March 01, 2021

BSE Limited	National Stock Exchange of India Limited
Corporate Relations Department	Listing Department
Phiroze Jeejeeboy Towers	Exchange Plaza, 5th Floor, Plot no.C/1,
Dalal Street, Fort,	G Block, Bandra Kurla Complex, Bandra (E)
Mumbai- 400 001	Mumbai- 400 051
Fax No.: 22722037/39/41/61/3121/3719	Fax No.: 26598237/38
BSE Scrip Code: 543248	NSE Scrip Symbol: BURGERKING

Dear Sirs,

Sub.: Transcript of Q3FY21 Earnings Conference Call held on February 10, 2021.

Further to our intimation dated February 08, 2021 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of the Earnings Conference Call held on Wednesday, February 10, 2021 on the Unaudited financial results of the Company for quarter and nine months ended December 31, 2020, announced on February 09, 2021.

Kindly take the same on your records.

Thanking You,

Yours Faithfully

For **Burger King India Limited**
(Formerly known as Burger King India Private Limited)

Madhulika

Madhulika Rawat
Company Secretary and Compliance Officer
Membership No.: F8765

“Burger King India Limited Q3 FY2021 Earnings Conference Call”

February 10, 2021

ANALYST: **MS. NIHAL JHAM - EDELWEISS SECURITIES LIMITED**

MANAGEMENT: **MR. RAJEEV VARMAN, CEO & WHOLE TIME DIRECTOR - BURGER KING INDIA**
MR. SUMIT ZAVERI, CHIEF FINANCIAL OFFICER - BURGER KING INDIA
MR. KAPIL GROVER, CHIEF DIGITAL OFFICER - BURGER KING INDIA
MR. SRINIVAS ADAPA, CHIEF MARKETING OFFICER - BURGER KING INDIA
MR. PRASHANT DESAI, HEAD OF STRATEGY & INVESTOR RELATIONS - BURGER KING INDIA

Moderator: Ladies and gentlemen good day and welcome to Burger King India Q3 FY2021 Earnings Conference Call hosted by Edelweiss Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Nihal Jham from Edelweiss Securities. Thank you and over to you, Sir!

Nihal Jham: Thank you Stanford. On behalf of Edelweiss, I would like to welcome you all to Burger King India's Q3 FY2021 Conference Call.

To introduce the management today we have Mr. Rajeev Varman, CEO & Whole Time Director, Mr. Sumit Zaveri, Chief Financial Officer, Mr. Kapil Grover, Chief Digital Officer, Mr. Srinivas Adapa, Chief Marketing Officer and Mr. Prashant Desai, Head of Strategy & Investor Relations from Burger King India. I will now hand over the call to Mr. Rajeev Varman for his opening remarks. Over to you Sir.

Rajeev Varman: Thank you very much Nihal. Good afternoon to everyone, thank you for taking the time to join the call this afternoon and I hope that your families and your friends and your teams are safe in this very challenging COVID environment, I wish the same to all the families I hope they are doing well.

Look this is our first call, a first of many calls in the future, but this is the first call and we are kicking off this call. Thanks to everyone first for a fantastic IPO entry, we could not have done this without all the investors on the call as well as all the analyst on the call. So thank you very much.

