demand from the Department of Revenue Investigation, Nepal ("**DRI, Nepal**"), on Varun Beverages (Nepal) Private Limited which is a subsidiary of VBL and a charge sheet filed by DRI, Nepal and issuance of a summons to one of the Promoters and key employees of VBL in relation to such tax demand (the "**Nepal Tax Demand**"), (c) information sought by the Directorate General of Goods and Service Tax Intelligence, Ahmedabad Unit at VBL's plants at Jodhpur and Bharuch and for obtaining record backups available at the head office of VBL at Gurugram, (d) certain related party transactions undertaken by VBL, and (e) contributions made to VBL's affiliates towards CSR initiatives undertaken by VBL.

An in-seriatim responses to the SEBI for each allegation raised in the SEBI E-mail has been provided by our Company. In the response to the SEBI E-mail, it was confirmed that the requisite disclosures (wherever required under applicable law) pertaining to the allegations raised against VBL and its promoters in respect of the Nepal Tax Demand have been intimated to the stock exchanges where the equity shares of VBL are listed and VBL has been providing the necessary information to the regulatory authorities as and when the same has been sought. With reference to the allegations raised on related party transactions, it has been confirmed that all related party transactions of VBL are strictly on an arm's length basis, in accordance with the applicable laws and are subject to review and approval of the audit committee of VBL, its board of directors and shareholders, as applicable. It was also confirmed in the response to the SEBI E-mail that the related party transactions of VBL are disclosed in the audited financial statements of VBL which are disclosed on the stock exchanges where the equity shares of VBL are listed. It was further confirmed in the response to the SEBI E-mail that the CSR contributions made by VBL were in accordance with the CSR policy adopted by VBL and are being monitored by its CSR committee. Further, allegations made in the SEBI E-mail and response to the same has been reviewed by the audit committee of VBL.

The SEBI E-mail also contained certain allegations against our Company pertaining to, among others, (a) availing support of employees of VBL for preparation of the DRHP, (b) allotment of Equity Shares of our Company to certain employees of VBL, (c) transfer of Equity Shares by RJ Corp to Khandwala Finstock Private Limited, and (d) investigation undertaken by the Securities and Exchange Commission of the United States in 2015 against certain entities associated with RJ Corp in the past. Our Company has duly responded to the SEBI E-mail denying each allegation raised against our Company and further clarifying that all requisite disclosures, as prescribed under applicable laws, in relation to (b) and (c) above, have been made in the DRHP in "*Capital Structure*" beginning on page 78.

2. **Legal notice dated June 18, 2021 issued to our Company and DASMPL by HSFSPL**

Our Company and DASMPL received a legal notice dated June 18, 2021 from HSFSPL (through its legal counsel) (the "**Legal Notice**") in relation to certain matters involving the operation and management of DASMPL, one of the Subsidiaries of our Company. Our Company amicably settled all claims and/or disputes initiated by the HSFSPL against our Company and DASMPL and HSFSPL unconditionally withdrew the Legal Notice and all other claims, notices, cases initiated by HSFSPL against our Company, DASMPL, any other group company of DASMPL, affiliates, directors of such companies, etc., before any forum or court or regulatory authority etc., irrespective of whether the same were known or unknown to our Company or

DASMPL or any of its group companies or affiliates or directors of such companies etc. upon our Company purchasing all shares held by HSFSPL in DASMPL for an aggregate consideration of ₹69.04 million and 0.96 million for repayment of outstanding loans/credit balances with interest and settlement of all disputes and/or claims among HSFSPL, our Company and DASMPL. Upon settlement of all such claims by HSFSPL against our Company and DASMPL, HSFSPL addressed a letter dated July 12, 2021 to the SEBI informing that the Legal Notice has been unconditionally withdrawn by HSFSPL in terms of the settlement entered into by and among our Company, DASMPL, and HSFSPL. For details regarding the acquisition, see "*History and Certain Corporate Matters - Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years*" beginning on page 169. As on the date of this Prospectus, there is no dispute/case and/or claim and/or complaint/notice which is outstanding in relation to this matter.

3. **Legal notice and letter sent to SEBI by Novex Communications Private Limited**

Our Company and certain of its Directors received a legal notice dated July 3, 2021 (the "**Legal Notice**") from Novex Communications Private Limited ("**Novex**") (through its legal counsel) alleging that our Company has violated sections 63 and 69 read with section 51 of the Copyright Act by allegedly infringing certain copyrights to songs/ sound recordings allegedly granted to Novex, on multiple events in 2018, 2019 and 2021. Subsequently, Novex also sent a letter dated July 20, 2021 (the "**Letter to SEBI**") to the SEBI and the Company informing SEBI about the allegations raised by Novex against our Company in the Legal Notice. Further, Novex has stated in the Letter to SEBI that it has filed police complaints under section 153 of the CrPC, dated July 14, 2021, with the (ii) Deputy Commissioner of Police, Zone 9, Bandra West, Mumbai; and (ii) Senior Police Inspector, Amboli Police Station, Andheri West requesting them to lodge a complaint against our Company's management, its Directors and key employees under sections 63 and 69 read with section 51 of the Copyright Act. Our Company has not received any communication or copy of any complaint from the concerned police authorities. Our Company has issued its reply dated July 23, 2021 to the Legal Notice and the Letter to SEBI, denying all allegations made in the Legal Notice and the Letter to SEBI and stating that there has been no infringement by our Company of copyrights allegedly granted exclusively to Novex.

***Litigation by our Company***

*Criminal proceedings*

1. A complaint bearing complaint diary number 492/CC/E dated February 24, 2020 has been filed by the Company against one Salman before the Cyber Cell, Faridabad for uploading a video through his social media account 'Salmanbajrangibhaijaan', misrepresenting one of our restaurants situated at Eldeco Mall, Faridabad alleging that the said restaurant is involved in wrong practices to defraud the customers on Instagram on his social media account. The Company, in its complaint, has indicated that the claims are false, baseless and are deliberately made with *mala fide* intention. The matter is currently pending.

2. The Company has initiated 12 complaints against different parties for alleged violation of section 138 read with section 141 and 142 of the Negotiable Instruments Act, 1881 ("**NI Act**") for dishonour of cheques. The cheques issued by various parties in favour of the Company were dishonoured due to insufficient funds in parties' accounts in terms of the NI Act. The aggregate consolidated amount involved in such cases is ₹ 5.39 million and our Company has sought for appropriate reliefs under the NI Act. All such proceedings are currently pending.

*Material civil proceedings*

1. A request for arbitration dated July 14, 2021 has been filed by our Company against Airports Authority of India ("**AAI**") pertaining to a dispute arising out of the concession agreement entered into between the parties. Our Company has claimed certain breaches under the concession agreement including misrepresentation by the AAI, fee waiver due to *force majeure*, inherent defects in the outlet and waiver of rental payments due to COVID-19. Our Company has sought *inter alia*, a direction for awarding damages aggregating to ₹ 133.82 million. The matter is currently pending.

## II. Litigation involving our Directors

***Litigation against our Directors***

**Ravi Kant Jaipuria**

*Criminal Proceedings*

1. Ritesh Agarwal, proprietor of Royal Enterprises (the "**Complainant**"), a past distributor of VBL, filed a criminal complaint before the District and Session Judge, Bareilly against Ravi Kant Jaipuria and Varun Jaipuria under section 156 of CrPC in his capacity as directors on the board of VBL (the "**Accused**"). The

Complainant alleged that the Accused had misappropriated an amount of ₹ 1.2 million and had not returned five blank cheques deposited by the Complainant as security. The Complainant has filed a criminal revision petition before the said authority challenging the order of Additional Chief Judicial Magistrate, Bareilly wherein his prayer for registration of FIR was rejected. The matter is currently pending.

2. Sanjay Garg ("**Complainant**") lodged a first information report no. 409/2015 against Ravi Kant Jaipuria and others under various sections of the IPC. However, since no evidence was found substantiating the allegations by the Complainant, a final report was filed by the police under section 173 of the Criminal Procedure Code before the Additional Chief Metropolitan Magistrate, Jaipur. Subsequently, the Complainant filed a protest petition which is currently pending.

*Actions by regulatory and statutory authorities*

A show cause notice dated February 22. 2021 was issued by Assistant Commissioner of Labour, Raigarh, Panvel (the "**SCN**") to Ravi Kant Jaipuria and Varun Jaipuria in their capacities as directors on the board of VBL alleging non-compliance of section 25-O of Industrial Disputes Act, 1947. A reply was filed by VBL stating that the strength of workmen was less than 100 and therefore, the alleged violation of requirement of prior approval under section 25-O is not maintainable. The matter is currently pending. Further, a similar issue is pending against VBL for adjudication before the Industrial Court, Thane.

**Varun Jaipuria**

*Criminal Proceedings*

For details, see "*Litigation involving our Directors- Litigation filed against our Directors- Ravi Kant Jaipuria- Criminal Proceedings*" on page 366.

*Actions by regulatory and statutory authorities*

For details, see "*Litigation involving our Directors- Litigation filed against our Directors- Ravi Kant Jaipuria- Actions by regulatory and statutory authorities*" on page 367.

**Naresh Trehan**

*Criminal Proceedings*

Raj Kumar Sharma (the "**Complainant**") has lodged a first information report bearing number 63/2018 (the "**FIR**") against Naresh Trehan and others under various sections of the IPC. Naresh Trehan and others preferred a petition for quashing of the FIR before the High Court of Rajasthan, Jaipur (the "**Rajasthan High Court**"). The Rajasthan High Court vide its order dated January 24, 2018 directed that the order pursuant to which the FIR was registered (the "**Order**") not be given effect to and stayed all the proceedings arising out of the Order. The matter is currently pending before the Rajasthan High Court.

*Actions by regulatory and statutory authorities*

Raman Sharma (the "**Complainant**") lodged a first information report bearing number 335/2020 (the "**FIR**") against Naresh Trehan and others under various sections of the IPC and the Prevention of Money Laundering Act, 2002 (the "**Matter**"). The Matter was investigated, and the investigation agencies concluded that no offence had been committed. Accordingly, the investigation agencies filed a closure report with respect to the FIR (the "**Closure Report**") before the Additional Sessions Court, Gurugram (the "**ASC**"). The ASC vide its order dated March 12, 2021 accepted the Closure Report and cancelled the FIR (the "**Order**"). Pursuant to the FIR, the Enforcement Directorate, New Delhi vide letter number (F. no. ECIR/HIU/06/2020/1823) dated December 22, 2020 has also sought certain information from Naresh Trehan in his capacity as the managing director of Global Health Private Limited (the "**GHPL**") regarding, inter alia, the capital investment made in and by GHPL in India and overseas as part of the inquiry. GHPL has furnished the required information. The Order has also been placed before the concerned agency seeking closure of the inquiry.

*Material Civil Proceedings*

Rajeev Sikka and Shivani Sikka (the "**Complainants**") have filed a consumer complaint against, amongst others, Naresh Trehan in his capacity as a Director of Medanta - The Medicity, before the National Consumer Disputes Redressal Commission, New Delhi alleging death of their son due to medical negligence by the team treating him. The Complainant has sought damages amounting to ₹ 371.23 million. Naresh Trehan has filed his reply. The matter is currently pending.

## III. Litigation involving our Promoters

***Litigation filed against our Promoters***

Corporate Promoter

*Actions by regulatory and statutory authorities*

1. A complaint has been filed by the State of Rajasthan through the Food Department, Lalsot, Rajasthan (the "**FD Lalsot**") before the Chief Judicial Magistrate, Lalsot against RJ Corp (previously 'Arctic Drinks Private Limited') and others, alleging that the sample of 'Pepsi AG-696' was misbranded and was in contravention of the PFAA and rules notified thereunder. The food analyst in its report opined that the sample of 'Pepsi AG-696' was misbranded and adulterated. The matter is currently pending.
2. A complaint has been filed by the State of Rajasthan through the Food Department, Udaipur, Rajasthan (the "**FD Udaipur**") before the Additional Chief Judicial Magistrate-II, Udaipur against RJ Corp (previously 'Arctic Drinks Private Limited') and others, alleging that the sample of 'Mirinda AA-2027' was misbranded and was in contravention of the PFAA and rules notified thereunder. The FD Udaipur conducted an inspection of the premises of one of the vendors of RJ Corp on May 6, 2005 and sent the sample for analysis. The food analyst in its report opined that the sample of 'Mirinda AA-2027' was adulterated as it did not meet the nutritional standards of per 100 grams, as per the PFFA. The matter is currently pending.
3. A complaint has been filed by the State of Rajasthan through the FD Udaipur before the Additional Chief Judicial Magistrate-I, Udaipur against RJ Corp (previously 'Arctic Drinks Private Limited') and others, alleging that the sample of 'Mirinda' was misbranded and was in contravention of the PFAA and rules notified thereunder. The FD Udaipur conducted an inspection of the premises of one of the vendors of RJ Corp and sent the sample for analysis. The food analyst in its report opined that the sample of 'Mirinda' was adulterated as it did not meet the nutritional standards, as per the PFFA. The matter is currently pending.
4. A complaint has been filed by the State of Rajasthan through the FD Udaipur before the Additional Chief Judicial Magistrate-II, Udaipur against RJ Corp (previously 'Universal Dairy Private Limited') and others, alleging that the sample of 'Ice-Candy Orange (Cream Bell)' was adulterated and was in contravention of the PFAA and rules notified thereunder. The FD Udaipur conducted an inspection of the premises of one of the vendors of RJ Corp on August 6, 2005 and sent the sample for analysis. The food analyst in its report dated September 3, 2005 opined that the sample of 'Ice-Candy Orange (Cream Bell)' was adulterated as it did not meet the nutritional standards, as per the PFFA. The matter is currently pending.
5. A complaint has been filed by the State of Uttar Pradesh through the Food Department, Agra, Uttar Pradesh (the "**FD Agra**") before the Additional Chief Judicial Magistrate-I, Agra against RJ Corp (previously 'Universal Dairy Private Limited') and others, alleging that the sample of ice cream was adulterated and was in contravention of the PFAA and rules notified thereunder. The FD Agra conducted an inspection of the premises of one of the vendors of RJ Corp on July 13, 2004 and sent the sample for analysis. The food analyst in its report opined that the sample of ice cream was adulterated as it did not meet the nutritional standards, as per the PFFA. The matter is currently pending.

Individual Promoters

For details on litigations against our Individual Promoters, please see "*Outstanding Litigation and Material Developments - Litigation involving our Directors*" above.

***Litigation filed by our Promoters***

Corporate Promoter

*Criminal Proceedings*

A complaint has been filed by RJ Corp against M/s Siddhi Vinayak Enterprises ("**Siddhi Vinayak**") bearing complaint number 56119 of 2016 for alleged violation of section 138 of the NI Act. RJ Corp entered into a distributorship agreement with Siddhi Vinayak. Siddhi Vinayak issued a cheque for a sum of ₹ 3.3 million in lieu of its dues, however, the cheque was dishonoured due to insufficient funds. The matter is currently pending.

## IV. Litigation involving our Subsidiaries

***Litigation filed against our Subsidiaries***

Devyani Airport Services (Mumbai) Private Limited

*Criminal Proceedings*

A complaint was filed by S.S. Amberkar, Sub Inspector under Section 65 of the Maharashtra Prohibition Act, 1949, before the Metropolitan Magistrate, 32nd Court, Bandra, Mumbai against Dinesh Saini, Assistant Restaurant Manager of the Company alleging that Dinesh Saini had stored liquor on a dry day. On April 23, 2015, a raid was conducted at the premises of the "Indian Kebab Grill Restaurant", Chhatrapati Shivaji Maharaj International Airport, Mumbai wherein Indian made foreign liquor as well as foreign liquor of value ₹ 0.15 million was seized. The accused was arrested on April 23, 2014 by Sub-Inspector, State Excise Duty, "R" Division, Mumbai and was released on bail by the Court. The matter is currently pending.

**V. Taxation matters**

Except as disclosed below, there are no proceedings related to direct and/ or indirect taxes pending against our Company, Subsidiaries, Promoters and Directors:

| Nature of case | Number of cases | Amount involved* (in ₹ million) |
|---|---|---|
| ***Our Company*** | | |
| Direct Tax^ | 9 | *1.19* |
| Indirect Tax | 8 | *19.45* |
| ***Our Subsidiaries*** | | |
| ***Devyani Food Street Private Limited*** | | |
| Direct Tax^ | - | *Nil* |
| Indirect Tax | 1 | *4.01* |
| ***Devyani Airport Services (Mumbai) Private Limited*** | | |
| Direct Tax^ | 3 | *171.48* |
| Indirect Tax | 2 | *14.96* |
| ***Devyani International Nepal Private Limited*** | | |
| Direct Tax^ | 3 | *13.70* |
| Indirect Tax | 2 | *16.12* |
| ***Our Promoter(s)*** | | |
| ***RJ Corp*** | | |
| Direct Tax^ | 19 | *69.22* |
| Indirect Tax | 7 | *151.94* |

** To the extent quantifiable*
*^ Includes cases fixed for regular assessment*

**Outstanding dues to creditors**

Our Board, in its meeting held on April 21, 2021 has considered and adopted a policy of materiality for identification of material outstanding dues to creditors. In terms of the materiality policy, creditors of our Company to whom an amount exceeding 5% of our total trade payables as on March 31, 2021 was outstanding, were considered 'material' creditors. As per the Restated Consolidated Financial Statements, our total trade payables as on March 31, 2021, was ₹ 1,618.99 million and accordingly, creditors to whom outstanding dues exceed ₹ 80.95 million have been considered as material creditors for the purposes of disclosure in this Prospectus.

