



Transcript of Extra-Ordinary General Meeting (EGM) of Barbeque-Nation Hospitality Limited held on Monday, July 19, 2021, at 10:00 A.M. (IST) through Video Conference (“VC”)

Mr. T N Unni, Chairman, Non-Executive, Independent Director:

Good morning, ladies and gentlemen. I am TN Unni, Chairman and Independent Director of your Company, Barbeque-Nation Hospitality Limited. As the Chairman of your company, I have the great honor and privilege to welcome you all to this Extra-ordinary General Meeting being held through Video Conferencing. On behalf of the Board of Directors of the company, I extend a very warm welcome to all of you to this Extraordinary General Meeting. I hope you and your family are taking necessary precautions to remain safe and healthy during the COVID-19 pandemic. In view of the disruptions caused by COVID-19, the Ministry of Corporate Affairs (MCA for short) and SEBI have permitted the Companies to hold the Extraordinary General Meeting through Video Conferencing (VC) or Other Audio Visual Means. Accordingly, this EGM of your company is being held through Video Conferencing.

I have been informed that the requisite quorum is present.

Now, I call the meeting to order as we have the requisite quorum present through VC to conduct the proceedings of this meeting. Participation of members through VC is being reckoned for the purpose of quorum, as for the circulars issued by MCA and as per Section 103 of the Companies Act, 2013. This meeting is being held through VC, in accordance with the circular issued by the MCA and SEBI.

MCA and SEBI circulars dispensed with the requirement of dispatching the physical copies of the notice of this EGM. Hence, the Notice of this Meeting has been sent electronically to all the members entitled to receive the same. I, therefore, ladies and gentlemen, with your permission, take the Notice as read. Before starting the proceedings, let me introduce the directors who are present through VC at this EGM.

Directors Present:

- 1.) Mr. Abhay Chaudhari, Independent director.
- 2.) Mrs. Suchitra Dhanani, Non-Executive Director
- 3.) Mr. Tarun Khanna, Non-Executive Director
- 4.) Mr. Rahul Agarwal, Chief Executive Officer & Whole Time Director
- 5.) Mr. Devinjit Singh, Non-Executive Director

Key Managerial Personnel Present:

- 1.) Mr. Amit V Betala, Chief Financial Officer
- 2.) Ms. Nagamani C Y, Company Secretary & Compliance Officer

Others Present:

1.) Mr. Parameshwar G Bhat, the Scrutinizer appointed for this EGM

That's all. I now request Ms. Nagamani, Company secretary to provide the general instructions to the members regarding the participation in this meeting.

Ms. Nagamani, Company Secretary & Compliance Officer:

Thank you sir. Good morning Members.

- The company has enabled our Members to participate at the EGM through the video conferencing facility provided by CDSL in compliance with the applicable circulars issued by the Ministry of Corporate affairs and SEBI.
- Members have been provided with the facility to exercise their right to vote by electronic means, both through remote e-voting and e-voting at the EGM in accordance with the provisions of the Companies Act and SEBI Listing Regulations.
- The members joining the meeting through VC, who have not already casted their vote by means of remote e-voting, may vote through e-voting facility provided by CDSL.
- The Company has appointed Mr. Parameshwar G Bhat, Practicing Company Secretary, as the Scrutinizer, who will collate the voting results of the remote voting as well as e-voting at the EGM for each of the items as per the Notice.
- Representations at Section 113 of the Companies Act, 2013 have been received from our Promoters.
- Members are requested to refer the additional information as provided in the notes to EGM Notice.
- The Register of Directors and Key Manager Personnel, the Register of Contracts or Arrangements has been made available electronically for inspection by the Members during the EGM. Members seeking to inspect such documents can send a request to the email id compliance@barbequonation.com.
- As the EGM is being held through VC, the facility for appointment of proxies by the Members is not applicable and hence, the proxy register for inspection is not available.
- We have received request from members to register them as speakers at the meeting. Accordingly, the floor will be open for these Members to ask questions or express their views. The Moderator will facilitate this session once the Chairman opens the floor for questions and answers.

Thank you very much. I hand over to the Chairman to continue with the proceedings.

T N Unni:

Thank you. Thank you Ms. Nagamani.