But this is as I said the first call, which means this is a kick off for us very lovingly, I call it the ending of the beginning and the journey really starts from here. Today our portfolio where it sits in our vision to our growth agreement with Burger King Corporation worldwide is to triple the number of restaurants by December 2026. So that is the vision, that is the growth path that we are sitting on, so at 270 restaurants today as we sit, it is barely getting started and that is what I said we just getting started. So thank you again, there will be a lot of good numbers discuss by I hope Prashant as well as Sumit Zaveri and you will get a handful of information on both digital as well as marketing information. I just wanted to kick off by just giving you what is the obvious which is January we just completed January, we will talk about Q3 through the Sumit Zaveri and Prashant in a minute, but I just want to give you a flavor of where we sit in January. If people have been comparing our results with pre-COVID numbers which is basically before COVID hit in and if we do that with our business we are about 99% sales recovered when we compare to this pre-COVID number, but our team of here likes to look at it definitely, we like to look at it SSG point of view where are we versus the same say as towards the house versus last year so when we do that we have 85% recovered year-over-year in terms of sales in January and this is led by our west business which has recovered 93%, south and east business has recovered about 88% and north which has been challenged by different things including farmers protests that is going on over there which is kind of closed a lot of interrelating highways and so forth and also in the last quarter Q3 we had a lot of situations where certain areas where because of COVID there were lot of restrictions in those areas. So north has had its challenges with this COVID as well as with the protest. So there the recovery is only about 79%. Also I would like to share with you the recovery in delivery, delivery we have recovered 106% of where we were, so all of that business has come in, time in now that the malls are all open up and the theaters are opened up, movies will come in due time and as the movies come in you will see that, that business will pick up as well, dine in business is about 76% and given our company today as we are young company this is our seventh year really to be honest getting into the business and we have kind of grown this stall, it might feel like for the manmade team that we have achieved a lot but there is a lot more to achieve in the future and if you look at the portfolio that the average, slightly skew towards mall restaurants. We have a whole bunch of our restaurants in malls there is the food court that are in the malls and those are recovering slowly in fact January it was probably the best month where the malls recovered very well, but the last quarter the Q3 you find that the high street restaurants, the more the high street restaurants are better the company recovery was. So we were slightly skewed obviously we are going to building more and more restaurants on high street because we have done with most of the malls now. So we are looking forward to that and looking that in the port direction. The second piece of sales is I just want to touch on profitability. Profitability at the restaurant level the cash that blows out the, EBITDA that comes out of the restaurant that for the Q3 the results were 8.8% which is rally against last year it was 8.5%, lot of work was done by the team not only by making sure that we work with the landlords to get an effective reduction in rents for this quarter, somewhere in the tune of 38 Crores was saved by the team and that helps the quarter as well. But also in vision ambition to that we did a lot of G&A work and in terms of our rents in the offices, our relationship with our partners everything came to the table and we were able to come out of this quarter at a company level flat or slightly positive which is a good thing where because we did about 163 Crores of business in Q3 versus last year with fewer restaurant we were at 228 so complete impact of COVID. We are hoping that this will now kind of fade away over the next couple of months.

So that is a little bit on profitability and more detail will come in, just a little note on profitability also is on the GPs and you will see this as we kind of show you the numbers, but at GP as we exited December, the December GP on the exit was about 65% and that is a GP that includes food cost, it also includes paper packaging, it also includes transportation, everything is in our GP, there is nothing that we report outside of the GP percentage, so it is a complete GP number that you are seeing, and growth we continue to build restaurant in spite of the tough environment and our net restaurant growth in this quarter was 10 and we have a fantastic vision to build about 50 restaurants in FY2022, 70 restaurants in FY2023 and 80 restaurants in FY2024, and our vision is to get to 700 restaurant by December of 2026.

So that is the plan and this is by the way this company has been working on the plan from day one. So we have put a plan in place and we have always overachieved on those targets and we continue to do that and save this COVID which hit us, everything is going per plan, if you remove this one year, and we are going to continue to move that forward as we move into the future years.

The last piece I am just going to touch on is marketing. A lot of work was done by the company in the area of food quality, menu items during the COVID months. Srini will talk about this in a few minutes, but the amount of work we have done on our whopper, which is a flagship Burger, our flagship sandwich, you have to just go and taste it now in our restaurants. I invite everyone to go to our restaurant and whether you are vegetarian, non-vegetarian go and see what we have done with the whopper, it is a fantastic product that we have built and I know that once the business is back people will love it and we did a fantastic campaign behind it which Srini will also talk about. So we did a entire campaign a menu uplift whether it was the this whopper or the gourmet menu which also Srini will talk about in a minute, and then final pieces we also launched our app, our new app, which is the Omni channel app, you will see that it is first of its kind app in the industry, which actually includes loyalty program in our space in the QSR space in the burger business space is the first app that will have the loyalty program in it and Kapil will take you through the digital aspect of this, of what we are doing is just new, it is just out of the covers and what he is going to do with it over the next several months.

So this is basically a little bit of my introduction I think the meet of material will come both from Sumit Zaveri, Prashant and Kapil and Adapa. So I will turn it over to Prashant to carry through the first piece of this presentation. Over to you Prashant, thank you.