Based on this criteria, details of outstanding dues owed as on March 31, 2021 by our Company are set out below:

| Type of Creditors | Number of Creditors | Amount (in ₹ million) |
|---|---|---|
| Micro, small and medium enterprises | 153 | 150.53 |
| Material creditors | 1 | 156.20 |
| Other creditors | 1,923 | 1,312.26 |
| **Total** | **2,077** | 1,618.99 |

The details pertaining to outstanding dues to the material creditors along with names and amounts involved for each such material creditor are available on the website of our Company at http://dil-rjcorp.com/dil/financial-information.html.

**Material Developments**

Other than as stated in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Developments after March 31, 2021 that may affect our future results of operations*" on page 358, there have not arisen, since the date of the last financial statements disclosed in this Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our business or results of operations or, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

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# GOVERNMENT AND OTHER APPROVALS

*We have set out below a list of material approvals, consents, licences and permissions from various governmental and regulatory authorities required to be obtained by us and our Material Subsidiary which are considered material and necessary for the purpose of undertaking our business activities and operations ("***Material Approvals***"). In view of the approvals listed below, our Company can undertake this Offer and its business activities, as applicable. In addition, certain of our Material Approvals may have lapsed or expired or may lapse in their normal course and our Company has either already made applications to the appropriate authorities for renewal of such Material Approvals or is in the process of making such renewal applications in accordance with applicable requirements and procedures. Unless otherwise stated, Material Approvals as set out below, are valid as on date of this Prospectus.*

*For details of risk associated with not obtaining or delay in obtaining the requisite approvals, see "Risk Factors – Failure to obtain or maintain or renew licenses, registrations, permits and approvals in a timely manner or at all may adversely affect our business and results of operations" on page* 43. *For further details in connection with the regulatory and legal framework within which we operate, see "Key Regulations and Policies in India" beginning on page* 161.

## I. Approvals in relation to the Offer

For details, see "*The Offer*" and "*Other Regulatory and Statutory Disclosures*" on pages 62 and 371, respectively.

## II. Material Approvals in relation to our business operations

In order to operate our restaurants in India, we require various approvals and/ or licenses under various applicable state and central laws, rules and regulations. These approvals and/ or licenses, *inter alia*, include licenses under the FSSA, approval from the department of police, approval of state pollution control boards under the Air Act and the Water Act, trade/health license and no objection certificate from the fire department of respective states, as applicable.

Our Company has obtained the necessary permits, licenses and approvals from the appropriate regulatory and governing authorities required to operate our restaurants and food courts. Certain approvals may have lapsed in their normal course and we have either made applications to the appropriate authorities for renewal of such licenses and/or approvals or are in the process of making such applications.

## III. Certain other Material Approvals

1. Certificates of incorporation issued by the RoC. For details of certificates of incorporation, see "*History and Certain Corporate Matters*" beginning on page 166 and "*General Information*" beginning on page 69;

2. Our permanent account number is AABCD5534A and our tax deduction account number is DELD06671A, issued by the Income Tax Department under the IT Act; and

3. GST and professional tax registrations have been obtained by our Company for the states where applicable.

## IV. Registrations under Employment Laws

Our Company has obtained the relevant shops and establishments' registrations and the restaurants which are required to be registered under employment laws have been registered with the relevant authorities. Our Company has made or is in the process of making renewal applications for registrations that have expired in the ordinary course.

## V. Material Approvals in relation to our Material Subsidiary

1. Certificate of incorporation issued by ACRA dated March 24, 2009; and

2. Registration Certificate issued by ACRA bearing registration number 200905191M.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

**Authority for the Offer**

Our Board has approved the Offer pursuant to the resolution passed at its meeting held on February 17, 2021 read with resolutions passed on May 13, 2021 and July 20, 2021. Further, our Shareholders have approved the Fresh Issue pursuant to a special resolution passed on March 17, 2021 under Section 62(1)(c) of the Companies Act, 2013. Further, our Board has taken on record the consent of the Selling Shareholders to participate in the Offer for Sale pursuant to a resolution passed at its meeting held on May 13, 2021 and July 20, 2021.

The Board has, on July 26, 2021 approved the Red Herring Prospectus for filing with the RoC, and thereafter with SEBI and the Stock Exchanges. This Prospectus has been approved by our Board in its meeting held on August 9, 2021.

The Offer for Sale has been authorised by the Selling Shareholders as follows:

| S. No. | Name of the Selling Shareholder | Maximum number of Offered Shares | Date of Selling Shareholder's Consent Letter | Date of board resolution |
|---|---|---|---|---|
| 1. | Dunearn | 65,333,330* Equity Shares | May 13, 2021 | April 20, 2021 |
| 2. | RJ Corp | 90,000,000* Equity Shares | May 13, 2021 and July 20, 2021 | April 20, 2021 and July 20, 2021 |

** Subject to finalisation of the Basis of Allotment*

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated May 28, 2021 and June 18, 2021, respectively.

**Prohibition by SEBI or other Governmental Authorities**

Our Company, Subsidiaries, Promoters, members of the Promoter Group, Directors, persons in control of our Company and persons in control of our Promoters and the Promoter Selling Shareholder, are not debarred or prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

The Investor Selling Shareholder has not been debarred or prohibited from accessing the capital markets, or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any other authority/court.

Our Directors and Promoters are not directors or promoters of any other company which is debarred from accessing the capital markets by SEBI.

Our Company, Promoters or Directors have not been declared as Wilful Defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Individual Promoters or Directors have not been declared as Fugitive Economic Offenders.

**Directors associated with the Securities Market**

None of our Directors are associated with the securities market in any manner.

There have been no actions initiated by SEBI against the Directors of our Company in the five years preceding the date of this Prospectus.

**Confirmation under Companies (Significant Beneficial Owners) Rules, 2018**

Our Company, Promoters and members of the Promoter Group are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended, to the extent applicable, as on the date of this Prospectus.

The Promoter Selling Shareholder has confirmed that it is in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended, to the extent applicable to it, as on the date of this Prospectus.

The Investor Selling Shareholder has confirmed that it is in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended, to the extent applicable to it, as on the date of this Prospectus.

**Eligibility for the Offer**

The Investor Selling Shareholder has specifically confirmed that the Dunearn Offered Shares are eligible to be offered for sale in the Offer in accordance with the SEBI ICDR Regulations. Further, the Promoter Selling Shareholder has specifically confirmed that the RJ Corp Offered Shares are eligible to be offered for sale in the Offer in accordance with the SEBI ICDR Regulations.

Our Company is eligible for the Offer in accordance with Regulation 6(2) of the SEBI ICDR Regulations, which states as follows:

"*An issuer not satisfying the condition stipulated in Regulation 6(1) of the SEBI ICDR Regulations shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot at least seventy five per cent. of the net offer to qualified institutional buyers and to refund the full subscription money if it fails to do so.*"

The Offer is being undertaken under Regulation 6(2) of the SEBI ICDR Regulations. We are therefore required to allot not less than 75% of the Offer to QIBs to meet the conditions as detailed under Regulation 6(2) of the SEBI ICDR Regulations. In the event we fail to do so, the full application monies shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees shall not be less than 1,000.

Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. Our Company is in compliance with the conditions specified in Regulation 5 of the SEBI ICDR Regulations.

Further, our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

**DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE LEAD MANAGERS, BEING KOTAK MAHINDRA CAPITAL COMPANY LIMITED, CLSA INDIA PRIVATE LIMITED, EDELWEISS FINANICAL SERVICES LIMITED AND MOTILAL OSWAL INVESTMENT ADVISORS LIMITED AND HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS AND EACH OF THE SELLING SHAREHOLDERS WILL, SEVERALLY AND NOT JOINTLY, BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF FOR ITS RESPECTIVE PORTION OF OFFERED SHARES, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MAY 14, 2021 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATIONS.**

**THE FILING OF THIS PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THIS PROSPECTUS.**

**Disclaimer from our Company, our Directors, our Promoters, the Selling Shareholders and Lead Managers**

Our Company, our Subsidiaries, our Directors, the Promoters and the Lead Managers accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our Company's website www.dil-rjcorp.com, or the respective websites of the Promoter, members of the Promoter Group, Subsidiaries and affiliates, would be doing so at his or her own risk.

It is hereby clarified that the Investor Selling Shareholder is providing information in this Prospectus only in relation to itself as a selling shareholder and the Dunearn Offered Shares, and the Investor Selling Shareholder and its respective directors, partners, affiliates, associates and officers accept and/or undertake no responsibility for any statements other than those specifically undertaken or confirmed by it as a selling shareholder and the Dunearn Offered Shares in this Prospectus.

Further, the Promoter Selling Shareholder is providing information in this Prospectus only in relation to itself as a selling shareholder and the RJ Corp Offered Shares, and the Promoter Selling Shareholder and its respective directors, partners, affiliates, associates and officers accept and/or undertake no responsibility for any statements other than those specifically undertaken or confirmed by it as a selling shareholder and the RJ Corp Offered Shares in this Prospectus.

The Lead Managers accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company, each of the Selling Shareholders (to the extent that the information pertains to itself and its respective portions of the Offered Shares) and the Lead Managers to the investors and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

None among our Company, the Selling Shareholders or any member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters and their respective directors, partners, designated partners, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, the Underwriters and their respective directors, partners, designated partners, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The Lead Managers and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, the Selling Shareholders, their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders, and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

**Disclaimer in respect of Jurisdiction**

Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in New Delhi, only.

**Bidders eligible under Indian law to participate in the Offer**

This Offer was made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs, QIBs, AIFs, FVCIs (under Schedule I of the FEMA NDI Rules) and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

This Prospectus does not, however constitute an invitation to subscribe to shares offered hereby in any jurisdiction, other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Invitations to subscribe to or purchase the Equity Shares in the Offer was made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprised of the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India.

**Bidders are advised to ensure that any Bid from them does not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law.**

**Eligibility and Transfer Restrictions**

**The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Prospectus as "U.S. QIBs") in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Prospectus as "QIBs".**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Until the expiry of 40 days after the commencement of this Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Offer) may violate the registration requirements of the U.S. Securities Act if such an offer for sale is made otherwise than in compliance with Section 4(a)(2) or Rule 144A or another available exemption from registration under the U.S. Securities Act.

***Equity Shares Offered and Sold within the United States***

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer within the United States, by its acceptance of this Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with our Company, the Selling Shareholders and the Lead Managers that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorised to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Equity Shares offered pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

3. the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the U.S. Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a U.S. QIB with respect to which it exercises sole investment discretion;

4. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

5. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until our Company determines, in its sole discretion, to remove them;

6. the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;

7. the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

8. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares;

9. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

   THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE U.S. SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

10. Our Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

11. the purchaser acknowledges that our Company, the Selling Shareholders, the Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

***All Other Equity Shares Offered and Sold in this Offer***

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer outside the United States, by its acceptance of this Prospectus and of the Equity Shares offered pursuant to this Offer, will be deemed to have acknowledged, represented to and agreed with our Company, the Selling Shareholders and the Lead Managers that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorised to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Equity Shares offered pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

3. the purchaser is purchasing the Equity Shares offered pursuant to this Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;

4. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares offered pursuant to this Offer, was located outside the United States at the time (i) the offer for such Equity Shares was made to it and (ii) when the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;

5. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

6. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until our Company determines, in its sole discretion, to remove them;

7. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares;

8. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

   THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

9. our Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

10. the purchaser acknowledges that our Company, the Selling Shareholders, the Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

**European Economic Area**

In relation to each European Economic Area State that has implemented the Prospectus Directive (Directive 2003/71/EC) and amendments thereto, including Directive 2010/73/EU and to the extent applicable, Prospectus Regulation (EU) 2017/1129 (each, a "**Relevant Member State**"), an offer to the public of any Equity Shares may be made at any time under the following exemptions under the Prospectus Regulation, if they have been implemented in that Relevant Member State:

a. to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

b. to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Lead Managers; or

c. in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for our Company, the Selling Shareholders or any LM to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 23 of the Prospectus Directive.

For the purposes of this paragraph, the expression an "offer to the public" in relation to the Equity Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares, and the expression "Prospectus Directive" means Regulation (EU) 2017/1129.

**United Kingdom**

No Equity Shares have been offered or will be offered pursuant to the Offer to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the Financial Conduct Authority is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus Amendment etc. (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Equity Shares at any time:

a. to any legal entity which is a qualified investor as defined under the UK Prospectus Regulation;

b. to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of Lead Managers for any such offer; or

c. in any other circumstances falling within Section 86 of the FSMA.

provided that no such offer of Equity Shares shall result in a requirement for our Company, the Selling Shareholders or any LM to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

**Disclaimer clause of BSE**

BSE Limited ("the **Exchange**") has given vide its letter dated May 28, 2021 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner: -

a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

b) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

**Disclaimer clause of NSE**

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/1031 dated June 18, 2021 permission to the Issuer to use the Exchange's name in this Offer Document as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized the draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

**Listing**

Applications have been made to the Stock Exchanges for permission to deal in and for listing and trading of the Equity Shares. NSE is the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all monies received from the Bidders in pursuance of the Red Herring Prospectus and each of the Selling Shareholders will be liable to reimburse our Company for such repayment of monies, on its behalf, with respect to its respective portion of the Offered Shares. If such money is not repaid within the prescribed time, then our Company, the Selling Shareholders and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law. Any expense incurred by our Company on behalf of any of the Selling Shareholders with regard to interest on such refunds will be reimbursed by such Selling Shareholder in proportion to its respective portion of the Offered Shares. For the avoidance of doubt, subject to applicable law, a Selling Shareholder shall not be responsible to pay interest for any delay, except to the extent that such delay has been caused by any act or omission solely attributable to such Selling Shareholder and to the extent of its respective portion of the Offered Shares.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within six Working Days from the Bid/ Offer Closing Date. Further, each of the Selling Shareholders, severally and not jointly, confirms that it shall provide reasonable assistance to our Company, and the Lead Managers, with respect to its respective portion of the Offered Shares, for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges within six Working Days from the Bid/ Offer Closing Date, to the extent of the Offered Shares.

If our Company does not Allot Equity Shares pursuant to the Offer within six Working Days from the Bid/ Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period.

Except for (a) listing fees, audit fees of the statutory auditors (other than to the extent attributable to the Offer) and expenses in relation to product or corporate advertisements of our Company, i.e., any corporate advertisements consistent with the past practices of our Company (other than expenses in relation to the marketing and advertising undertaken specifically for the Offer) which will be borne by our Company; and (b) fees and expenses in relation to the legal counsel to the Selling Shareholders which shall be borne by the respective Selling Shareholders, all Offer expenses will be shared, upon successful completion of the Offer, between our Company and the Selling Shareholders on a pro-rata basis in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Equity Shares sold by each of the Selling Shareholders in the Offer for Sale, respectively and in accordance with applicable law. All payments shall be made first by our Company and consequently each of the Selling Shareholders severally and not jointly shall reimburse our Company for its respective proportion of Offer related expenses upon the successful completion of the Offer. However, in the event that the Offer is postponed, withdrawn or abandoned for any reason or in the event the Offer is not successfully completed, all the Offer related expenses will be solely borne by our Company. Upon successful completion of the Offer, any payments by our Company in relation to the Offer expenses on behalf of any of the Selling Shareholders shall be reimbursed by such Selling Shareholder to our Company in proportion to its respective Offered Shares.

**Consents**

Consents in writing of each the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, legal advisors, the Lead Managers, the bankers to our Company, the Registrar to the Offer, GlobalData, independent chartered accountant have been obtained; and consents in writing of the Syndicate Members, Monitoring Agency, Escrow Collection Bank(s), Refund Bank(s) and Sponsor Bank to act in their respective capacities, will be obtained and filed along with a copy of this Prospectus with the RoC as required under the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of this Prospectus for filing with the RoC.

**Experts to the Offer**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated July 26, 2021 from APAS & Co. LLP, Chartered Accountants and Walker Chandiok & Co LLP, Chartered Accountants, our Joint Statutory Auditors, to include their names as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Prospectus and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report dated July 20, 2021 on our Restated Consolidated Financial Statements; (ii) examination report dated July 20, 2021 on our Pro-forma Financial Information and (iii) their reports each dated July 21, 2021 on the statement of special direct tax benefits and statement of special indirect tax benefits, respectively; in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

**Capital issue during the previous three years by our Company**

Except as disclosed in "*Capital Structure – Notes to the capital structure*" on page 78, our Company has not made any capital issues during the previous three years.