The Company has taken all the efforts feasible, under the circumstances, to enable the Members to participate and vote on the items being considered at the Meeting. I now request Mr. Rahul Agarwal, Chief Executive Officer & Whole Time Director of the company to explain the gist of the businesses proposed at this Meeting.

Mr. Rahul Agarwal, Chief Executive Officer & Whole Time Director:

Thank you, Mr. Chairman. Good morning to all. I hope all of you and your loved ones are staying safe and healthy. It is my pleasure to touch base with all the esteemed Shareholders through video conference facility in this tough times of COVID-19.

I welcome you all again, and will explain the three items in the agenda of this meeting.

Item No. 1 relates to the preferential issue of Equity Shares:

I would like to start with some background and some context first. The company has raised approximately Rs.180 crores through its Initial Public Offer (IPO), and its Equity Shares were admitted to listing and trading on 7th April 2021. The use of proceeds of the amount raised through the IPO was for repayment of debt, expansion of Barbeque Nation restaurants and general corporate purposes. In Q4 FY 21, with the improving COVID-19 situation post the first wave, the company has generated adequate cash flows. Expecting this to continue in FY22, the Company did not intend to raise any capital within six months of the IPO and therefore in the Prospectus, in respect of the IPO, the Company had stated that it did not, as as on the date of the Prospectus, intend or propose to alter its capital structure for a period of six months from the Bid/Offer opening date in the IPO.

However, as we are all aware, the onset of second wave of COVID in Q1, FY22 led to lockdowns and a large part of company's dine-in business was shut because of the lockdown. This has impacted the short term operating cash flows and increased the working capital requirements. At the same time, the company's delivery business has grown and the Company plans to further invest in strengthening its delivery infrastructure. In order to better handle the impact of the current situation and in keeping with the best interest of the Company, it proposes to raise additional capital.

The proceeds of the preferential offer are proposed to be used for the following purposes:

- a) Present and future working capital requirements predominantly to manage the impact of current and/or any future pandemic waves;
- b) To invest in strengthening the delivery business;
- c) Expansion of new restaurants including Toscano restaurants.

The company has identified three Qualified Institutional Buyers (QIBs) who are interested in subscribing equity shares of the company. These QIBs are Massachusetts Institute of Technology ,238 Plan Associates LLC and Motilal Oswal Equity Opportunities Fund Series II.

The company proposes to issue approximately 11.8 lakh equity shares at an issue price of Rs.849/- per equity shares aggregating to approximately Rs.100 crores for a consideration in cash. The subscription price of our proposed Preferential allotment has been determined in accordance with Regulation 164(4) of ICDR Regulations.

Further, the Company believes that as per the current provisions of Articles of Association (AoA) or any other Regulations, there is no requirement of a Valuation Report from the Registered Valuer. The Company has also received a query regarding the same from the stock exchanges. The stock exchanges are currently examining the matter. As per the intimation of the stock exchanges and I quote: "*matter with respect to proposed Preferential issue is under examination and accordingly, the same may be communicated to your Shareholders in the EGM to be held on July 19, 2021.*"

Further in the interest of investors in the securities market, the voting in EGM may be carried on. However, the results of the voting on Agenda Item No.1 may not be made public and the same shall be kept in a sealed cover pending the completion of examination.” unquote.

While the Company believes that Valuation report is not required, for good order and post receipt of the query from the stock exchanges, we commissioned a valuation report on July 14, from a Registered Valuer. The Registered Valuer has issued a report dated 16th July 2021 to the Board of Directors of the Company, who has taken note of this report and confirmed that the subscription price is more than the minimum price determined in accordance with section 164(4) of the ICDR Regulations and the price as per valuation report. This is the update on Item No. 1, post the EGM voting, we will wait for the instructions from the stock exchanges as to how to take this forward.

The next 2 items relate to ESOP Scheme of the Company.