Prashant Desai: Thank you Raj. Since this is our first call and interacting with most of you, what we thought is will share with you two, three significant differentiators that we have kind of built into the business ever since we started to help you kind of understand how we think about this business and why we think about the business the way we think. So principally we were as Raj mentioned we have put our first restaurant in 2014 November, so we were almost 20 years after a lot of the QSR players had entrenched and when we entered into this, we decided to build and structure this business a little different than a lot of other players. So if you go to slide #6, the way the Burger King India business is currently owned, it is owned through a holding company called QSR Asia, QSR Asia has principally two large shareholders, one is BK AsiaPac Pte Limited, which is the Burger King Global Corporation and the reason why I am sharing this with you is this is probably the only QSR currently in India where the franchiser holds equity is a franchise business and this was extremely important to us and the reason why it was important is because we wanted to align the franchisor and franchise interest together and that is how we could probably, we have done, what we have done. Second large shareholder is F&B Asia Ventures as a platform out of Singapore which has besides Burger King India it also owns Burger King Indonesia, Domino's Indonesia and Harry's in Singapore and few other restaurants which in turn is owned 45% by Everstone the private equity group and 55% by LPs of Everstone. So this is one way we are different where the franchisor owns equity in the franchises business. As a result of what we have done and I draw your attention to slide #7 for those who have the presentation in front of you. We signed what we call is the master franchise development agreement with Burger King Corporation globally. The way this agreement is different than a lot of other agreements is under the MFDA both the brand and the business are executed by us sitting here in India and when I say brand I am not purely talking about marketing and communication, when we look at brand Burger King we look at it more holistically the MFDA that we signed with Burger King Corporation gives us absolute flexibility when it comes to decisions on menu, when it comes to decision on pricing and when it comes to decision on supply chain. So we have absolute flexibility when it comes to that. Second thing we negotiated with them was take the rights for the entire country, so we have pan India rights to open restaurants and therefore you will see both what we have executed and our runway will be very, very aggressive because we have the entire country to do that. We also have the rights to subfranchise the restaurants those very far and few in between we do that, but if we want to do that, that option is available with us. We have also negotiated what we believe our favorable royalty rates up till 2039 our royalty rates are capped at 5% plus GST and like all restaurants we also spent 5% of our revenues on marketing. Against this what we have agreed with Burger King Corporation globally is to open 700 Burger Kings in India by December of 2026. So these are some of the advantages that come to us under the MFDA. When it comes to expansion as you all probably would have read the DRHP we are the fastest growing QSR in India, we were the fastest 200 restaurants in the first five years of our existence and a lot of this we have done and focusing on what we believe is a cluster approach or a cluster strategy, we opened our first storage electricity work in Saket moved around Delhi then moved to the NCR and then moved to Punjab then moved to Haryana consolidate our presence today we are the number one and dominating brands within this side when it comes to north as a region. Ditto with the west we started with Mumbai we went to the Mumbai metropolitan area then went to Pune, Nasik, Nagpur, so on and so forth ditto with South Hyderabad, Bangalore so on and so forth. So from our side this is one discipline that you will always get. All the incremental expansion that Raj spoke to you guys you will see almost 70% of our expansion will come within the existing geographies that we are present and we will obviously keep experimenting with new things, but that is the discipline that we follow because we believe QSR as a business is a business which you have to save the pennies to make money and this strategy helps us maintain our supply chain and distribution cost significantly. Raj has already spoken about our expansion plan, I will quickly tell you. For FY2022 we will open 50 new restaurants these are net additions, for FY2023 will we are planning 70 net additions, and for FY2024 we are planning 80. So over the next three months we are counting that we will open 200 more Burger Kings in India. With this what I will do is I will quickly hand it over to Sumit our CFO will quickly take you through the business and the financial updates. Sumit.