**Capital issue during the previous three years by our listed Group Companies/Subsidiaries/associates**

Except for capital issues undertaken by VBL and as disclosed below, none of our listed Group Companies have undertaken capital issues during the previous three years.

| **Particulars** | **Details of bonus issue undertaken by VBL** | | **Details of qualified institutions placement undertaken by VBL** |
|---|---|---|---|
| Year of issue | 2019 | 2021 | 2019 |
| Type of Issue | Bonus Issue | Bonus Issue | Qualified institutions placement |

| Particulars | Details of bonus issue undertaken by VBL | | Details of qualified institutions placement undertaken by VBL |
|---|---|---|---|
| Amount of Issue | Not applicable | Not applicable | ₹ 8,999.99 million |
| Issue price | Not applicable | Not applicable | ₹ 612.00 |
| Market Price (₹) (as at August 5, 2021) | ₹ 780.00 and ₹ 780.35 on NSE and BSE respectively | ₹ 780.00 and ₹ 780.35 on NSE and BSE respectively | ₹ 780.00 and ₹ 780.35 on NSE and BSE respectively |
| Date of closure of issue | Not applicable | Not applicable | September 6, 2019 |
| Date of allotment and date of credit of securities to the demat account | July 29, 2019<br>August 7, 2019 | June 14, 2021<br>June 22, 2021 | September 7, 2019<br>September 9, 2019 |
| Date of completion of the project, where object of the issue was financing the project | Not applicable | Not applicable | Not applicable |
| Rate of dividend paid | Not applicable | Not applicable | Not applicable |

*Notes:*

*(1) VBL has also allotted equity shares aggregating to ₹ ₹1,986,240.35 and ₹ ₹8,223,050 pursuant to exercise of employee stock options in Calendar Year 2019.*

### Particulars regarding public or rights issues during the last five years

Our Company has not made any rights issues or public issues during the last five years.

### Performance vis-à-vis Objects

Our Company has not undertaken any rights issue in the five years preceding the date of this Prospectus. Our Company has not made any public issues in the five years preceding the date of this Prospectus.

### Performance vis-à-vis Objects – Last public/rights issue of our listed Subsidiaries/Promoters

As on date of this Prospectus, none of our Subsidiaries or Corporate Promoter are listed.

### Stock Market Data of the Equity Shares

This being the initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange as on the date of this Prospectus, and accordingly, no stock market data is available for the Equity Shares.

### Commission or brokerage on previous issues in last five years

Since this is the initial public issue of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for the Equity Shares since our Company's inception.

**Price information of past issues handled by the Lead Managers (during the current Fiscal and two Fiscals preceding the current Fiscal)**

***A. Kotak Mahindra Capital Company Limited***

**1. Price information of past issues handled by Kotak Mahindra Capital Company Limited**

| S. No. | Issue Name | Issue Size (₹ million) | Issue price (₹) | Listing Date | Opening Price on listing date (in ₹) | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1. | Glenmark Life Sciences Limited | 15,136.00 | 720 | August 6, 2021 | 750 | - | - | - |
| 2. | Zomato Limited | 93,750.00 | 76 | July 23, 2021 | 116.00 | - | - | - |
| 3. | Clean Science and Technology Limited | 15,466.22 | 900 | July 19, 2021 | 1,755.00 | - | - | - |
| 4. | G R Infraprojects Limited | 9,623.34 | 837[1] | July 19, 2021 | 1,715.85 | - | - | - |
| 5. | Krishna Institute of Medical Sciences Limited | 21,437.44 | 825[2] | June 28, 2021 | 1,009.00 | +48.10%,[-0.43%] | - | - |
| 6. | Sona BLW Precision Forgings Limited | 55,000.00 | 291 | June 24, 2021 | 301.00 | +45.45%, [+0.42%] | - | - |
| 7. | Macrotech Developers Limited | 25,000.00 | 486 | April 19, 2021 | 436.00 | +30.22%[+5.21%] | +75.43%[+10.89%] | - |
| 8. | Home First Finance Company India Limited | 11,537.19 | 518 | February 3, 2021 | 618.80 | +4.98%[+1.97%] | -5.64%[-1.05%] | +64.83%[+6.58%] |
| 9. | Indigo Paints Limited | 11,691.24 | 1,490[3] | February 2, 2021 | 2,607.50 | +75.72%[+4.08%] | +55.40%[-0.11%] | +74.84%[+7.61%] |
| 10. | Burger King India Limited | 8,100.00 | 60 | December 14, 2020 | 115.35 | +146.50%[+7.41%] | +135.08%[+10.86%] | +168.25%[+16.53%] |

*Source: www.nseindia.com*

*Notes:*

1. *In G R Infraprojects Limited, the issue price to eligible employees was ₹ 795 after a discount of ₹ 42 per equity share*
2. *In Krishna Institute of Medical Sciences Limited, the issue price to eligible employees was ₹ 785 after a discount of ₹ 40 per equity share*
3. *In Indigo Paints Limited, the issue price to eligible employees was ₹ 1,342 after a discount of ₹ 148 per equity share*
4. *In the event any day falls on a holiday, the price/index of the immediately preceding trading day has been considered.*
5. *The 30th, 90th, 180th calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days.*
6. *Restricted to last 10 equity initial public issues.*

## 2. Summary statement of price information of past issues handled by Kotak Mahindra Capital Company Limited:

| Fiscal | Total no. of IPOs | Total amount of funds raised (₹ mn.) | No. of IPOs trading at discount - 30th calendar days from listing | | | No. of IPOs trading at premium - 30th calendar days from listing | | | No. of IPOs trading at discount - 180th calendar days from listing | | | No. of IPOs trading at premium - 180th calendar days from listing | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 2021-22 | 7 | 235,413.00 | - | - | - | - | 3 | - | - | - | - | - | - | - |
| 2020-21 | 6 | 140,143.77 | - | - | 1 | 2 | 1 | 2 | - | - | - | 4 | 1 | 1 |
| 2019-20 | 4 | 136,362.82 | - | 1 | - | - | 1 | 2 | - | - | 1 | - | 1 | 2 |

*Note:*

1. *The information is as on the date of this Prospectus.*
2. *The information for each of the financial years is based on issues listed during such financial year.*

*B.* *CLSA India Private Limited*

**1. Price information of past issues handled by CLSA India Private Limited:**

| S. No. | Issue Name | Issue Size (₹ million) | Issue price (₹) | Listing Date | Opening Price on listing date (in ₹) | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1. | Burger King India Limited | 8,100.00 | 60.00 | December 14, 2020 | 112.50 | +146.50%, [+7.41%] | +135.08%, [+10.86%] | +168.25%, [+16.53%] |

*Source: www.nseindia.com*

*Notes:*

1. *The CNX NIFTY is considered as the Benchmark Index.*
2. *Price on NSE is considered for all of the above calculations.*
3. *In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.*

**2. Summary statement of price information of past issues handled by CLSA India Private Limited:**

| Fiscal | Total no. of IPOs | Total amount of funds raised (₹ Mn.) | No. of IPOs trading at discount - 30th calendar days from listing | | | No. of IPOs trading at premium - 30th calendar days from listing | | | No. of IPOs trading at discount - 180th calendar days from listing | | | No. of IPOs trading at premium - 180th calendar days from listing | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 2021-22 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2020-21 | 1 | 8,100.00 | - | - | - | 1 | - | - | - | - | - | 1 | - | - |
| 2019-20 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

*Note:*

1. *For 2021-22, the information is as on the date of this Offer Document*
2. *The Total number of IPOs and the Total amount of funds raised have been included for each financial year based on the IPO listed during such financial year*

*C.* ***Edelweiss Financial Services Limited***

## *1.* Price information of past issues handled by Edelweiss Financial Services Limited:

| S. No. | Issue Name | Issue Size (₹ million) | Issue price (₹) | Listing Date | Opening Price on listing date (in ₹) | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1. | Powergrid Infrastructure Investment Trust | 77,349.91 | 100.00 | May 14, 2021 | 104.00 | 14.00% [7.64%] | Not Applicable | Not Applicable |
| 2. | Macrotech Developers Limited | 25,000.00 | 486.00 | April 19, 2021 | 436.00 | 30.22% [5.21%] | 75.43% [10.89%] | Not Applicable |
| 3. | Stove Kraft Limited | 4,126.25 | 385.00 | February 5, 2021 | 498.00 | 30.68% [0.09%] | 28.92% [-2.05%] | 115.34% [8.08%] |
| 4. | Indigo Paints Limited^ | 11,691.24 | 1,490.00^ | February 2, 2021 | 2,607.50 | 75.72% [4.08%] | 55.40% [-0.11%] | 74.84% [7.61%] |
| 5. | Burger King India Limited | 8,100.00 | 60.00 | December 14, 2020 | 112.50 | 146.5% [7.41%] | 135.08% [10.86%] | 168.25% [16.53%] |
| 6. | Equitas Small Finance Bank Limited | 5,176.00 | 33.00 | November 2, 2020 | 31.10 | 5.45% [12.34%] | 19.55% [16.84%] | 68.18% [25.38%] |
| 7. | Mazagon Dock Shipbuilders Limited | 4,436.86 | 145.00 | October 12, 2020 | 214.90 | 18.90% [5.87%] | 52.90% [20.25%] | 45.79% [24.34%] |
| 8. | Angel Broking Limited | 6,000.00 | 306.00 | October 5, 2020 | 275.00 | -2.32% [2.70%] | 10.02% [21.86%] | -3.74% [29.24%] |
| 9. | Route Mobile Limited | 6,000.00 | 350.00 | September 21, 2020 | 717.00 | 105.81% [5.74%] | 231.04% [22.31%] | 349.14% [31.05%] |
| 10. | Prince Pipes and Fittings Limited | 5,000.00 | 178.00 | December 30, 2019 | 160.00 | 0.14% [-1.63%] | -44.33% [-29.34%] | -35.00% [-15.28%] |

*Source: www.nseindia.com*

*^ Indigo Paints Limited - A discount of ₹ 148 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹1490 per equity share*

*Notes:*

*(1) Based on date of listing.*

*(2) % of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.*

*(3) Wherever 30th/ 90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.*

*(4) The Nifty 50 index is considered as the benchmark index*

*(5) Not Applicable. – Period not completed*

*(6) Disclosure in Table-1 restricted to 10 issues*

1. **Summary statement of price information of past issues handled by Edelweiss Financial Services Limited:**

| Fiscal | Total no. of IPOs | Total amount of funds raised (₹ Mn.) | No. of IPOs trading at discount - 30th calendar days from listing | | | No. of IPOs trading at premium - 30th calendar days from listing | | | No. of IPOs trading at discount - 180th calendar days from listing | | | No. of IPOs trading at premium - 180th calendar days from listing | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 2021-22* | 2 | 102,349.91 | - | - | - | - | 1 | 1 | - | - | - | - | - | - |
| 2020-21 | 7 | 45,530.35 | - | - | 1 | 3 | 1 | 2 | - | - | 1 | 5 | 1 | - |
| 2019-20 | 3 | 23,208.49 | - | - | - | - | 1 | 2 | - | 1 | - | 1 | - | 1 |

*The information is as on the date of the document*

1. *Based on date of listing.*
2. *Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.*
3. *The Nifty 50 index is considered as the Benchmark Index.*

**For the financial year 2021-22, 2 issues have been completed and both have completed 30 calendar days, 1 issue has completed 90 days.*

*D.* ***Motilal Oswal Investment Advisors Limited***

**1. Price information of past issues handled by Motilal Oswal Investment Advisors Limited**

| S. No. | Issue Name | Issue Size (₹ million) | Issue price (₹) | Listing Date | Opening Price on listing date (in ₹) | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1. | GR Infraprojects Limited[1] | 9,623.34 | 837 | July 19, 2021 | 1,715.85 | Not applicable[2] | Not applicable[2] | Not applicable[2] |

*Source: www.nseindia.com*

1. *Discount of ₹42.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*
2. *Not applicable – Period not completed*

**2. Summary statement of price information of past issues handled by Motilal Oswal Investment Advisors Limited**

| Fiscal | Total no. of IPOs | Total amount of funds raised (₹ Mn.) | No. of IPOs trading at discount - 30th calendar days from listing | | | No. of IPOs trading at premium - 30th calendar days from listing | | | No. of IPOs trading at discount - 180th calendar days from listing | | | No. of IPOs trading at premium - 180th calendar days from listing | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 2021-22 | 1* | 9,623.34 | - | - | - | - | - | - | - | - | - | - | - | - |

*For the financial year 2021-22: One (1) issue has been completed, but the stock hasn't completed 30 days and 180 days of its listing history, as on date of the document*

*The information is as on the date of the document*

1. *Based on date of listing.*

**Track record of past issues handled by the Lead Managers**

For details regarding the track record of the Lead Managers, as specified in circular (reference CIR/MIRSD/1/2012) dated January 10, 2012 issued by SEBI, please see the websites of the Lead Managers, as set forth in the table below:

| S. No. | Name of the Lead Manager | Website |
|---|---|---|
| 1. | Kotak Mahindra Capital Company Limited | www.investmentbank.kotak.com |
| 2. | CLSA India Private Limited | www.india.clsa.com |
| 3. | Edelweiss Financial Services Limited | www.edelweissfin.com |
| 4. | Motilal Oswal Investment Advisors Limited | www.motilaloswalgroup.com |

**Redressal of investor grievances**

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer and the Lead Managers with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, UPI ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

In terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018 and SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs at the rate higher of ₹ 100 or 15% per annum of the application amount in the events of delayed or withdrawal of applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for the stipulated period. In an event there is a delay in redressal of the investor grievance, the Lead Managers shall compensate the investors at the rate higher of ₹ 100 or 15% per annum of the application amount.

For helpline details of the Lead Managers pursuant to SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, see "*General Information – Lead Managers*" on page 70.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

Anchor Investors are required to address all grievances in relation to the Offer to the Lead Managers.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Bank for addressing any clarifications or grievances of ASBA Bidders. Our Company, the Lead Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under SEBI ICDR Regulations. Investors can contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre- Offer or post- Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Our Company has obtained authentication on the SCORES and shall comply with the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES. Our Company has also appointed Anil Dwivedi, Company Secretary of our Company, as the Compliance Officer for the Offer. For details, see "*General Information*" beginning on page 69. The Promoter Selling Shareholder and the Investor Selling Shareholder have authorised the Company Secretary and Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of the RJ Corp Offered Shares and Dunearn Offered Shares, respectively.

**Disposal of Investor Grievances by our Company**

Our Company has constituted a Stakeholders' Relationship Committee to review and redress the shareholders' and investors' grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For details, see "*Our Management – Stakeholders' Relationship Committee*" on pages 187 – 188.

As on the date of this Prospectus, there are no pending investor complaints in relation to our Company and our listed Group Companies. Our Company has not received any investor complaint in the three years prior to the filing of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

## SECTION VII: OFFER INFORMATION

## TERMS OF THE OFFER

The Equity Shares being offered and Allotted pursuant to this Offer shall be subject to the provisions of the Companies Act, 2013, the SEBI ICDR Regulations, SCRA, SCRR, the MoA, the AoA, the SEBI Listing Regulations, the terms of the Red Herring Prospectus, this Prospectus, the abridged prospectus, the Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting their approval for the Offer.

### Ranking of Equity Shares

The Equity Shares being offered and Allotted pursuant to the Offer shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the right to receive dividend. The Allottees upon Allotment of Equity Shares in the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of the Allotment. For further details, see "*Main Provisions of Articles of Association*" beginning on page 412.

### Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, 2013 the Memorandum of Association and the Articles of Association and provisions of the SEBI Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to Allottees in the Offer, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see "*Dividend Policy*" and "*Main Provisions of Articles of Association*" beginning on pages 204 and 412, respectively.

### Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹ 1 and the Offer Price is ₹ 90 per Equity Share. The Anchor Investor Offer Price is ₹ 90 per Equity Share.

The Offer Price, Price Band and the minimum Bid Lot, was decided by our Company and the Selling Shareholders, in consultation with the Lead Managers, and advertised in all editions of Financial Express, an English national daily newspaper, and all editions of Jansatta, a Hindi national daily newspaper, Hindi also being the regional language of New Delhi, where our Registered Office is located, each with wide circulation, at least two Working Days prior to the Bid/ Offer Opening Date and was made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, was pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges.

At any given point of time, there shall be only one denomination of Equity Shares.

### The Offer

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

Expenses for the Offer shall be shared amongst our Company and each of the Selling Shareholders in the manner specified in "*Objects of the Offer - Offer Expenses*" on page 99.

### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and our Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy and e-voting, in accordance with the provisions of the Companies Act, 2013;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;

- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability of the Equity Shares, subject to applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 2013 the SEBI Listing Regulations and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, etc., see "*Main Provisions of Articles of Association*" beginning on page 412.

**Allotment only in dematerialised form**

Pursuant to Section 29 of the Companies Act, 2013 and the SEBI ICDR Regulations, the Equity Shares shall be allotted only in dematerialised form and trading of the Equity Shares shall also only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite agreement dated May 01, 2021 amongst our Company, NSDL and the Registrar to the Offer.
- Tripartite agreement dated April 30, 2021 amongst our Company, CDSL and the Registrar to the Offer.