Item 2 relates to the modification of ESOP Scheme:

There are 3 modifications proposed in the existing scheme. Sorry, there are 4 modifications proposed,

1. First one is being, increasing the aggregate number of options in the ESOP Scheme. Under the prevailing ESOP Scheme 2015, the Company can grant up to approximately 9.3 lakh options to its eligible employees. The company has been granting this over last 6 years, and as on March 31, 2021, outstanding options are approximately 9 lakhs options. The company based on the recommendation of the Nomination and Remuneration Committee (NRC) and the Board, proposes to increase the ESOP pool size to around 20 lakh options from the existing pool size of 9.3 lakhs. The exercise price, as per the recommendation of NRC and the Board, shall be closing price on the recognized stock exchange with the highest trading volume as on the day prior to the grant date, subject to the SEBI (Share Based Employees Benefits) Regulations, 2014.
2. The second recommendation is amending the definition of employees. We are now including employees of subsidiaries of the Company based out of India and outside India.
3. The third modification relates to clarification regarding maximum vesting period. The maximum vesting period has been clarified to be 3 years from the date of grant.
4. The fourth modification relates to vesting conditions in case of death or permanent disability of the employee. Under the revised conditions, in case of death or permanent disability of the employees, the unvested options will be immediately vested and can be exercised within a period of 1 year from the death or permanent disability.

Item three relates to ratification of the existing ESOP Scheme:

As per the SEBI Regulations, post the listing of the shares, the existing ESOP Scheme has to be ratified by the Shareholders. The Company has received *in-principle* approval from the stock exchanges for the ESOP Scheme and the Board has recommended the resolution in relation to ratification of the ESOP Scheme for the approval of Shareholders of the Company.

These are the three items for the approval of the Shareholders. Now, I hand over to the Chairman for further proceedings.

T N Unni:

Thank you, Mr. Rahul.

We will now resume the proceedings. There are 3 items of special businesses as given in the Notice and explanatory statement attached therewith.

SPECIAL BUSINESSES:

- 1.) To consider and approve the issue of equity shares through preferential issue basis.
- 2.) To consider and approve the modification of the Barbeque Nation Hospitality Limited Employees Stock Option Plan 2015 (ESOP 2015).
- 3.) To consider and ratify the Barbeque Nation Hospitality Limited Employees Stock Option Plan 2015.

The text of the proposed resolutions along with explanatory statement are provided in the Notice circulated to the Members. The Members who are yet to cast their votes may vote on the above resolutions. The results of remote e-voting and e-voting during the EGM will be reconciled and combined results will be declared later on. As per the e-voting rules, the results will have to be placed on website of the Company within 2 days of the EGM.

Since this EGM, is being held through Video Conference facility, we had requested the members to register themselves as speakers in advance. I understand that, one speaker has already given his name for this purpose. Before proceeding for the meeting on the resolution, I invite the registered members to offer their comments and seek clarifications, if any, on the resolutions contained in the Notice.

As a caution in the interest of time, if there are more than one member, I request the speakers to be brief and avoid repeating the questions or comments already made by the earlier speakers. Each speaker is requested to speak for a maximum period of 2 minutes only. Members are requested to mention their name and their Folio ID or the Client ID before asking your questions. Consolidated replies will be furnished at the end by Mr. Rahul Agarwal, and me.

Now, I request the moderator to unmute the speakers in the speaking order assigned. moderator please.

Mrs. Celestine Elizabeth Mascarenhasce, Speaker Shareholder:

Respected Chairman, other honorable Directors on the Dias and the virtual meet, my fellow shareholders who are attending this virtual meet. My name is Mrs. CE Mascarenhasce. I am attending from Mumbai. First of all, I received the e-Notice, I'm very grateful to the Company Secretary, and also platform, registering my name as a speaker, and also allowing me to enter. Thank you so much. Thank you, all team.

Now, I come to these resolutions, I'm very happy some big investors are investing in this, that is giving us a very much confidence, specially Motilal. We like the way Motilal makes all the analysis. We know that our Company is in the Hoteling business and the Company is facing lot of hassles, which is because of this COVID. But, we know that the good days are coming and we can see a very bright future.

Also, the ESOP Scheme, and I really support all this ESOP because, I also honestly feel, when these ESOPs are given, of course 3 years vesting period and all will be there. But, this gives the

staff a sense of belonging like what happened in Infosys and various other Companies, L&T, specially. So, it gives us a sense of belonging and then the staff putting more effort, because they are also part of the Company, they are also stakeholders of the Company. So this is very good, right.