Sumit Zaveri: Thank you Prashant, I am on slide #11 and some of the things that I am going to talk about Prashant and Raj did cover up what I will just kind of quickly go through these sections on finance and then hand it over to marketing bit. Now we have, obviously all of us have been impacted by COVID and we have consistently seen as the markets have been opening, we have continually seeing the recovery to come back, quarter three our recovery as compared to last year on a y-o-y basis was 65% and we have continued to grow strongly thereafter in the month of January we were at 85% and the reason why I really kind of was also referred to as an amount of 65% is when we get to the financial section I will be able to kind of correlate that number well, when we try to correlate it with the performance that we have been able to achieve during quarter three. Just that to get better understanding of what has been our recovery being with respect to different markets and we have very clearly seen very strong recovery in west region while all regions equally got impacted but we have seen the opening in this market being fairly gradual and continuous and that has literally helped us to get to a continuous positive recovery reaching to 93% followed very closely by south at 88%. We have seen effectively the impact of COVID where lockdowns were reinforced in some parts of north and some other issues in terms of farmer protest we have seen that recovery to be slightly slower, but at the same time January we have seen that, that market has also gone closer to 80% in terms of recovery. Our business traditionally we have always concentrated on dining and delivery as two verticals for the purpose of our growth and this has been our philosophy from the time we entered the market. As we speak today our delivery stands at 38% with a recovery of 106% and as a share of revenue diamond standard 62% with the recovery of 76% and when we really look at this number of 76% as we stand today, literally we look at it from the perspective of saying what do we see it to happen in terms of going forward and as Raj initially was talking about saying that today there are still some limitations with cinema yet to open up, the transport in terms of metro or intercity transport still kind of coming back, schools, colleges are expected to kind of open up over next two to three months or so, we very clearly see that opportunity in terms of the recovery of dining to get positive as we see some of these elements of a larger economy to open up which also impacts our business on a positive front. I am on slide #14 and this is something which we just kind of put it as a reference point to see where do we stand with respect to pre-COVID sales. As Raj initially explained we would want all of you to understand really performance vis-à-vis last year because that is a true reflection, it also talks about adjustments that could happen on a cup of seasonality, but as a reference point we are already over close to pre COVID levels in the month of January touching 90% plus for the month of December. Since I have already spoken about recovery and kind of that is on slide #15, earlier since we already spoke about recovery and this is SSG is literally the reverse of the recovery chart that we spoken and actually at this point in time not talking about that and quickly going through slide #16. While all of you understand that there has been change in the accounting standard where the lease accounting standard has changed, but for you to get better understanding slide #16 we are effectively kind of talking about the traditional approach of EBITDA and just I will just quickly take you through that. As far as quarter three is concerned we did a revenue of 163 Crores which was effectively a 69% growth over last year and as compared to the quarter, rather sorry 69% growth over quarter two and we were at 72% year-on-year last year. Now what is relevant that when I was talking to you about keeping a note of SSG of quarter three is that at 65% recovery that we got at quarter three we could still achieve a company level break even for quarter three, obviously if various initiatives that we have taken on the cost front and kind of managing the margins with all the challenges at 64% has literally helped us to achieve the break-even point. As Raj was talking about earlier, we have always believed that this is just the beginning. We have already made an improvement on our gross margin by exiting at 65% for the month of December and we have only continued to improve. We very clearly see that gross margin will kind of expand as we continue to grow our business going forward. As a reference point for all of you to kind of do a comparison, EBITDA under the reported financials and after considering the impact of lease is 24 Crores or at 15% as a percentage to revenue. So with that effectively and as far as the published franchise is concerned since they are available with you I am not getting into the details and with that I will hand it over to Srini to talk about the marketing aspect, the brand aspect and the various initiatives that we have taken on that front. Srini.

Srinivas Adapa: Thank you Sumit. Hello everyone, we kick off the marketing section and starting with slide #19, Raj has touched upon it and just to give you a context when the whole COVID and the pandemic hit us, the team here at Burger King we looked at it as an opportunity to review and dial up our taste and quality credentials across every part of our menu, right the core team here literally sat through and did the job systematically across every menu item in order to dial up our taste right. So what I would like to share looking at slide #19 are a couple of big initiatives that as we develop food and quality October last quarter we have launched our new whopper range. Whopper happens to be Burger King's global power brand it is our flagship offering while every burger is good, we believe the whopper is better not just because it has got a flame grilled patty or it has got a combination of sauces and multiple ingredients, but the fact that it is a full seven-layer indulgence as we call it in our camping communication. So we have launched a whole new range of whopper the wedge whopper now comes with a much crunchier veg patty and the chicken one we have made the patty much more juicier of course the combination of sauces makes it the whole nuanced indulgent experience that it is. Not just the main core whoppers would actually extended the brand to make it more accessible we have got a range of junior whoppers both in veg and chicken at a very attractive price point of 99. Moving on we have also added another new layer on the premium side this is something which we call the King's collection and the whole insight were to offer our guests hand-picked premium best-in-class burgers from Burger King right, be it the cheese infused, cheese meltdown or just a new exciting take on the paneer again these are something that one has to experience really excited about this premium range, so I would invite you folks whenever you have an opportunity to try that. A little bit on campaign and communication I am referring to slide #21. I touched upon whopper and its superiority the campaign that we launched in December is all about the whopper it is something which we call it is not a burger it is a whopper in fact when we were coming out of the lockdown we wanted to put our best foot forward in terms of going on national media and we had this brand new range of improved whoppers and this is what the campaign was all about. We obviously were on national media we were there on front page of newspapers and at critical sites on out of home as well. We are referring to slide #22 Burger King is a gendry brand we do a lot of work with young consumers and that is where our brand love lies and we have done some really good work which got some good anecdotes from external parties that I am happy to share in fact Bloomberg listed as amongst the top 10 social media brands competing with other equally exciting brands. So that is again a very integral part of our brand high engagement platforms on digital where we interact with gendry audience. On the next slide really just wanted to confirm we continue to be vigilant on safety and on our trust in trades sort of us our sanitization frequency our social distancing norms and other measures that we put in place during the pandemic we continue to convert them across all our restaurants by our operations team. So that is a quick update on marketing I would pass on to Kapil to share a bit on the digital ecosystem front.