**Market Lot and Trading Lot**

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of 165 Equity Share subject to a minimum Allotment of 165 Equity Shares.

**Joint holders**

Where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint holders with benefits of survivorship.

**Nomination facility to investors**

In accordance with Section 72 of the Companies Act, 2013, and the rules framed thereunder, the Sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of Sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only in the prescribed form available on request at our Corporate Office or to the Registrar and Transfer Agent of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by our Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may, at any time, give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialised mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

**Withdrawal of the Offer**

Our Company and the Selling Shareholders, in consultation with the Lead Managers, reserve the right not to proceed with the Fresh Issue, and each of the Selling Shareholder reserve the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of its respective portion of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company will issue a public notice in the all editions of Financial Express, an English national daily newspaper, and all editions of Jansatta, a Hindi national daily newspaper, Hindi also being the regional language of New Delhi, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Lead Managers, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank (in case of RIB's using the UPI Mechanism), to unblock the bank accounts of the ASBA Bidders and the Escrow Collection Bank to release the Bid Amounts to the Anchor Investors, within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed.

Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) filing of the Prospectus with the RoC. If our Company and the Selling Shareholders, in consultation with the Lead Managers withdraw the Offer after the Bid/ Offer Closing Date and thereafter determine that they will proceed with public offering of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

**Bid/Offer Programme**

| | |
|---|---|
| **BID/OFFER OPENED ON** | **Wednesday, August 4, 2021(1)** |
| **BID/OFFER CLOSED ON** | **Friday, August 6, 2021** |

*(1) The Anchor Investor Bid/Offer Period was one Working Day prior to the Bid/Offer Opening Date i.e. August 3, 2021.*

An indicative timetable in respect of the Offer is set out below:

| Event | Indicative Date |
|---|---|
| Finalisation of Basis of Allotment with the Designated Stock Exchange | On or about Wednesday, August 11, 2021 |
| Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account | On or about Thursday, August 12, 2021 |
| Credit of Equity Shares to demat accounts of Allottees | On or about Friday, August 13, 2021 |
| Commencement of trading of the Equity Shares on the Stock Exchanges | On or about Monday, August 16, 2021 |

**The above timetable is indicative and does not constitute any obligation or liability on our Company, our Selling Shareholders or the Lead Managers.**

**Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days from the Bid/Offer Closing Date or such period as may be prescribed, with reasonable support and co-operation of each of the Selling Shareholders, as may be required in respect of its respective portion of the Offered Shares, the timetable may change due to various factors such as any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each of the Selling Shareholders, severally and not jointly, confirms that it shall extend such reasonable support and co-operation in relation to its respective portion of the Offered Shares for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed by SEBI.**

**SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Prospectus may result in changes to the above mentioned timelines. Further, the offer procedure is subject to change basis any revised SEBI circulars to this effect.**

In terms of the UPI Circulars, in relation to the Offer, the Lead Managers will submit reports of compliance with T+6 listing timelines and activities, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day for the entire duration of delay exceeding four days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The Lead Managers shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

**Submission of Bids (other than Bids from Anchor Investors):**

| Bid/Offer Period (except the Bid/Offer Closing Date) | |
|---|---|
| Submission and Revision in Bids | Only between 10:00 a.m. and 5:00 p.m. Indian Standard Time ("**IST**") |
| **Bid/Offer Closing Date** | |
| Submission and Revision in Bids | Only between 10:00 a.m. and 3:00 p.m. IST |

**On the Bid/Offer Closing Date, the Bids were required to be uploaded until:**

(i) 4:00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5:00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs and Eligible Employees Bidding in the Employee Reservation Portion.

On Bid/Offer Closing Date, extension of time could be granted by Stock Exchanges only for uploading Bids received from Retail Individual Bidders after taking into account the total number of Bids received and as reported by the Lead Managers to the Stock Exchanges.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.**

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders were advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Prospectus is IST. Bidders were cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids could not have been uploaded due to lack of sufficient time. Such Bids that could not be uploaded will not be considered for allocation under this Offer. Bids and any revision in Bids could be accepted only during Working Days.

None among our Company and the Selling Shareholders or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/ hardware system or the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

**Minimum Subscription**

If our Company does not receive the minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR or the minimum subscription of 90% of the Fresh Issue on the Bid/Offer Closing Date; or subscription level falls below aforesaid minimum subscription after the Bid/Offer Closing Date due to withdrawal of Bids or technical rejections or any other reason; or in case of devolvement of underwriting, aforesaid minimum subscription is not received within 60 days from the date of Bid/ Offer Closing Date or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares in the Offer, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond four days, as applicable, our Company and our Directors, who are officers in default, shall pay interest at the rate of 15% per annum.

In the event of achieving aforesaid minimum subscription, however, there is under-subscription in achieving the total Offer size, the Equity Shares will be Allotted in the following order:

(i) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue portion is subscribed;

(ii) upon (i), all the Equity Shares held by the Selling Shareholders and offered for sale in the Offer for Sale will be Allotted (in proportion to the Offered Shares being offered by each Selling Shareholder); and

(iii) once Equity Shares have been Allotted as per (i) and (ii) above, such number of Equity Shares will be Allotted by our Company towards the balance 10% of the Fresh Issue portion;

No liability to make any payment of interest or expenses shall accrue to the Promoter Selling Shareholder unless the delay in making any of the payments/refund hereunder or the delay in obtaining listing or trading approvals or any other approvals in relation to the Offer is caused solely by, and is directly attributable to, an act or omission of the Promoter Selling Shareholder and to the extent of the RJ Corp Offered Shares. Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company will ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000.

**Arrangements for disposal of odd lots**

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

**Restrictions, if any on transfer and transmission of Equity Shares**

Except for the lock-in of the pre-Offer capital of our Company, lock-in of the Promoters' contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" beginning on page 78 and except as provided under the Articles of Association, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of the Equity Shares of our Company and on their consolidation or splitting, except as provided in the Articles of Association. For details, see "*Main Provisions of Articles of Association*" beginning on page 412.

## OFFER STRUCTURE

Offer of 204,222,218* Equity Shares for cash at price of ₹ 90 per Equity Share (including a premium of ₹ 89 per Equity Share) aggregating up to ₹ 18,380 million comprising a Fresh Issue of 48,888,888* Equity Shares aggregating up to ₹ 4,400 million by our Company and an Offer for Sale of 155,333,330* Equity Shares aggregating up to ₹ 13,980 million, comprising 65,333,330* Equity Shares aggregating up to ₹ 5,880 million by Dunearn and 90,000,000* Equity Shares aggregating up to ₹ 8,100 million by RJ Corp.

The Offer comprises a Net Offer of 203,672,218* Equity Shares and an Employee Reservation Portion of 550,000* Equity Shares. The Employee Reservation Portion does not exceed 5% of our post-Offer paid-up Equity Share capital. The Offer and the Net Offer shall constitute 16.98% and 16.94%, respectively of the post-Offer paid-up Equity Share capital of our Company. The face value of the Equity Shares is ₹ 1 each.

** Subject to finalisation of the Basis of Allotment*

In terms of Rule 19(2) (b) of the SCRR, the Offer was made through the Book Building Process, in compliance with Regulation 31 of the SEBI ICDR Regulations.

| Particulars | Eligible Employees# | QIBs(1) | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| Number of Equity Shares available for Allotment/ allocation*(2) | 550,000* Equity Shares | Not less than 152,754,165* Equity Shares | Not more than 30,550,832* Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Retail Individual Bidders | Not more than 20,367,221* Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders |
| Percentage of Offer size available for Allotment/ allocation | The Employee Reservation Portion constitutes up to 0.04% of the Offer Size | Not less than 75% of the Net Offer was made available for allocation to QIB Bidders. However, up to 5% of the Net QIB Portion was available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion were also eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion was available to be added to the Net QIB Portion | Not more than 15% of the Net Offer or the Net Offer less allocation to QIB Bidders and RIBs | Not more than 10% of the Net Offer or the Net Offer less allocation to QIB Bidders and Non-Institutional Bidders |
| Basis of Allotment if respective category is oversubscribed* | Proportionate# | Proportionate as follows (excluding the Anchor Investor Portion):<br><br>(a) 3,055,084* Equity Shares were made available for allocation on a proportionate basis to Mutual Funds only; and<br><br>(b) 58,046,582* Equity Shares was made available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.<br><br>91,652,499* Equity Shares were allocated on a | Proportionate | The allotment to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be available to be Allotted on a proportionate basis. For further details, see "*Offer Procedure*" beginning on page 396. |

| Particulars | Eligible Employees# | QIBs[(1)] | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| | | discretionary basis to Anchor Investors of which one-third was available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price | | |
| Minimum Bid | 165 Equity Shares and in multiples of 165 Equity Shares thereafter | Such number of Equity Shares and in multiples of 165 Equity Shares that the Bid Amount exceeds ₹200,000 | Such number of Equity Shares in multiples of 165 Equity Shares that the Bid Amount exceeds ₹200,000 | 165 Equity Shares and in multiples of 165 Equity Shares thereafter |
| Maximum Bid | Such number of Equity Shares in multiples of 165 Equity Shares, so that the maximum Bid Amount by each Eligible Employee in Eligible Employee Portion does not exceed ₹ 500,000 | Such number of Equity Shares in multiples of 165 Equity Shares not exceeding the size of the Net Offer, subject to applicable limits | Such number of Equity Shares in multiples of 165 Equity Shares not exceeding the size of the Net Offer (excluding the QIB portion), subject to applicable limits to the Bidder | Such number of Equity Shares in multiples of 165 Equity Shares so that the Bid Amount does not exceed ₹200,000 |
| Mode of Allotment | Compulsorily in dematerialised form | | | |
| Bid Lot | 165 Equity Shares and in multiples of 165 Equity Shares thereafter | | | |
| Allotment Lot | 165 Equity Shares and in multiples of one Equity Share thereafter | | | |
| Trading Lot | One Equity Share | | | |
| Who can apply[(3)] | Eligible Employees (such that the Bid Amount does not exceed ₹ 500,000) | Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, Mutual Funds, FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDAI, provident funds with minimum corpus of ₹250 million, pension funds with minimum corpus of ₹250 million National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs. | Resident Indian individuals, Eligible NRIs, HUFs (in the name of the karta), companies, corporate bodies, scientific institutions societies and trusts and any individuals, corporate bodies and family offices including FPIs which are individuals, corporate bodies and family offices which are re-categorised as Category II FPIs and registered with SEBI | Resident Indian individuals, Eligible NRIs and HUFs (in the name of the karta) |
| Terms of Payment | **In case of Anchor Investors:** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids[(4)] | | | |

| Particulars | Eligible Employees[#] | QIBs[(1)] | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| | **In case of all other Bidders:** Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank through the UPI Mechanism, that is specified in the ASBA Form at the time of submission of the ASBA Form. | | | |
| Mode of Bid | Only through the ASBA process (except for Anchor Investors) | | | |

* *Subject to finalisation of the Basis of Allotment..*

[#] *Eligible Employees Bidding in the Employee Reservation Portion could Bid up to a Bid Amount of ₹ 500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion was considered for allocation, in the first instance, for a Bid Amount of up to ₹ 200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion was available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. Further, an Eligible Employee Bidding in the Employee Reservation Portion could also Bid in the Net Offer and such Bids was not treated as multiple Bids subject to applicable limits. Further, an Eligible Employee Bidding in the Employee Reservation Portion was available to be added back to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of such under-subscription was permitted from the Employee Reservation Portion.*

(1) *Our Company and the Selling Shareholders have, in consultation with the Lead Managers, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the price Anchor Investor Allocation Price.*

(2) *Subject to valid Bids having been received at or above the Offer Price. This is an Offer in terms of Rule 19(2)(b) of the SCRR and under the SEBI ICDR Regulations.*

(3) *If the Bid was submitted in joint names, the Bid cum Application Form should have contained only the name of the first Bidder whose name should have also appeared as the first holder of the depository account held in joint names. The signature of only the first Bidder was required in the Bid cum Application Form and such first Bidder was deemed to have signed on behalf of the joint holders.*

(4) *Full Bid Amount was paid by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price was payable by the Anchor Investor Pay-In Date as indicated in the CAN.*

*The Bids by FPIs with certain structures as described under "Offer Procedure - Bids by FPIs" on pages 400 – 401 and having same PAN was collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) was proportionately distributed.*

*Bidders were required to confirm and were deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives were they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.*

Eligible Employees bidding in the Employee Reservation Portion at a price within the Price Band could make payment based on Bid Amount, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price were required to ensure payment at the Cap Price, at the time of making a Bid.

Subject to valid Bids having been received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, was allowed to be met with spill over from any other category or combination of categories at the discretion of our Company and the Selling Shareholders, in consultation with the Lead Managers and the Designated Stock Exchange, on a proportionate basis.

## OFFER PROCEDURE

*All Bidders should read the General Information Document and the UPI Circulars which highlight the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, 2013 the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the Lead Managers. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer especially in relation to the process for Bids by RIBs through the UPI Mechanism.*

*Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of Confirmation of Allocation Note ("**CAN**") and Allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) designated date; (viii) disposal of applications; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act, 2013 relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.*

*SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. However, given the prevailing uncertainty due to the COVID-19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, has decided to continue with the UPI Phase II till further notice. The final reduced timeline of T+3 days be made effective using the UPI Mechanism for applications by RIBs ("**UPI Phase III**"), as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. The provisions of these circulars are deemed to form part of this Prospectus.*

*Our Company, the Selling Shareholders and the Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and this Prospectus.*

### Book Building Procedure

The Offer was made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations wherein not less than 75% of the Net Offer was allocated on a proportionate basis to QIBs, provided that our Company and Selling Shareholders have, in consultation with the Lead Managers, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares were available to be added to the Net QIB Portion. Further, 5% of the Net QIB Portion was available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion was available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Offer Price. Further, not more than 15% of the Net Offer was available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Net Offer was available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received at or above the Offer Price. Furthermore, 550,000 Equity Shares, aggregating up to ₹ 49.50 million was made available for allocation on a proportionate basis only to Eligible Employees Bidding in the Employee Reservation Portion, subject to valid Bids having been received at or above the Offer Price, if any.

Under-subscription, if any, in any category, except in the QIB Portion, was allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and the Selling Shareholders, in consultation with the Lead Managers and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, was not allowed to be met with spill-over from any other category or a combination of categories. Further, in the event of an under-subscription in the Employee Reservation Portion, such unsubscribed portion could have been Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion was available to be added to the Net Offer.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, for RIBs. Eligible Employees Bidding in the Employee Reservation Portion Bidding using the UPI Mechanism, were treated as incomplete and were rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the Offer, subject to applicable laws.**

**Phased implementation of Unified Payments Interface**

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of *inter alia*, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

**Phase I:** This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

**Phase II:** This phase has become applicable from July 1, 2019. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 had extended the timeline for implementation of UPI Phase II till March 31, 2020. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020 dated March 30, 2020 decided to continue Phase II of UPI with ASBA until further notice. Under this phase, submission of the ASBA Form by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and is replaced by the UPI Mechanism. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase.

**Phase III:** The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing is proposed to be reduced to three Working Days.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the Lead Managers.

**Bid cum Application Form**

Copies of the ASBA Form and the abridged prospectus were available with the Designated Intermediaries at the Bidding Centres, and our Corporate Office. An electronic copy of the ASBA Form was also available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date.

Copies of the Anchor Investor Application Form was available with the Lead Managers.

All Bidders (other than Anchor Investors) were mandatorily required to participate in the Offer only through the ASBA process.

All ASBA Bidders were required to provide either, (i) bank account details and authorisation to block funds in the ASBA Form; or (ii) the UPI ID (in case of RIBs), as applicable, in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected. Applications made by the RIBs using third party bank account or using third party linked bank account UPI ID were liable for rejection.

RIBs bidding using the UPI Mechanism were required to provide the valid UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

ASBA Bidders were required to ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp were liable to be rejected. RIBs using UPI Mechanism, were required to submit their ASBA Forms with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account could have submitted their ASBA Forms with the SCSBs. ASBA Bidders were also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB or by Sponsor Bank under the UPI Mechanism, as applicable at the time of submitting the Bid.

Anchor Investors were not permitted to participate in the Offer through the ASBA process.

The prescribed colour of the Bid cum Application Form for the various categories was as follows:

| Category | Colour of Bid cum Application Form* |
|---|---|
| Resident Indians, including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis | White |
| Non-residents including Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis | Blue |
| Anchor Investors | White |
| Eligible Employees Bidding in the Employee Reservation Portion | Pink |

* *Excluding electronic Bid cum Application Forms*

*Notes:*

*(1) Electronic Bid cum Application forms and the abridged prospectus were also available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com)*

*(2) Bid cum Application Forms for Anchor Investors were available at the offices of the Lead Managers*

In case of ASBA Forms, Designated Intermediaries were required to upload the relevant bid details in the electronic bidding system of the Stock Exchanges.

