

Summary of the Combination under Regulation 13(1)(A) of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011

A. Name of the Parties to the Combination:

1. **Yum Restaurants India Private Limited** ('YRIPL' or 'Proposed Investor' or 'Applicant')
2. **Devyani International Limited** ('DIL' / 'Investee Company')

B. Nature and purpose of the combination

3. YRIPL proposes to enter into a transaction as stipulated under Form I ('**Proposed Transaction**'). Under a separate transaction, YRIPL would also transfer the business of running, maintaining and operating 61 KFC restaurants located in the states

of Karnataka, Telangana and Andhra Pradesh (except Hyderabad) to DIL ('Other Transaction'). In this regard, the parties have entered into a Business Transfer Agreement ('BTA') dated December 11, 2019. The book value of the assets of the business undertaking comprising of 61 KFC restaurants is less than INR 350 crore, thus this transaction of transfer of restaurants, independently will be able to avail the *De-Minimis* exemption and hence, not required to be notified to the Hon'ble Commission on a standalone basis.

4. It may further be noted that DIL is an existing franchisee of YRIPL which is already operating multiple KFC restaurants in India.
5. The key purpose of Other Transaction is:
 - (i) The Other Transaction is undertaken by YRIPL with a view to exit capital-heavy operations across the globe in a bid to sharpen focus on brand growth and development. Considering that DIL is the

trusted franchisee partner for Yum Brands in India since 1996 and having expert technical knowhow of Yum Brands and also willing to expand its business, the Parties have decided to enter into the Other Transaction.

C. Products, services and business(es) of the parties to the combination

6. **YRIPL:** YRIPL runs restaurants under 3 Brands (i.e. KFC, Pizza Hut and Taco Bell). Currently all the restaurants are run, operated and maintained by YRIPL either directly or through franchisees.

7. **DIL:** DIL is one of the fastest-growing key players in Quick Service Restaurant (QSR) segment in India and also the largest franchisee of YRIPL. As a franchisee, DIL runs, maintains and operates KFC and Pizza Hut/Pizza Hut Delivery restaurants in certain territories of India. DIL is also a non-exclusive franchisee of KFC and Pizza Hut in Nepal and KFC in Nigeria. Additionally, DIL (or its

subsidiaries) operates food courts at some malls, highways, hospitals, airports etc. in India..

D. Respective markets in which the parties to the combination operate

8. **Product Market:** Both Parties primarily operates restaurants under QSR segment (either directly or through franchisees), although DIL also operates additionally in other segments of organized food sector such as cafes/ coffee shops and lounges. Although YRIPL and DIL are operating into the same sector, but they are neither competitors, nor there is any horizontal overlap. Both DIL and YRIPL are operating in different categories of food products with the only common segment being KFC and Pizza Hut which are also operated by DIL as a franchisee of YRIPL.
9. **Geographic Market:** The restaurants are spread across the country and the brands are also very well recognized across entire India, the relevant

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geographic market may be considered as pan-India.

10. Accordingly, the 'relevant market' could be **'provision of services offered by QSRs in the Territory of India'**.
11. The Proposed Transaction, would not have any appreciable adverse impact on the competition.
12. The Other Transaction which is exempt from notification pursuant to the De-Minimis Exemption does not bring about any change in the market. There will be no change in the market nor any entry barriers created in the market as a result of the Other Transaction. The Other Transaction merely entails transfer of restaurants currently operated by YRIPL to DIL, an existing franchisee. The Other

Transaction is also not likely to result in any appreciable adverse effect on competition.

- 13. In view of the above, it is submitted that the Proposed Transaction and the Other Transaction will not cause an appreciable adverse effect on competition in India. Therefore, the Hon'ble Commission may please approve the Proposed Transaction unconditionally, as it raises no competition concerns.

Signed by or on behalf of the notifying party

Signature(s)

Himanshu


Name: Himanshu Mehta

Designation: Chief Financial Officer

Date: December 23, 2019