Kapil Grover: Thanks Srini. Good afternoon everyone. While we strengthen the brand and make the brand more accessible to our consumers, one of the big strategic focus areas for us in the coming quarters will be to build a branded Omni channel digital ordering ecosystem for our consumers. As Raj mentioned we have just rolled out a brand new Burger King app. On the technology side, on the customer convenience side we are making sure that this is the best-in-class online ordering experience for our customers a light and fast app with all the features that customers would need to make a frictionless ordering for Burger King products. We are right now test marketing in the city and as we sort of build all the features out and fine-tune the product, we will be scaling this up in the following quarters and we will have a lot more to share in the coming calls. With this I will hand over back to Prashant to share the closing.

Prashant Desai: Thanks Kapil. Guys at Burger King we have also decided to kind of give you guys some form of guidance also from a perspective how we kind of look at this business. So two things one we will give you a one year forward guidance, which is on page #25 along with that we will also give you a three year rolling guidance, we are currently restricting the guidance to three particular aspects, one essentially which is the driver of this business and the business model is expansion, so currently we are guiding that we will open 50 new stores next year 70 thereafter and 80 in FY2024 which will take us to end 2024 with about 470 stores. As you guys know SSG is extremely important and that is one more guidance that we will give. As far as FY2022 is concerned our guidance is we believe that we will be back to our FY2020 levels of ADS we are not currently factoring any growth over FY2020 however if our numbers change we will come back and revise this as we move forward. From FY2023 onwards we are currently guiding a range of between 5% and 7% in terms of our SSG growth. We believe the quality of the business is the quality of its gross margin especially in the QSR space and for FY2022 we are guiding a gross margin of 65.5% and two years forward we are guiding 150 basis point improvement over this to about 67% and as we said these are guidances if there is a significant change in them we will revisit them as we interact with you every quarter. I guess that is what we wanted to interact slightly longer because this is our first call. What we will now do is request the host to open up for Q&A we are here to take your questions. Thank you.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Manoj Menon from ICICI Securities. Please go ahead.

Manoj Menon: Hi team, absolutely pleasure of being here and happy to listen to your story, pretty exciting. Just a couple of questions to begin with, one when I just generally look at the template at least we are used to because being an analyst who actually do the governance review 10 years back and then track the best life for the last few years, and it has been quite interesting to observe that Burger King that testing the contract what you have actually has got a target of 700 stores which is something which at least I have not observed with the other contracts either in India or in my earlier life looking at some of the global aspects as well so just trying to understand where does this 700 number come from and that is quantitative and qualitatively what is the drivers for you to kind of commit to the number to begin with because that does not really appear to the industry practice. I honestly think that side as an analyst I am very happy that when I think about the modeling having a number of 700 does help me have some sort of a view on how does the next three, five years should look like because there is a contractual obligation. So I am not constraining the thought as an analyst I just want to understand the thoughts behind these numbers that is point number one. Point number two generally on grass margin, but this is for the larger audience as when I just actually benchmark your gross margins with the other two peers listed companies and also couple of the unlisted understanding what I have about how their gross margins look like, if I just trying to understand okay just to be most clearer on this so being a relatively younger company that is point number one, point number two as a consumer correct me if I am wrong Burger King I would observe it as actually as a discount brand, point number three relatively lower beverage contribution so I am just trying to understand the drivers of gross margin as of today yes if that gets responded obviously for we could look at how does it look like in the next three to five years. Thank you.