Subsequently, for ASBA Forms (other than RIBs using UPI Mechanism), Designated Intermediaries (other than SCSBs) were required to submit / deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and were restricted from submitting it to any non-SCSB bank or any Escrow Collection Bank. Stock Exchanges were required to validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges were required to allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For RIBs using UPI Mechanism, the Stock Exchanges were required to share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis through API integration to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. The Sponsor Bank was required to initiate request for blocking of funds through NPCI to RIBs, who was required to accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI was required to maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs (Bidding through UPI Mechanism) in case of failed transactions was with the concerned entity (i.e. the Sponsor Bank, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI was required to share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the issuer bank. The Sponsor Bank and the Bankers to the Offer were required to provide the audit trail to the Lead Managers for analysing the same and fixing liability.

The Sponsor Bank was required to undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and was also required to ensure that all the responses received from NPCI were sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank was required to undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the Lead Managers in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks were required to download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI was to coordinate with issuer banks and Sponsor Banks on a continuous basis.

**Participation by Promoters and members of the Promoter Group of our Company, the Lead Managers and the Syndicate Members**

The Lead Managers and the Syndicate Members were not allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Lead Managers and the Syndicate Members could have Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation was on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the Lead Managers and Syndicate Members, would be treated equally for the purpose of allocation to be made on a proportionate basis.

Except as stated below, neither the Lead Managers nor any associates of the Lead Managers could apply in the Offer under the Anchor Investor Portion:

(i) mutual funds sponsored by entities which are associate of the Lead Managers;

(ii) insurance companies promoted by entities which are associate of the Lead Managers;

(iii) AIFs sponsored by the entities which are associate of the Lead Managers; or

(iv) FPIs (other than individuals, corporate bodies and family offices) sponsored by the entities which are associate of the Lead Managers.

Further, persons related to our Promoters and Promoter Group were not permitted to apply in the Offer under the Anchor Investor Portion.

For the purposes of the above, a QIB who has the following rights was deemed to be a person related to our Promoters or Promoter Group:

(i) rights under a shareholders' agreement or voting agreement entered into with our Promoters or Promoter Group;

(ii) veto rights; or

(iii) right to appoint any nominee director on the Board.

Further, an Anchor Investor was deemed to be an associate of the Lead Managers, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the Lead Managers.

**Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate was required to be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the Lead Managers, reserved the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds were required to specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid could be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund were not treated as multiple Bids provided that such Bids clearly indicated the scheme concerned for which the Bid has been made.

No Mutual Fund scheme was permitted to invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% was not applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes is permitted to own more than 10% of any company's paid-up share capital carrying voting rights.

**Bids by Eligible NRIs**

Eligible NRIs could have obtained copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange was considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms were required to authorise their respective SCSB or confirm or accept the UPI Mandate Request (in case of RIBs Bidding through the UPI Mechanism) to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms were required to authorise their respective SCSB or confirm or accept the UPI Mandate Request (in case of RIBs Bidding through the UPI Mechanism) to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. Participation of Eligible NRIs in the Offer is subject to the FEMA Regulations and a limit of 5% of the total paid-up capital of the Company on a fully diluted basis is applicable on investments by Eligible NRIs.

Eligible NRIs were permitted to apply in the Offer through Channel I or Channel II (as specified in the UPI Circulars). Further, subject to applicable law, Eligible NRIs could use Channel IV (as specified in the SEBI UPI Circulars) to apply in the Offer, provided the UPI facility is enabled for their NRE/NRO accounts.

Eligible NRIs Bidding on non-repatriation basis were advised to use the Bid cum Application Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis were advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

For details of investment by NRIs, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 411.

**Bids by HUFs**

Bids by Hindu Undivided Families or HUFs, were required to be made in the individual name of the Karta. The Bidder should have specified that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with Bids from individuals.

**Bids by FPIs**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI including its investor group (which means the multiple entities having common beneficial ownership directly or indirectly of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI, of an investor group, shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the total holdings of all FPIs could be up to 100%, being the sectoral cap, of the paid-up Equity Share capital of our Company on a fully diluted basis.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations was required to be attached to the Bid cum Application Form, failing which our Company reserved the right to reject any Bid without assigning any reason. FPIs who wished to participate in the Offer were advised to use the Bid cum Application Form for Non-Residents (Blue in colour).

In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs was included.

With effect from April 1, 2020, the aggregate limits for FPI investments are the sectoral caps applicable to our Company (i.e. up to 100% under the automatic route). While the aggregate limit could have been decreased by the concerned Indian companies to a lower threshold limit of 24% or 49% or 74% as deemed fit, with the approval of its board of directors and its shareholders through a resolution and a special resolution, respectively before March 31, 2020, our Company has not decreased such limit and accordingly the applicable limit with respect to our Company is 100%.

The FEMA NDI Rules was enacted on October 17, 2019, in supersession of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, except with respect to things done or omitted to be done before such supersession. FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of the SEBI FPI Regulations, an FPI is permitted to issue, subscribe to, or otherwise deal in offshore derivative instruments, directly or indirectly, only if it complies with the following conditions:

a) such offshore derivative instruments are issued only by persons registered as Category I FPIs;

b) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs;

c) such offshore derivative instruments are issued after compliance with the 'know your client' norms as specified by SEBI; and

d) such other conditions as may be specified by SEBI from time to time.

An FPI is required to ensure that the transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria provided under the SEBI FPI Regulations (as mentioned above from points (a) to (d)); and (b) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, are pre-approved by the FPI.

Bids by following FPIs, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs shall not be treated as multiple Bids:

- FPIs which utilise the multi investment manager ("**MIM**") structure;
- Offshore derivative instruments which have obtained separate FPI registration for ODI and proprietary derivative investments;
- Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration;
- FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager;
- Multiple branches in different jurisdictions of foreign bank registered as FPIs;
- Government and Government related investors registered as Category 1 FPIs; and
- Entities registered as collective investment scheme having multiple share classes.

The Bids belonging to any of the above mentioned seven structures and having same PAN were permitted to be collated and identified as a single Bid in the Bidding process. The Equity Shares allotted in the Bid were permitted to be proportionately distributed to the applicant FPIs (with same PAN). In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, were required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize any of the above-mentioned structures and indicate the name of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids were liable to be rejected.

The FPIs who wished to participate in the Offer were advised to use the Bid cum Application Form for non-residents.

**Bids by SEBI registered VCFs, AIFs and FVCIs**

The SEBI VCF Regulations as amended, *inter alia* prescribe the investment restrictions on VCFs, registered with SEBI. The SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. The SEBI FVCI Regulations prescribe the investment restrictions on FVCIs.

Accordingly, the holding in any company by any individual VCF or FVCIs (under Schedule I of the FEMA NDI Rules) registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

Category I and II AIFs cannot invest more than 25% of their respective corpus in one investee company. A category III AIF cannot invest more than 10% of its corpus in one investee company. A VCF registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up.

Further, the shareholding of VCFs, category I AIFs or category II AIFs and FVCIs holding equity shares of a company prior to an initial public offering being undertaken by such company, shall be exempt from lock-in requirements, Provided that such equity shares shall be locked in for a period of at least one year from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor.

**There is no reservation for Eligible NRI Bidders, AIFs, FPIs and FVCIs. All Bidders will be treated on the same basis with other categories for the purpose of allocation.**

**All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.**

Our Company, the Selling Shareholders or the Lead Managers will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

**Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, as amended, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, as amended, was required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the Lead Managers reserved the right to reject any Bid without assigning any reason thereof.

**Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee were required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholders, in consultation with the Lead Managers, reserved the right to reject any Bid without assigning any reason thereof.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended, ("**Banking Regulation Act**"), and the Master Directions - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the banking company's paid-up share capital and reserves, whichever is lower.

However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banking companies in terms of Section 6(1) of the Banking Regulation Act;, (ii) the additional acquisition is through restructuring of debt, or to protect the banking company's interest on loans/investments made to a company; (iii) hold along with its subsidiaries, associates or joint ventures or entities directly or indirectly controlled by the bank; and mutual funds managed by asset management companies controlled by the bank, more than 20% of the investee company's paid up share capital engaged in non-financial services. However, this cap doesn't apply to the cases mentioned in (i) and (ii) above.

Further, the aggregate investment by a banking company in all its subsidiaries and other entities engaged in financial services and non-financial services, including overseas investments, cannot exceed 20% of the banking company's paid up share capital and reserves. The banking company is required to submit a time-bound action plan for disposal of such shares within a specified period to RBI. A banking company would require a prior approval of RBI to make investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in para (i) above.

**Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs were required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account was to be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

**Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI was required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the Lead Managers, reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers are prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016, as amended ("**IRDAI Investment Regulations**"), based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDA Investment Regulations for specific investment limits applicable to them.

**Bids by provident funds/pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund was required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the Lead Managers reserves the right to reject any Bid, without assigning any reason thereof.

**Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FPIs, AIFs, Mutual Funds, NBFC – SI, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws were required to be attached with the Bid cum

Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the Lead Managers reserved the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders, in consultation with the Lead Managers in their absolute discretion, reserved the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to the terms and conditions that our Company and the Selling Shareholders, in consultation with the Lead Managers may deem fit.

**Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor, and (iii) such other approval as may be required by the Systemically Important NBFCs, were required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the Lead Managers, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

**Bids by Eligible Employees**

The Bid must be for a minimum of 165 Equity Shares and in multiples of 165 Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000 on a net basis. However, the initial allocation to an Eligible Employee in the Employee Reservation Portion should not have exceeded ₹ 200,000. Allotment in the Employee Reservation Portion will be as detailed in the section "*Offer Structure*" beginning on page 393.

However, Allotments to Eligible Employees in excess of ₹ 200,000 shall be considered on a proportionate basis, in the event of undersubscription in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000. Subsequent undersubscription, if any, in the Employee Reservation Portion shall be added back to the Net Offer. Eligible Employees Bidding in the Employee Reservation Portion may Bid at the Cut-off Price.

Bids under the Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form.
- Only Eligible Employees (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines) would be eligible to apply in this Offer under the Employee Reservation Portion.
- In case of joint bids, the sole/ First Bidder shall be the Eligible Employee.
- Bids by Eligible Employees may be made at Cut-off Price.
- Only those Bids, which are received at or above the Offer Price would be considered for allocation under this portion.
- The Bids must be for a minimum of 165 Equity Shares and in multiples of 165 Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee subject to a maximum Bid Amount of ₹ 500,000 on a net basis.
- If the aggregate demand in this portion is less than or equal to 550,000 Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Bids by Eligible Employees in the Employee Reservation Portion and in the Net Offer portion were not treated as multiple Bids. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000.

If the aggregate demand in this portion is greater than 550,000 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of Allotment, see "*Offer Procedure*" beginning on page 396.

**The above information was given for the benefit of the Bidders. Our Company, the Selling Shareholders and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus, this Prospectus or which may occur after the Bid/offer Closing Date. Bidders were advised to make their independent investigations and ensure that any single Bid from them did not exceed**

**the applicable investment limits or maximum number of the Equity Shares that could be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus, or as have been specified in the Red Herring Prospectus and in this Prospectus.**

In accordance with existing regulations issued by the RBI, OCBs were not permitted to participate in this Offer.

**Information for Bidders**

The relevant Designated Intermediary was required to enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options were not considered as multiple Bids. It was the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary did not guarantee that the Equity Shares would be allocated/Allotted. Such Acknowledgement Slip was non-negotiable and by itself did not create any obligation of any kind. When a Bidder revised his or her Bid, he /she surrendered the earlier Acknowledgement Slip and requested for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system could not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholders and/or the Lead Managers were cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor did it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor did it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus or the Red Herring Prospectus or this Prospectus; nor did it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

**General Instructions**

Please note that QIBs and Non-Institutional Investors were not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors could revise their Bid(s) during the Bid/Offer Period and withdraw their Bid(s) until Bid/Offer Closing Date. Anchor Investors were not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bid/Offer Period.

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

4. Ensure that you (other than the Anchor Investors) have mentioned the correct details of ASBA Account (i.e. bank account number or UPI ID, as applicable) in the Bid cum Application Form if you are not an RIB bidding using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;

5. RIBs using UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. RIBs shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019;

6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. RIBs using UPI Mechanism, shall submit their ASBA Forms with Syndicate, sub-Syndicate Members, Registered Brokers, RTA or CDP;

7. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries. Ensure that you use only your own bank account linked UPI ID (only for RIBs using the UPI Mechanism) to make an application in the Offer;

8. If the first Bidder is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have an account with an SCSB and have mentioned the correct bank account number in the Bid cum Application Form (for all Bidders other than RIBs bidding using the UPI Mechanism);

9. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

10. Ensure that you request for and receive a stamped acknowledgement counterfoil or acknowledgment specifying the application number as a proof of having accepted Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

11. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;

12. RIBs bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

13. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

14. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request, including in case of any revision of Bids, raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

15. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular no. MRD/Dop/Cir-20/2008 dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular no. MRD/DoP/SE/Cir- 8 /2006 dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

16. Ensure that the Demographic Details are updated, true and correct in all respects;

17. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

18. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;

19. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;

20. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

21. Since the Allotment will be in demat form only, ensure that the Bidder’s depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;

22. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the app and the UPI handle being used for making the application is also appearing in Annexure ‘A’ to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019;

23. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in the RIB’s ASBA Account;

24. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;

25. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;

26. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorisation of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorised the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form; and

27. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIBs bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in).

The Bid cum Application Form was liable to be rejected if the above instructions, as applicable, were not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 was liable to be rejected.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders) and ₹ 500,000 for Bids by Eligible Employees Bidding in the Employee Reservation Portion;

3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

7. Do not submit the Bid for an amount more than funds available in your ASBA account;

8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;

9. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

10. If you are a RIB and are using UPI mechanism, do not submit more than one Bid cum Application Form for each UPI ID;

11. Anchor Investors should not Bid through the ASBA process;

12. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;

13. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

14. Do not submit the GIR number instead of the PAN;

15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

16. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

18. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

19. Do not submit a Bid using UPI ID, if you are not a RIB;

20. Do not Bid on another Bid cum Application Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries after you have submitted a Bid to the Designated Intermediary;

21. Do not Bid for Equity Shares more than what is specified by respective Stock Exchange for each category;

22. If you are a QIB, do not submit your Bid after 3 p.m. on the QIB Bid/Offer Closing Date;

23. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

24. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders can revise or withdraw their Bids on or before the Bid/Offer Closing Date;

25. Do not submit Bids to a Designated Intermediary at a location other than Specified Locations. If you are RIB and are using UPI Mechanism, do not submit the ASBA Form directly with SCSBs;

26. If you are an RIB which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID; and

27. Do not Bid if you are an OCB;

28. RIBs Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB and/ or mobile applications which is not mentioned in the list provided on the SEBI website is liable to be rejected;

29. Do not submit the Bid cum Application Forms to any non-SCSB bank; and

30. Do not submit a Bid cum Application Form with third party ASBA Bank Account or UPI ID (in case of Bids submitted by RIB Bidder using the UPI Mechanism).

The Bid cum Application Form was liable to be rejected if the above instructions, as applicable, were not complied with.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to the Company Secretary and Compliance Officer. For details of the Company Secretary and Compliance Officer, see "*General Information*" beginning on page 69.

**Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Designated Stock Exchange, along with the Lead Managers and the Registrar, were required to ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

**Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any Allotment in excess of the Equity Shares offered through the Offer through the Red Herring Prospectus except in case of oversubscription for the purpose of rounding off to make Allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an Allotment of not more than 1% of the Net Offer to public may be made for the purpose of making Allotment in minimum lots.

The allotment of Equity Shares to Bidders other than to the Retail Individual Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders Portion, and the remaining available shares, if any, shall be allotted on a proportionate basis.

**Payment into Escrow Account(s) for Anchor Investors**

Our Company and the Selling Shareholders, in consultation with the Lead Managers, in their absolute discretion, decided the list of Anchor Investors to whom the CAN would be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names were notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) were required to be drawn in favour of:

(a) In case of resident Anchor Investors: "DEVYANI INTERNATIONAL LIMITED - ANCHOR R"

(b) In case of non-resident Anchor Investors: "DEVYANI INTERNATIONAL LIMITED - ANCHOR NR"

Anchor Investors were required to note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders and the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

**Pre-Offer Advertisement**

Our Company had, after filing the Red Herring Prospectus with the RoC, published a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of Financial Express, an English national daily newspaper and all editions of Jansatta, a Hindi national daily newspaper, Hindi also being the regional language of New Delhi, where our Registered Office is located, each with wide circulation.

In the pre-Offer advertisement, we stated the Bid/Offer Opening Date and the Bid/Offer Closing Date. This advertisement was in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

**The above information was given for the benefit of the Bidders. Our Company, the Selling Shareholders and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus, this Prospectus or the Bid/Offer Closing Date. Bidders were advised to make their independent investigations and ensure that the number of Equity Shares Bid for did not exceed the prescribed limits under applicable laws or regulations.**

**Signing of the Underwriting Agreement and the RoC Filing**

(a) Our Company, the Selling Shareholders, the Syndicate, and the Registrar entered into an Underwriting Agreement on August 9, 2021.