But sir, I have one request, In future when the right time comes, you must give to the small shareholders also at a very attractive rate. So, it becomes like a mini bonus in future. Now, I want to know, how many of our staff were affected by this COVID and any fatalities? and any sort of vaccination all done? Because, I'm very fond of Barbeque Nation, specially Sakinaka unit. Whenever small parties and all, we would go with the family there. And a nice slot was given, where we could have a cake and all that party things used to happen. So is it happening now also? because now we don't, at least for a year, we have not gone out of the house only. So is it happening now also, number one, what is the sales now? what is happening with limited restricted timings? So could you just throw some light from the business side, and what is our future roadmap? Now, as we have raised a lot of capital and all. So what is the future map? How are we mapping? You told about that delivery. So in the delivery, do you use the Zomato platform? So could you give me some light in it. Rest, I'm very happy to see you all people.

I thank you very much. I also look for When will be our AGM? Because, I have some more questions, I can ask you in the AGM only. Considering the exigency, these resolutions are to be passed at this EGM in this limited period of time. So if you could just tell when the AGM will happen? you can take some time, because you have come up with an IPO and listed on stock exchanges, recently. With this, I wish the Company team could help wealth and grow in prosperities from strength to strength. Thank you very much and may God bless you and all of us. Thanks a lot.

T N Unni:

Any other shareholders?

Moderator:

No.

T N Unni:

As there is no other shareholder, I thank this shareholder, who has expressed her solidarity and best wishes to the Company and the investors who have invested their funds in the Company. Now, I request Mr. Rahul Agarwal to reply to the questions and the comments of the speaker shareholder.

Rahul Agarwal:

Thank you, Mr. Chairman.

Thank you, ma'am, for your kind words.

Yes, it was an extremely challenging times for us during last approximately 18 months. But I think the Company has survived this well. And just to take your points, so one by one, we have approximately 100 people who had got impacted because of COVID. These are 100 of our employees and the Company has taken all measures to ensure that they remain safe. And unfortunately, we have three cases wherein our employees could not survived the COVID-19. The

Company has also taken comprehensive insurance for those employees. And we are ensuring that these employees are continuing to get the insurance benefit. Also, we're continuing with the salaries of these three employees, you know, some for extended period of time so that the family gets support. Further, we are also ensuring vaccination drive in our Company. As of today, approximately 85% of our employees who are on our rolls have been vaccinated. And we are further getting to work on the balance 15% as soon as possible.

On your second remark, ma'am, yes, we continue to provide the cake for the birthday parties in the restaurants. Right now, the way it works is that we, during the time of booking ask our guests, if they have any occasion and they want it to be celebrated. And if the guests have mentioned that it's a birthday or anniversary, our teams on the restaurants end up providing a cake to them.

Post second wave and the lockdown. Yes, things have been challenging, but slowly and steadily more and more states are allowing us to re-open our restaurants. As of today, approximately 65 to 70% of our restaurants are open. We are continuing to have certain supplies and restrictions in terms of operations. Most of our restaurants are only operating at 50% capacity. And there are also timing restrictions. But our view is that if the COVID cases comes down and if there is no third wave, then increasingly, we will have more and more relaxations to re-open outlets. And at the same time, our delivery business has been continuing well. We've also worked with aggregators, both Zomato, Swiggy and few others. And we also have delivery from our own networks. We offer customers an option to do delivery from both our own app and website. And that business has been doing good, much better than our satisfaction.

On the AGM date, we have still not finalized the date, which has to be confirmed by the Board and we shall intimate the same to the stock exchanges as soon as the final date is finalized. And thank you for your note ma'am. With that, Mr. Chairman, I hand over to you for further proceedings.

Thank you, sir.

T N Unni:

Thank you, Mr. Rahul.

Members, who are set to vote, are now requested to cast their votes using the e-voting facility of CDSL. The e-voting facility will be available for 30 more minutes from the conclusion of this EGM. Results of the remote e-voting and e-voting through the EGM will be declared on receipt of the Scrutiniser's report and placed on Company's website and sent to the stock exchanges. Now, the businesses of this EGM been over. On behalf of the Board of Directors, I thank you all for participating in this Extraordinary General Meeting, in midst of COVID 19 pandemic. I hope to meet you all in person during the ensuing AGM. I now declare the proceedings of this EGM as closed and wish you all and your family a safe and security in future.

Note: This transcript has been edited to improve readability and does not purport to be a verbatim record of the proceedings.