(b) After signing the Underwriting Agreement, the Prospectus has been filed with the RoC in accordance with applicable law. The Prospectus contains details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and is complete in all material respects.

**Undertakings by our Company**

Our Company undertakes the following:

1. adequate arrangements shall be made to collect all Bid cum Application Forms;

2. the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

3. all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken in consultation with the Lead Managers within such period as may be prescribed under applicable law;

4. if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law for the delayed period;

5. the funds required for making refunds/unblocking (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

6. where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

7. compliance with all disclosure and accounting norms as may be specified by SEBI from time to time;

8. Promoters' contribution, if any, shall be brought in advance before the Bid/Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees; and

9. no further issuance of Equity Shares shall be undertaken by the Company till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

10. Our Company and the Selling Shareholders, in consultation with the Lead Managers, reserve the right not to proceed with the Offer, and each of the Selling Shareholder reserve the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of its respective portion of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company will issue a public notice in all editions of Financial Express, an English national daily newspaper, and all editions of Jansatta, a Hindi national daily newspaper, Hindi also being the regional language of New Delhi, where our Registered Office is located, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer.

**Undertakings by the Promoter Selling Shareholder**

The Promoter Selling Shareholder undertakes, severally and not jointly, in respect of itself as a selling shareholder and RJ Corp Offered Shares that:

1. the Equity Shares offered by it in the Offer for Sale are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations and shall be in dematerialized form at the time of transfer;

2. it shall not offer, lend, pledge, charge, transfer or otherwise encumber, sell, dispose off any of the RJ Corp Offered Shares being offered pursuant to the Offer until such time that the lock-in (if applicable) remains effective save and except as may be permitted under the SEBI ICDR Regulations;

3. it shall provide such reasonable assistance and cooperation as may be required by our Company and the Lead Managers in redressal of such investor grievances in relation to the RJ Corp Offered Shares and statements specifically made or confirmed by it in relation to itself as a selling shareholder;

4. it shall provide such reasonable support and cooperation as required under applicable law or requested by our Company and/or the Lead Manager in relation to the RJ Corp Offered Shares, (a) for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges, and/ or (b) refund orders (if applicable); and

5. it shall not have recourse to the proceeds of the Offer for Sale which shall be held in escrow in favour of the Promoter Selling Shareholder, until final approval for trading of the Equity Shares from the Stock Exchanges has been received.

**Undertakings by the Investor Selling Shareholder**

The Investor Selling Shareholder undertakes in respect of itself as a selling shareholder and Dunearn Offered Shares that:

1. the Equity Shares offered by it in the Offer for Sale are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations and shall be in dematerialized form at the time of transfer;

2. it shall not offer, lend, pledge, charge, transfer or otherwise encumber, sell, dispose off any of the Dunearn Offered Shares being offered pursuant to the Offer until such time that the lock-in (if applicable) remains effective save and except as may be permitted under the SEBI ICDR Regulations;

3. it shall provide such reasonable assistance and cooperation as may be required by our Company and the Lead Managers in redressal of such investor grievances in relation to the Dunearn Offered Shares and statements specifically made or confirmed by it in relation to itself as a selling shareholder;

4. it shall provide such reasonable support and cooperation as required under applicable law or requested by our Company and/or the Lead Managers in relation to the Dunearn Offered Shares, (a) for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges, and/ or (b) refund orders (if applicable); and

5. it shall not have recourse to the proceeds of the Offer for Sale which shall be held in escrow in favour of the Investor Selling Shareholder, until final approval for trading of the Equity Shares from the Stock Exchanges has been received.

The decisions with respect to the Price Band, the minimum Bid lot, revision of Price Band, Offer Price were taken by our Company and the Selling Shareholders, in consultation with the Lead Managers. The Offer Price has been decided by our Company and the Selling Shareholders, in consultation with the Lead Managers, on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus.

Only the statements and undertakings in relation to the Investor Selling Shareholder and the Dunearn Offered Shares offered in the Offer for Sale which are specifically "confirmed" or "undertaken" by it in this Prospectus, shall be deemed to be "statements and undertakings specifically confirmed or undertaken" by the Investor Selling Shareholder. All other statements and/ or undertakings in this Prospectus shall be statements and undertakings made by or in relation to our Company even if the same relate to the Investor Selling Shareholder.

Further, only the statements and undertakings in relation to the Promoter Selling Shareholder and the RJ Corp Offered Shares offered in the Offer for Sale which are specifically "confirmed" or "undertaken" by it in this Prospectus, shall be deemed to be "statements and undertakings specifically confirmed or undertaken" by the Promoter Selling Shareholder. All other statements and/ or undertakings in this Prospectus shall be statements and undertakings made by or in relation to our Company even if the same relate to the Promoter Selling Shareholder.

**Utilisation of Offer Proceeds**

Our Board certifies and declares that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;

- details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested. Our Company confirms and declares that all monies received out of the Offer shall be transferred to a separate bank account other than the bank account referred to in sub section 3 of Section 40 of the Companies Act, 2013.

**Impersonation**

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who—*

*(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

*(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

*(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

*shall be liable for action under Section 447.*"

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 5 million or with both.

# RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Government has from time to time made policy pronouncements on foreign direct investment ("**FDI**") through press notes and press releases.

The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, *earlier known as* Department of *Industrial Policy and Promotion* ("**DPIIT**") issued the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**") by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020, which with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The FDI Policy will be valid until the DPIIT issues an updated circular. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Further, in accordance with the FDI Policy, the Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government, as prescribed in the FDI Policy and the FEMA NDI Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA NDI Rules. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Bid/Offer Period.

As per the existing policy of the Government, OCBs could not participate in this Offer.

**The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Prospectus as "U.S. QIBs") in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Prospectus as "QIBs".**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

For further details, see "*Offer Procedure*" beginning on page 396.

The above information was given for the benefit of the Bidders. Our Company and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which have occurred after the date of the Red Herring Prospectus and will occur after the date of this Prospectus. Bidders were advised to make their independent investigations and ensure that the number of Equity Shares Bid for did not exceed the applicable limits under laws or regulations.

## SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

*Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. The Articles of Association of the Company comprise three parts, Part A, Part B, and Part C, which parts shall, unless the context otherwise requires, co-exist with each other until the commencement of the listing of equity shares of the Company pursuant to the initial public offering of the equity shares of the Company (the "**Offer**" of the "**Equity Shares**" of the Company). In the event that there is any inconsistency between any provisions in Part B and/or Part C of these Articles with the provisions of any other part of these Articles, then the provisions in Part B and/or Part C of these Articles, shall, subject to applicable law, prevail and be applicable. All the articles of Part B and Part C shall automatically terminate and cease to have any force and effect from the date of listing of Equity Shares of the Company on a recognized stock exchange in India pursuant to the Offer and the provisions of Part A shall continue to be in effect and be in force, without any further corporate or other action, by the Company or by its shareholders.*

*Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below.*

### Part A

**Authorised Share Capital**

Article 5(i) provides that, "The authorized share capital of the Company is as mentioned in Clause V of the Memorandum of Association of the Company."

**Shares at the Disposal of the Directors**

Article 11(a) provides that, "Subject to the provisions of Section 62 and other applicable provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of the Act) and at such time as they may from time to time think fit, and with the approval of the Company in a General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors deem fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold or transferred or for any services rendered by the Company in the conduct of its business and any shares which may so be allotted may be issue as fully paid shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the approval of the Company in the General Meeting."

**Share Certificates**

Article 11(d)(ii) provides that, "Every Shareholder shall be entitled, without payment, to one or more certificates, in marketable lots, for all the Shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery such certificates within 2 (two) months from the date of allotment, or within 15 (fifteen) days of the receipt of instrument of transfer, transmission, sub-division, consolidation or renewal of its Shares as the case may be. Every certificate of shares shall be in the form and manner as specified in Article 13 (d) (i) above and shall specify the number and distinctive number of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe and approve, provided that, in respect of a share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to the first named joint holders shall be sufficient delivery to all such holders. The Board may, at their absolute discretion, refuse any applications for the sub-division of share certificates or debenture certificates, into denominations less than marketable lots except where sub-division is required to be made to comply with any statutory provision or an order of a competent court of law or at a request from a member or to convert holding of odd lot into transferable/marketable lot."

Article 12(d) provides that, "A certificate, issued under the Seal of the Company, specifying the Shares held by any person shall be prima facie evidence of the title of the person to such Shares. Where the Shares are held in depository form, the record of depository shall be the prima facie evidence of the interest of the Beneficial Owner."

Article 12(e) provides that,

(i) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rupees twenty for each certificate) as the Directors shall prescribe. Provided that, no fee shall be charged for issue of a new certificate in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

(ii) Provided that notwithstanding what is stated above, the Directors shall comply with such rules or regulation or requirements of any stock exchange or the Rules made under the Act or the rules made under any other act or rules applicable in this behalf.

Article 12(f) provides that, The provisions of this Article shall mutatis mutandis apply to Debentures and other Securities of the Company.

**Underwriting & Brokerage**

Article 10 provides that,

(i) "The Company may exercise the powers of paying commissions conferred by sub-section (6) of Section 40 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.

(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of Section 40 of the Act.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other."

Article 18 provides that,

"Where, the Capital, is divided (unless otherwise provided by the terms of issue of the Shares of that class) into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48 of the Act, as may be applicable and Law, and whether or not the Company is being wound up, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided the same is affected with consent in writing and by way of a Special Resolution passed at a separate meeting of the holders of the issued Shares of that class. Subject to Section 48 of the Act as may be applicable and Law, all provisions hereafter contained as to General Meetings (including the provisions relating to quorum at such meetings) shall mutatis mutandis apply to every such meeting.

The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking pari passu therewith.

Subject to the provisions of Section 55 of the Act, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the Company before the issue of the Shares may, by Special Resolution, determine."

**Further issue of Shares**

Article 17(d)(1) provides that, "Where at any time, it is proposed to increase the subscribed capital of the Company by allotment of further Shares, whether out of unissued share capital or out of increased share capital, then:

(a) Such Shares shall be offered to persons who, at the date of the offer, are holders of Equity Shares of the Company in proportion, as nearly as circumstances admit, to the Paid up Share Capital on those Shares at that date, by sending a letter of offer subject to the applicable provisions of the Act, Rules and any other applicable laws for the time being force.

(b) Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not being less than fifteen days or such lesser number of days as may be prescribed and not exceeding thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.

(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to them in favour of any other person and the notice as aforesaid shall contain a statement of this right; provided that the Directors may decline, giving reasons for refusal to allot any Shares to any person in whose favour any member may renounce the Shares offered to him.

(d) After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board may dispose of them in such manner which is not disadvantageous to the members and the Company;

(e) to employees under a scheme of employees' stock option, subject to Special Resolution passed by the Company and subject to the Rules and such other conditions, as may be prescribed under Law; or

(f) to any persons, if it is authorised by a Special Resolution, whether or not those persons include the persons referred to in clause (a) or clause (b) above, either for cash or for a consideration other than cash, if the price of such Shares is determined by the valuation report of a registered valuer subject to compliance with the applicable provisions of Chapter III of the Act and any other conditions as may be prescribed."

**Term of issue of Debentures**

Article 21(b) provides that, "Any debentures, debenture-stock, bonds or other Securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawings, allotment of Shares, attending (but not voting) at General Meetings, appointment of Directors and otherwise, debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in General Meeting accorded by a Special Resolution. Debentures, debenture-stock, bonds and other Securities may be made assignable free from any equities between the Company and the person to whom the same may be issued."

**Lien**

Article 15 provides that,

(a) The Company shall have a first and paramount lien upon every share not being a fully paid up share registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for moneys (whether presently payable or not) called, or payable at a fixed time in respect of such share whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that this Article is to have full effect. Such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares subject to Section 205A of the Companies Act, 1956 or Section 124 of the Act as may be applicable. Unless otherwise agreed the registration of a transfer of Shares shall operate as a waiver of the Company's lien if any on Shares. Provided that the Directors may, at any time, declare any Shares wholly or in part to be exempt from the provisions of this Article.

(b) The fully paid-up shares shall be free from all lien and that in case of partly paid shares, the Company's lien shall be restricted to money called or payable at a fixed time in respect of such shares.

(c) As to enforcing lien by sale:

For the purpose of enforcing such lien, the Board may sell the Shares subject thereto in such manner as it think fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell have been served on such member, his executor or administrations or his payment of the moneys called or payable at a fixed time in respect such Shares for thirty days after the date of such notice.

(d) Application of proceeds of sale:

The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed, upon the Shares before the sale) be paid to the person entitled to the share at the date of this sale.

(e) Validity of sales in exercise of lien and after forfeiture:

Upon any sale after forfeiture or of enforcing a lien in purported exercise of the powers herein before given the Board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the register in respect of the Shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money, and after his name has been entered in the register in respect of such share the validity of the sale shall not be impeached by any person, aggrieved by the sale shall be in damages only and against the Company exclusively.

(f) Board may issue new certificate:

Where any share under the power in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered upto the Company by the former holder of such share the Board may issue a new certificate for such share distinguishing in such manner as it may think fit from the certificate not so delivered up.

(g) On Debentures:

(i) The Company shall have a first and paramount lien:

a. on every Debenture (not being a fully paid Debenture), for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that Debenture;

b. on all Debentures (not being fully paid Debentures) standing registered in the name of a single person, for all money presently payable by him or his estate to the Company

Provided that the Board may, at any time, declare any Debentures wholly or in part to be exempt from the provisions of this Article.

(ii) Company's lien, if any, on the Debentures, shall extend to all interest and premium payable in respect of such Debentures.

(iii) Unless otherwise agreed, the registration of a transfer of Debentures shall operate as a waiver of the Company's lien, if any, on such Debentures. The fully paid up Debentures shall be free from all lien and that in case of partly paid Debentures, the Company's lien shall be restricted to money called or payable at a fixed price in respect of such Debentures.

(iv) For the purpose of enforcing such lien, the Board may sell the Debentures, subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Debentures and may authorize the debenture trustee acting as trustee for the holders of Debentures or one of the holder of Debentures to execute and register the transfer thereof on behalf of and in the name of any purchaser. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Debentures be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Provided that no sale shall be made:

(i) unless a sum in respect of which the lien exists is presently payable; or

(ii) until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Debenture or the person entitled thereto by reason of his death or insolvency.

(iii) The net proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the Debentures before the sale) be paid to the person entitled to the Debentures at the date of the sale.

(iv) No holder of Debentures shall exercise any voting right in respect of any Debentures registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

**Calls on Shares**

Article 13(a) provides that, "Subject to the provisions of Section 49 of the Act, the Board may, from time to time, subject to the terms on which any Shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board, (and not by circular resolution), make such call as it thinks fit upon the members / security holder in respect of any monies unpaid on the Securities held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and members and at the times and places appointed by the Board. A call may be made payable by instalments."

Article 13(b) provides that, "The joint holder of a share shall be jointly and severally liable to pay all instalments and calls due in respect thereof."

Article 13(d) provides that, "Restriction on power to make calls and notice:

No call shall exceed one-fourth of the nominal amount of share, or be made payable within one month after the last preceding call was payable.

(i) If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holder for the time being in respect of the share for which the call shall have been made or the installment shall be due, shall pay interest for the same at the rate of 12 percent interest per annum, from the day appointed for the payment thereof to the time of the actual payment or at such lower rate (if any) as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest either wholly or in part."

Article 13(e) provides that, "Amount payable at fixed times or payable by instalments as calls:

If by the terms of any share or otherwise any amount is made payable upon allotment or at any fixed time, or by investments at fixed time or whether on account of the amount of the share or by way of premium, every such amount or installment, shall be payable as if it were a call duly made by the Board end of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to amount or installment accordingly."

Article 13(g) provides that, "Payment of call in advance:

The Board may, if it thinks fit (subject to the provisions of the Act) agree to and receive from any member willing to advance the same, the whole or any part of the money due upon the Shares held by him beyond the sums actually called up, and upon the amount so paid or satisfied in advance or so much thereof as from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the Shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon, provided that the money paid in advance of calls shall not confer a right to dividend or to participate in profits. The Directors may at any time repay the amount so advanced.

However, no member shall be entitled to voting rights in respect of the money (ies) so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to any calls on debentures."

Article 13(h) provides that, "A call may be revoked or postponed at the discretion of the Board. The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company."

**Transfer of Shares**

Article 16(b) provides that, "In accordance with Section 56 of the Act, the Rules and such other conditions as may be prescribed under Law, every instrument of transfer of Shares held in physical form shall be in writing and all provisions of the Act and of any statutory modification thereof for the time being shall be duly complied within respect of all transfer of Shares and the registration thereof. In case of transfer of Shares where the Company has not issued any certificates and where the Shares are held in dematerialized form, the provisions of the Depositories Act shall apply.

(i) An application for the registration of a transfer of the Shares in the Company may be made either by the transferor or the transferee within the time frame prescribed under the Act

(ii) Where the application is made by the transferor and relates to partly paid Shares the transfer shall not be registered unless the Company gives notice of the application to the transferee in a prescribed manner and the transferee communicates no objection to the transfer within 2 (two) weeks from the receipt of the notice.

Article 16(b) provides that "Every such instrument of transfer shall be executed by both, the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the register of members in respect thereof."

Article 16(q) provides that "There shall be a common form of transfer in accordance with the Act and Rules."

**Directors may refuse to register transfer**

Article 16(e) provides that, "Subject to the provisions of Sections 58 and 59 of the Act, these Articles and other applicable provisions of the Act or any other Law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise, to register the transfer of, or the transmission by operation of law of the right to, any Securities or interest of a member in the Company and shall promptly communicate the same to the transferee and transferor or to the person giving notice of such transmission, as the case may be, giving reasons for such refusal."

Provided that, registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares."

Article 16(f) provides that, "Subject to the applicable provisions of the Act and these Articles, the Directors shall have the absolute and uncontrolled discretion, by giving reasons, to refuse to register a person entitled by transmission to any Shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration, and shall not be bound to give any reason for such refusal and in particular may also decline in respect of Shares upon which the Company has a lien."

Article 16(g) provides that, "Subject to the provisions of these Articles, any transfer of Shares in whatever lot should not be refused, though there would be no objection to the Company refusing to split a share certificate into several scripts of any small denominations or, to consider a proposal for transfer of Shares comprised in a share certificate to several members, involving such splitting, if on the face of it such splitting/transfer appears to be unreasonable or without a genuine need."

Article 16(o) provides that, "No fee shall be payable to the Company, in respect of the registration of transfer or transmission of Shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents, sub division and/or consolidation of Shares and debentures and sub-divisions of letters of allotment, renounceable letters of right and split, consolidation, renewal and genuine transfer receipts into denomination corresponding to the market unit of trading."

**Transmission of Shares**

Article 16(h) provides that, "In case of the death of any one or more members named in the register of members as the joint-holders of any Shares, the survivors shall be the only member or members recognized by the Company as having any title to or interest in such Shares, but nothing therein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him jointly with any other person."

Article 16(i) provides that, "The executors or administrators or holder of the succession certificate or the legal representatives of a deceased member, (not being one of two or more joint-holders), shall be the only members recognized by the Company as having any title to the Shares registered in the name of such member, and the Company shall not be bound to recognize such executors or administrators or holders of succession certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained probate or letters of administration or succession certificate, as the case may be, from a duly constituted court in India, provided that the Board may in its absolute discretion dispense with production of probate or letters of administration or succession certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and may under Article 18(a) of these Articles register the name of any person who claims to be absolutely entitled to the Shares standing in the name of a deceased member, as a member."

Article 16(k) provides that, "Subject to the provisions of Articles, any person becoming entitled to Shares in consequence of the death, lunacy, bankruptcy of any member or members, or by any lawful means other than by a transfer in accordance with these Articles, may, upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board thinks sufficient, either be registered himself as the holder of the Shares or elect to have some person nominated by him and approved by the Board, registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the Shares."

Article 16(l) provides that, "A person becoming entitled to a share by reason of the death or insolvency of a member shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the Shares, except that he shall not, before being registered as a member in respect of the Shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Directors shall, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Shares, and if such notice is not complied with within 90 (ninety) days, the Directors may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the Shares until the requirements of the notice have been complied with."

**Forfeiture of Shares**

Article 14(a)(i) provides that, "If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same, the Board may, at any time & thereafter during such time as the call or installment remains unpaid serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been accrued / and all expenses that may have been incurred by the Company for the reason of such nonpayment."

Article 14(b) provides that, "When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and any entry of the forfeiture, with the date thereof, shall forthwith be made in the register but no forfeiture shall be in any manner invalidated by any omission or neglect to give notice or to make such entry as aforesaid."

Article 14(c) provides that, "Any share so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit and the certificate or certificates originally issued in respect of the relevant Shares shall, (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member), stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the said Shares to any person or persons entitled thereto."

Article 14(e) provides that, "A person whose share has been forfeited shall cease to be a member in respect of the share forfeited but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of such Shares. The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the Shares."

Article 14(g) provides that, "The provisions of this Article shall apply in the case of non- payment of any sum which by the terms of issue of a share, becomes payable at a fixed time whether on account of the nominal value of a share or by way of premium as if the same had been payable by virtue of a call duly made and notified."

**Alteration of Capital**

Article 17(a) provides that, "Subject to these Articles and Section 61 of the Act, the Company may, by Ordinary Resolution in General Meeting from time to time, alter the conditions of its Memorandum as follows, that is to say:

(i) it may increase its Share Capital by such amount as it thinks expedient.

(ii) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares:

Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner;

(iii) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(iv) sub-divide its Shares, or any of them, into Shares of smaller amount than is fixed by the memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;

(v) cancel Shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the Shares so cancelled. Such cancellation of Shares shall not be deemed to be a reduction of share capital.

**Buy-Back of Shares**

Article 17(e) provides that, "Notwithstanding anything contained in these Articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own Shares or other specified Securities."

**Borrowing Powers**

Article 21(a) provides that, "Subject to the provisions of Sections 73, 179 and 180, and other applicable provisions of the Act and these Articles, the Board may, from time to time, at its discretion by resolution passed at the meeting of a Board, raise or borrow either from the Directors or from elsewhere any sum or sums on such terms and conditions as it may think best in the interest of the Company or may secure the payment thereof in such manner as it thinks fit, and in particular by the issue of bonds, perpetual or redeemable debentures or debenture-stock, or any mortgage, or other tangible security of the undertaking of the whole or any part of the Company (both present and future) but shall not create a charge on its capital for the time being without the sanction of the Company in the General Meeting. Provided that the Board shall not, without the sanction of the Company in General Meeting borrow any sum of money which together with money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose."

**General Meetings**

Article 22(a) provides that, "In accordance with the provisions of the Act, the Company shall in each year hold a General Meeting specified as its Annual General Meeting and shall specify the meeting as such in the notices convening such meetings, within such time as specified in the Act, unless extended by the Registrar. All General Meetings other than Annual General Meetings shall be Extraordinary General Meetings."

Article 22(a) provides that, "Venue, day and time for holding General Meeting:

(i) Every Annual General Meeting / Extra Ordinary General Meeting shall be called during such hours, on such day, at such place and in such manner as may be prescribed under the Act.

(ii) Every member of the Company shall be entitled to attend the General Meeting either in person or by proxy and the auditor of the Company shall have the right to attend and to be heard at a General Meeting in which any business is conducted which concerns him as auditor. The Directors are also entitled to attend the General Meeting.

(iii) In case an Extraordinary General Meeting is called on requisition, upon the receipt of such valid requisition, the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within 21 (twenty-one) days from the date of the requisition being deposited at the Office to cause a meeting to be called on a day not later than 45 (forty-five) days from the date of deposit of the requisition, the requisitionists or such of their number as represent not less than one-tenth of such of the Paid-up Share Capital of the Company as is referred to in Section 100 of the Act, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

(iv) An Extraordinary General Meeting called by the requisitionists, shall be called in the same manner, as nearly as possible, as that in which a meeting is to be called by the Board.

(v) The accidental omission to give any such notice as aforesaid to any of the members, or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.

(vi) No General Meeting, Annual or Extraordinary, shall be competent to enter into, discuss or transact any business which has not been mentioned in the notice or notices by which it was convened.

(vii) The General Meeting called under this article shall be subject to and will be held in accordance with the provisions contained under the Act.

**Proceedings at General Meetings**

Article 23(b) provides that, "No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business. The quorum for the members' Meeting shall be in accordance with Section 103 of the Act."

Article 23(e) provides that, "The chairman of the Board shall be entitled to take the chair at every General Meeting. If there is no such chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, the members present shall choose another Director as chairman, and if no Director be present or if all the Directors present decline to take the chair, then the members present shall, on a show of hands or on a poll if properly demanded, elect one of their number being a member entitled to vote, to be the chairman."

**Adjournment of Meeting**

Article 23(f) provides that, "The chairman may, with the consent given in the meeting at which a quorum is present (and if so directed by the meeting) adjourn the General Meeting from time to time and from place to place within the city, town or village in which the Office of the Company is situated but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned, it shall be convened and held as per the provisions of the Act."

**Voting Rights**

Article 23(k), inter alia, provides that, "Save as hereinafter provided, on a show of hands every member present in person and being a holder of an Equity Share shall have one vote and every member present either as a General proxy on behalf of a holder of Equity Shares if he is not entitled to vote in his own right or as a duly authorized representative of a body corporate, being a holder of Equity Shares, shall have one vote.

(i) Save as hereinafter provided on a poll the voting rights of a holder of Equity Shares shall be as specified in Section 47 of the Act.

Article 23(o) provides that, "The Company may also provide e-voting facility to the members of the Company in terms of the provisions of the Act or any other Law, if applicable to the Company."

Article 23(j) provides, "Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under Act, as amended from time."

Article 23(q) provides that, "Votes in respect of deceased, Insane and Insolvent members:

Any person entitled under the Transmission Article to transfer any Shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such Shares, provided that forty eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Board of his right to transfer such Shares, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof, if any member be a lunatic, idiot, or non-composisment, he may vote whether on a show of hands or at a poll by his Committee, curator bonis or other legal curator and such last mentioned persons may give their votes by proxy."

Article 23(r) provides that, "Joint Holders:

Where there are joint registered holders of any share anyone of such persons may vote at any meeting either personally or by proxy in respect of such Shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall, for the purposes of this Article be deemed joint-holders thereof."

Article 23(t) provides that, "Restriction on voting:

No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien, but the Board of Directors may by a resolution passed at the meeting of the Board waive the operation of this Article."

Article 23(u) provides that, "Admission or rejection of votes:

Any objection as to the admission or rejection of a vote either, on a show of hands or, on a poll made in due time, shall be referred to the chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive.

No objection shall be raised to the qualification of any vote except at the meeting or adjourned meeting at which the vote objected to is given or rendered and every vote not disallowed at such meeting shall be valid for all purposes."

**Proxy**

Article 23(s)(i) provides that, "The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorized in writing and in such form as may be prescribed under the Act or as near thereto as possible or in any other form which the Board may accept or if such appointer is a body corporate be under its Seal or the hand of its Office or attorney duly authorized. A proxy who is appointed for a specified meeting shall be called a special proxy. Any other proxy shall be called a general proxy."

Article 23(s)(ii) provides that, "The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and in default the instrument of proxy shall not be treated as valid."

Article 23(s)(iii) provides that, "A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company at the Office before the vote is given. Provided nevertheless that the chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked."

**Board of Directors**

Article 24(i) provides that, "Subject to the applicable provisions of the Act, the minimum and maximum number of Directors of the Company shall be as per the provisions of the Act and / or any other applicable laws for the time being in force. The Board shall have an optimum combination of executive, non-executive, women, resident and Independent Directors, as may be prescribed by the Act or any other applicable Law for the time being in force."

Article 24(vii) provides that, "Whenever the Board enters into a contract with any lenders for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or enter into any other arrangement (including execution of Trust Deed for Debentures), the Board shall have, subject to the provisions of Section 152 of the Act the power to agree that such lenders shall have the right to appoint or nominate one or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement/ facility agreement. The nominee director representing lenders shall not be required to hold qualification shares. The Directors may also agree that any such Director, or Directors may be removed from time to time by the lenders / debenture trustee entitled to appoint or nominate them and such lenders / debenture trustee may appoint another or other or others in his or their place and also fill in any vacancy which may occur as a result of any such Director, or Directors ceasing to hold that office for any reason whatsoever. The nominee director shall hold office only so long as any monies remain owed by the Company to such lenders.

The nominee director shall be entitled to receive all notices, agenda, etc. and to attend all General Meetings and Board meetings and meetings of any committee(s) of the Board of which he is a member and to receive all notices, agenda and minutes, etc. of the said meeting. The rights of the nominee director shall be governed by the agreement executed by and between the Company and the lender."

Article 24(ix) provides that,

(a) Subject to the applicable provisions of the Act, the Rules, Law, a managing director or managing directors, and any other Director/s who is/are in the whole time employment of the Company may be paid remuneration either by a way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, subject to the limits prescribed under the Act.

(b) Subject to the applicable provisions of the Act, a Director (other than a managing director or an executive director) may receive a sitting fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board or any Committee thereof attended by him.

(c) The fee payable to each Director for every meeting of the Board or Committee of the Board attended by them shall be such sum as may be determined by the Board from time to time within the maximum limits prescribed from time to time by the Central Government.

(d) All fees/compensation except the sitting fee to be paid to non-executive Directors including Independent Directors shall be as fixed by the Board and shall require the prior approval of the members in a General meeting. Such approval shall also specify the limits for the maximum number of stock options that can be granted to a non-executive Director, in any financial year, and in aggregate. Notwithstanding anything contained in this article, the Independent Directors shall not be eligible to receive any stock options.

Article 47 provides that, "Apart from the statutory registers, which the Company is mandatorily required to keep under the Act, the Company may also keep in any country outside India, a part of the said statutory registers pertaining to the security holders, called "foreign register" in such manner as may be prescribed under the Act, containing names and particulars of the members, debenture holders or holders of other Securities or beneficial owners thereof residing outside India."

Article 24(iii) provides that, "All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board and/or its committee shall from time to time by resolution determine."

Article 24(iv) provides that, "Every Director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose."

Article 24(v) provides that, "Subject to the applicable provisions of the Act and these Articles, the Board shall have the power at any time and from time to time to appoint any qualified person to be a Director either as an addition to the Board or to fill a casual vacancy but so that the total number of Directors shall not at any time exceed the maximum number fixed under the Act or these Articles. Any person so appointed as an addition shall hold office only up to the earlier of the date of the next Annual General Meeting or at the last date on which the Annual General Meeting should have been held but shall be eligible for appointment by the Company as a Director at that meeting subject to the applicable provisions of the Act."

**Proceedings of the Board**

Article 29(i) provides that, "Meetings of Directors:

(a) Board Meetings shall be held in accordance with the provisions of the Act.

(b) The participation of Directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognising the participation of the Directors and of recording and storing the proceedings of such meetings along with date and time. However, such matters as provided under the Act shall not be dealt with in a meeting through video conferencing or other audio visual means. Any meeting of the Board held through video conferencing or other audio visual means shall only be held in accordance with the provisions of the Act.

(c) The Company Secretary or any Director or any other person authorized by the Board for this purpose shall, as and when directed by the chairman/ managing director/ whole-time director convene a meeting of the Board at such place as may be determined by the chairman / managing director/ whole-time director by giving a notice in writing to every Director in accordance with the provisions of the Act.

(d) At any Board Meeting, each Director may exercise 1 (one) vote. Unless otherwise required under the Act, the adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted Board Meeting. In the case of an equality of votes, the chairman shall have a second or casting vote."

Article 24 (xii) provides that, "The continuing Directors may act notwithstanding any vacancy in their body, but if, and so long as their number is reduced below the minimum number specified under the Act or these Articles, the continuing Directors may act for the purpose of increasing the number of Directors to that number, or for summoning a General Meeting, but for no other purpose."

Article 29 (ii) provides that, "The Board may elect a chairman of its meeting and determine the period for which he is to hold office. If no such chairman is elected, or at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting the Directors present may choose one among themselves to be the chairman of the meeting."

Article 29 (iv)(a) provides that, "The Company shall constitute such Committees as may be required under the Act and other applicable provisions of Law. Without prejudice to the powers conferred by the other Articles and so as not to in any way to limit or restrict those powers, the Board may, subject to the provisions of Section 179 of the Act, delegate any of its powers to the managing director(s), the executive / whole-time director(s) or manager or the chief executive officer of the Company. The aforesaid persons shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on them by the Board and all acts done by them in exercise of the powers so delegated and in conformity with such regulations shall have the like force and effect as if done by the Board."

Article 29 (iv)(b) provides that, "Subject to the applicable provisions of the Act, the requirements of Law and these Articles, the Board may delegate any of its powers to Committees of the Board consisting of such member or members of the Board as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purposes. Every Committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board."

Article 29(v) provides that "All acts undertaken at any meeting of the Board or of a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director. Provided that nothing in this Article shall be deemed to give validity to the acts undertaken by a Director after his appointment has been shown to the Company to be invalid or to have been terminated."

**Dividends and Reserve**

Article 42(b) provides that, "Subject to the provisions of the Act the Company in General Meeting may declare Dividends, to be paid to members according to their respective rights and interests in the profits. No Dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may, declare a smaller Dividend, and may fix the time for payments as per the applicable provisions of the Act.

(i) No Dividend shall be declared or paid except in accordance with the provisions of the Act.

(ii) The declaration of the Board as to the amount of the net profits shall be conclusive."

Article 42(c) provides that, "Subject to the provisions of Section 123 of the Act, the Board may, from time to time, pay to the members such interim Dividend as in their judgment the position of the Company justifies."

Article 37 provides that, "The Board may from time to time before recommending any Dividend set apart any such portion of the profit of the Company as it thinks fit as reserves to meet contingencies or for the liquidations of the debentures, debts or other liabilities of the Company, for equalization of dividends for repairing, improving or maintaining any of the property of the Company and such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interest of the Company and may subject to the provisions of Section 186 of the Act, invest the several sums so set aside up to such investments (other than Shares of the Company) as it may think fit, and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company, and may divide the Reserve into such special funds as the Board thinks fit, with full power to employ the Reserve or any part thereof in the business of the Company and that without being bound to keep the same separate from other assets. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve."

Article 42(d) provides that, "Where Capital is paid in advance of calls upon the footing that the same shall carry interest, such Capital shall not whilst carrying interest, confer a right to participate in profits or Dividend.

(i) Subject to the rights of persons, if any, entitled to Shares with special rights as to Dividend, all Dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof Dividend is paid but if and so long as nothing is Paid upon any Shares in the Company, Dividends may be declared and paid according to the amount of the Shares.

(ii) No amount paid or credited as paid on Shares in advance of calls shall be treated for the purpose of this regulation as paid on Shares.

(iii) All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the Dividend is paid, but if any Shares are issued on terms providing that it shall rank for Dividend as from a particular date such Shares shall rank for Dividend accordingly."

Article 42(g) provides that, "Subject to the applicable provisions of the Act, no member shall be entitled to receive payment of any interest or Dividends in respect of his Share(s), whilst any money may be due or owing from him to the Company in respect of such Share(s); either alone or jointly with any other person or persons; and the Board may deduct from the interest or Dividend payable to any such member all sums of money so due from him to the Company on account of calls or otherwise in relation to the Shares of the Company."

Article 42(i) provides that, "Unless otherwise directed any Dividend may be paid by cheque or warrant or by a pay slip or receipt (having the force of a cheque or warrant) and sent by post or courier or by any other legally permissible means to the registered address of the member or person entitled or in case of joint-holders to that one of them first named in the register of members in respect of the joint-holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and in case of joint-holders to that one of them first named in the register of members in respect of the joint-holding. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any Dividend lost to a member or person entitled thereto, by a forged endorsement of any cheque or warrant or a forged signature on any pay slip or receipt of a fraudulent recovery of Dividend. If 2 (two) or more persons are registered as joint-holders of any Share(s) any one of them can give effectual receipts for any money(ies) payable in respect thereof. Several executors or administrators of a deceased member in whose sole name any Share stands shall for the purposes of this Article be deemed to be joint holders thereof."

Article 43(a) provides that, "If the Company has declared a Dividend but which has not been paid or claimed or the Dividend warrant in respect thereof has not been posted or sent within the stipulated time period as may be prescribed under the Act, the Company shall, transfer the total amount of Dividend, which remained unpaid or unclaimed to a special account to be opened by the Company in that behalf in any scheduled bank, to be called the "Unpaid Dividend Account" as per the applicable provisions of the Act."

Article 43(b) provides that, "Any money so transferred to the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for such period as may be prescribed under the Act, shall be transferred by the Company to the fund known as "Investors Education and Protection Fund" or such other Fund as may be required under the Act."

Article 43(c) provides that, "No unpaid or unclaimed Dividend shall be forfeited by the Board before the claim becomes barred by Law."

Article 42(j) provides that, "No dividend shall bear interest against the Company."

**Accounts**

Article 44 provides that, "The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being directors. The Board shall cause proper books of account to be prepared, kept and maintained in such manner and at such place as may be required under provisions of the Act. No member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in General Meeting."

**Winding up**

Article 48 provides that,

(i) "If the Company shall be wound up, the Liquidator may, with the sanction of a special Resolution of the Company and any other sanction required by the Act divide amongst the members, in specie or kind the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any Shares or other Securities whereon there is any liability."

**Indemnity**

Article 49 provides that, "Subject to the provisions of Section 197 of the Act, every Director, manager and other officer or employee of the Company shall be indemnified by the Company against any liability incurred by him and it shall be the duty of the Directors to pay out the funds of the Company all costs, losses and expenses which any Director, manager, officer or employee may incur or become liable to by reason of any contract entered into by him on behalf of the Company or in any way in the discharge of his duties and in particular, and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, manager, officer or employee in defending any proceedings whether civil or criminal in which judgment is given in his favour or he is acquitted or in connection with any application under section 463 of the Act in which relief is granted by the court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the members over all the claims."

**General Power**

Article 51 provides that, "Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.

At any point of time from the date of adoption of these Articles, if the Articles are or become contrary to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"), the provisions of the Listing Regulations shall prevail over the Articles to such extent and the Company shall discharge all of its obligations as prescribed under the Listing Regulations, from time to time."

**<u>Part B</u>**

Part B of the Articles of Association provides for, amongst other things, the rights of certain shareholders pursuant to the Dunearn SHA. For more details on Dunearn SHA, see "*History and Certain Corporate Matters – Summary of Key Agreements*" on page 170.

**<u>Part C</u>**

Part C of the Articles of Association provides for, amongst other things, the rights of certain shareholders pursuant to the Yum India SHA. For more details on Yum India SHA, see "*History and Certain Corporate Matters – Summary of Key Agreements*" on page 170.

## SECTION IX: OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Red Herring Prospectus) which were material and were attached to the copy of the Red Herring Prospectus have been delivered to the RoC for filing. Copies of the contracts and also the documents for inspection referred to hereunder, were available for inspection at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from date of the Red Herring Prospectus until the Bid/Offer Closing Date.

**A. Material Contracts for the Offer**

1. Offer Agreement dated May 14, 2021 among our Company, the Selling Shareholders, and the Lead Managers.

2. Registrar Agreement dated May 14, 2021 among our Company, the Selling Shareholders, and the Registrar to the Offer.

3. Cash Escrow and Sponsor Bank Agreement dated July 26, 2021 among our Company, the Selling Shareholders, the Registrar to the Offer, the Lead Managers, the Syndicate Members, and the Bankers to the Offer.

4. Share Escrow Agreement dated July 23, 2021 among our Company, the Selling Shareholders, and the Share Escrow Agent.

5. Syndicate Agreement dated July 24, 2021 among our Company, the Selling Shareholders, the Lead Managers, the Syndicate Members, and the Registrar to the Offer.

6. Underwriting Agreement dated August 9, 2021 among our Company, the Selling Shareholders, the Underwriters and the Registrar.

7. Monitoring Agency Agreement dated July 23, 2021 between our Company and the Monitoring Agency.

B. **Material Documents**

1. Certified copies of the Memorandum and Articles of Association of our Company, as amended from time to time.

2. Certificate of incorporation dated December 13, 1991 issued to our Company, under the name “Universal Ice Creams Private Limited” by the RoC.

3. Fresh certificate of incorporation dated June 7, 2000 issued by the RoC, consequent upon change from Universal Ice Creams Private Limited to Devyani International Private Limited.

4. Fresh certificate of incorporation dated May 9, 2005 issued by the RoC, consequent upon change from Devyani International Private Limited to Devyani International Limited, pursuant to conversion to a public limited company.

5. Resolution of the Board of Directors dated February 17, 2021 read with resolutions dated May 13, 2021 and July 20, 2021, authorising the Offer and other related matters.

6. Shareholders’ resolution dated March 17, 2021, in relation to the Fresh Issue and other related matters.

7. Resolution of the Board of Directors dated May 13, 2021, approving the Draft Red Herring Prospectus.

8. Resolution of the Board of Directors dated July 26, 2021, approving the Red Herring Prospectus.

9. Addendum to the Red Herring Prospectus dated August 1, 2021.

10. Resolution of the Board of Directors dated August 9, 2021 approving this Prospectus.

11. Resolution of the board of directors of Dunearn dated April 20, 2021, consenting to participate in the Offer for Sale.

12. Resolutions of the board of directors of RJ Corp dated April 20, 2021 and July 20, 2021, consenting to participate in the Offer for Sale.

13. Consent letter dated May 13, 2021 provided by Dunearn, consenting to participate in the Offer for Sale.

14. Consent letter dated May 13, 2021 read with consent letter dated July 20, 2021 provided by RJ Corp, consenting to participate in the Offer for Sale.

15. Share Subscription Agreement dated September 30, 2014 entered into by and among our Company, Dunearn, RJ Corp, Ravi Kant Jaipuria, Varun Jaipuria, Devyani Enterprises Private Limited and Devyani Overseas Private Limited.

16. Shareholders' Agreement dated September 30, 2014 entered into by and among our Company, Dunearn, RJ Corp, Ravi Kant Jaipuria, Varun Jaipuria, Devyani Enterprises Private Limited and Devyani Overseas Private Limited read with amendment agreement dated December 19, 2014 entered into by and among our Company, Dunearn, RJ Corp, Ravi Kant Jaipuria, Varun Jaipuria, Devyani Enterprises Private Limited and Devyani Overseas Private Limited.

17. Share Subscription Agreement dated December 19, 2014 entered into by and among our Company, Dunearn, RJ Corp, Ravi Kant Jaipuria, Varun Jaipuria, Devyani Enterprises Private Limited and Devyani Overseas Private Limited.

18. Share Subscription Agreement dated December 11, 2019 entered into by and among our Company, Yum India, RJ Corp, Ravi Kant Jaipuria and Sons (HUF) and Varun Jaipuria.

19. Shareholders' Agreement dated December 11, 2019 entered into by and among our Company, Yum India, RJ Corp, Ravi Kant Jaipuria and Sons (HUF), Varun Jaipuria, and Dunearn.

20. Amendment-cum-termination Agreement dated May 14, 2021 to the Dunearn SHA among our Company, Dunearn, RJ Corp, Ravi Kant Jaipuria, Varun Jaipuria.

21. Amendment-cum-termination Agreement dated May 14, 2021 to the Yum India SHA, entered into by and among our Company, Yum India, RJ Corp, Ravi Kant Jaipuria, Varun Jaipuria, and Dunearn.

22. Licensee Shareholders' Agreement dated February 23, 2017 entered into by and among Ravi Kant Jaipuria and Sons (HUF), Devyani Enterprises Private Limited, Devyani Overseas Private Limited, RJ Corp and Yum India.

23. Licensee Shareholders' Agreement dated April 19, 2017 entered into by and among Ravi Kant Jaipuria and Sons (HUF), Devyani Enterprises Private Limited, Devyani Overseas Private Limited, RJ Corp and Yum India.

24. LSA Amendment Agreement dated May 14, 2021 entered into by and among our Company, RJ Corp, Ravi Kant Jaipuria, Khandwala Finstock Private Limited, Capital India Corp LLP, Manju Dawar, Raghav Gupta, and Yum India.

25. Technology License Agreement dated April 22, 2021 entered into by the Company and Yum India and Trademark License Agreement dated April 22, 2021 entered into by the Company and Pizza Hut International, LLC for opening of a Pizza Hut outlet in Dehradun.

26. Technology License Agreement dated April 22, 2021 entered into by the Company and Yum India and Trademark License Agreement dated April 22, 2021 entered into by the Company and Kentucky Fried Chicken International Holdings, LLC for opening of a KFC outlet in Rajahmundry.

27. Amendment Agreement to TLA and TMA dated May 14, 2021, entered into between our Company and Yum India.

28. International Development agreement dated September 28, 2004 entered into between our Company and Costa International Limited read with a deed of variation dated January 28, 2010 and certain letters including the supplemental letter dated June 24, 2013, and February 14, 2018.

29. Copies of annual reports of our Company for Fiscals, 2021, 2020 and 2019.

30. The examination report dated July 20, 2021 of the Joint Statutory Auditors on our Restated Consolidated Financial Statements.

31. The examination report dated July 20, 2021 of the Joint Statutory Auditors on our Pro-forma Financial Information.

32. The report dated July 21, 2021 on the statement of special direct tax benefits from the Joint Statutory Auditors.

33. The report dated July 21, 2021 on the statement of special indirect tax benefits from the Joint Statutory Auditors.

34. Consent letters of the Directors, the Lead Managers, the Syndicate Members, Legal Counsel to our Company as to Indian Law, Legal Counsel to the Lead Managers as to Indian Law, Legal Counsel to the Lead Managers as to International Law, each of the Selling Shareholders, Registrar to the Offer, bankers to the Company, Escrow Collection Bank(s), Public Offer Bank(s), Refund Bank(s), Sponsor Bank, Company Secretary and Compliance Officer, to act in their respective capacities.

35. Consent letter dated July 26, 2021 from APAS & Co. LLP, Chartered Accountants and Walker Chandiok & Co LLP, Chartered Accountants, our Joint Statutory Auditors, to include their name as required under section 26 (1) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this Prospectus and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Joint Statutory Auditors, and in respect of their (i) examination report dated July 20, 2021 on our Restated Consolidated Financial Statements; (ii) examination report dated July 20, 2021 on our Pro-forma Financial Information and (ii) their reports each dated July 21, 2021 on the statement of special direct tax benefits and statement of special indirect tax benefits, respectively; included in the Red Herring Prospectus and this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

36. Board resolution dated October 23, 2019 and Shareholders' resolution dated March 11, 2019 for approving the terms of appointment of our Whole-time Director (President & CEO), Virag Joshi, with effect from January 1, 2020.

37. Board resolution dated February 17, 2021 and Shareholders' resolution dated March 17, 2021 for approving the terms of appointment of our Whole-time Director and Chief Financial Officer, Manish Dawar, with effect from February 17, 2021.

38. Report titled '*India – The Future of Foodservice to 2025*' dated March 2021 issued by GlobalData.

39. Consent letter from GlobalData dated April 29, 2021 to rely on and reproduce part or whole of the GlobalData Report and include their name in this Prospectus.

40. Devyani International Limited – Employee Stock Option Scheme 2011.

41. Devyani International Limited – Employee Stock Option Scheme 2018.

42. Devyani International Limited – Employee Stock Option Scheme 2021.

43. Due diligence certificate dated May 14, 2021, addressed to SEBI from the Lead Managers.

44. In-principle listing approvals dated May 28, 2021 and June 18, 2021, issued by BSE and NSE, respectively.

45. Tripartite agreement dated May 01, 2021 among our Company, NSDL and the Registrar to the Offer.

46. Tripartite agreement dated April 30, 2021 among our Company, CDSL and the Registrar to the Offer.

47. SEBI interim clarifications letter bearing no. SEBI/HO/CFD/DIL1/YJ/AKS/OW/P/2021/11727/1 dated June 7, 2021.

48. SEBI final observations letter bearing no. SEBI/HO/CFD/DIL-1/P/OW/2021/0000015607/1 dated July 16, 2021.

49. SEBI letter no. SEBI/HO/CFD/DIL-1/P/OW/2021/0000015608/1 dated July 16, 2021 granting exemption from disclosing (a) Mr. Chandra Kant Jaipuria and Mr. Surya Kant Jaipuria and entities/bodies corporate/firms/HUFs in which they have an interest, as members of the promoter group of our Company, and (b) High Street Food Services Private Limited and Alisha Retail Private Limited as our Group Company and the relevant disclosures in relation thereto.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without notice to the shareholders, subject to compliance of the provisions contained in the Companies Act, 2013 and other relevant laws.

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or the rules framed or guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements in this Prospectus are true and correct.

**SIGNED BY ALL THE DIRECTORS OF OUR COMPANY**

| | |
|---|---|
| **Ravi Kant Jaipuria**<br>*Non-executive Director and Chairman* | |
| **Varun Jaipuria**<br>*Non-executive Director* | |
| **Raj Pal Gandhi**<br>*Non-executive Director* | |
| **Virag Joshi**<br>*Whole-time Director (President & CEO)* | |
| **Manish Dawar**<br>*Whole-time Director and Chief Financial Officer* | |
| **Ravi Gupta**<br>*Independent Director* | |
| **Rashmi Dhariwal**<br>*Independent Director* | |
| **Naresh Trehan**<br>*Independent Director* | |
| **Girish Kumar Ahuja**<br>*Independent Director* | |
| **Pradeep Khushalchand Sardana**<br>*Independent Director* | |

**SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY**

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**Manish Dawar**
(*Whole-time Director and Chief Financial Officer*)

**Date:** August 9, 2021

## DECLARATION

We, Dunearn Investments (Mauritius) Pte. Ltd., hereby confirm that all statements, disclosures and undertakings specifically made by us in this Prospectus in relation to ourselves, as an Investor Selling Shareholder and the Dunearn Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Prospectus.

**FOR AND ON BEHALF OF DUNEARN INVESTMENTS (MAURITIUS) PTE. LTD.**

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**Name:** Ashraf Ramtoola

**Designation:** Director

**Date:** August 9, 2021

## DECLARATION

We, RJ Corp Limited, hereby confirm that all statements, disclosures and undertakings specifically made by us in this Prospectus in relation to ourselves, as a Promoter Selling Shareholder and the RJ Corp Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Prospectus.

**FOR AND ON BEHALF OF RJ CORP LIMITED**

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**Name:** Raj P. Gandhi

**Designation:** Director

**Date:** August 9, 2021