Prashant Desai: Yes, thank you very much for your question, very good questions both of them. First of all I will address the question on the targets. On the onset I shared with you that we have been a client company from day one, on day one when we funded the project, when we put the team in together, we did not start to build the first 10 restaurants when we put the team together we had the vision to build 700 restaurants very simple vision to grow the business to build 700 profitable restaurants and to drive a cash flow from those restaurants that was a simple brief and we put a fantastic team I will tell you that the biggest asset if I can speak over here for two hours I would speak about my team and we have got nationals leading the growth everyone heard of Mr. Gupta he has been on several different magazines and articles, he drives the growth business in India for us. So we had a plan in place to grow when we did the study and I am talking about 2013 and this was a study we did with Mackenzie at that time you know the total size of the market for a new brand like Burger King was shown anywhere at about thousand restaurants and then we kind of took that number and we put on a piece of paper on a map how many restaurants we had built. So today if you ask Mr. Gupta he will tell you what he is going to build which area he is going to build on an ongoing basis which geography he is going to go in there what types of restaurants so it is a complete plan that we put in place and we kind of go about planning see we look at this as a science this is not an arts business it is a science business we have our formulas on what the kind of retail is there in the area what the trade area can afford and so forth and we built based on that. So that is the driving force of our commitment by the way I think that this is a privilege for us in our MFDA agreement that we can build 700 restaurants so quickly. So that is the answer and that the second question you had was on margins and I can tell you that we have a, in addition to a very effective supply chain team which is led by Sandeep Dey the work that is put in here is about 20 years of experience behind supply chain that gives you the relationships with different suppliers and so forth, but the main driving force is the strategy that Prashant was talking about on one of his slides it is the strategy of growing in clusters we do not you know we are very disciplined the way we grow we do not go and put on restaurants and remote areas which will bring down the gross margins because of increase in transportation cost we are very disciplined way that we grow our business and every time we build out, we built 70 of our restaurant each year in controlled markets where we are already there, this significantly reduces our distribution costs both primary and secondary because the primary costs in a tense population area where more food can go there in less trucks and the secondary distribution because now you can distribute on one ring six to seven restaurants so both those get impacted us and that is predominantly now the opportunity is something that you guided on is we do not, we have not gone into the cafe business as yet that is something that is open to us and uh that is a 80% kind of a plus business that we can do at any point of time and push that thing forward in fact we will be looking at that very seriously very soon and then there is so much else that we do, but I would not I would say that it is a discount business I would rephrase that as we are a value leader we want to continue to be a value leader we want to be a business that people come in and eat the product and say this was worth the money I paid for it. So that is a value versus being a cheap business brand a value brand, but I think other part did a` fantastic job it was only one slide I wish I had most likes to share with you but we have built a fantastic gourmet business on the upper side on the other upper end of our menu, so it is a partner strategy where we have a decent value business and a very strong business on the upper side so that is what helps us drive a very good GP and the fact that we were growing clusters. So I hope that answers both your questions.

Moderator: Thank you. The next question is from the line of Avi Mehta from Macquarie. Please go ahead.

Avi Mehta: Hi Raj, Prashanth and team, I had two questions, one was the context of your expectations on ADS. Now you have argued that FY2022 ADS would be similar to FY2020, but this is despite if I am correct new store contribution or new store share is actually moderating is this because you are expecting ADS on same stores to decline or is it related to the recovery news stores being lower, if you could help kind of explain that.

Prashant Desai: Prashanth here just to kind of build a perspective and we were sharing that same store I was sharing the same story at a portfolio level anyways the new store that I opened getting to same store only in the 14th month where we are sitting currently in the way we are seeing live and where we have decided to guide you guys our view was that by February march we should be back to the, at a portfolio level to an ADS that we have seen just before COVID hit and our view is that if we are able to maintain that in FY2022 along with the new 50 stores that we will open I think we should still be able to deliver you a reasonably interesting performance and as I said this is a moving target every three months, six months if the situation things on the ground change we will revert back. So the SSG when we were talking about was on a portfolio basis not factoring into account the news stores because they get into sales for only after about 14 months.

Avi Mehta: No Sir, but I am sorry just to harp on this a little bit, the ADS that you have mentioned is on an overall store basis right so FY2020 whatever was the average daily sales is that on all store bases or only on same stores.

Prashant Desai: So that is only all the existing store, the stores that were operational at that point of time.

Avi Mehta: Correct, so in the operational store have going to kind of buys and you are arguing for ADS to remain flat now what I was trying to split this further is the contribution or the drag which would come from new stores that were added two years which are only less than two years old that share of or that proportion of stores in FY2020 was higher then what it would be in FY2022. I mean the simple average right so about that logic just because of the SSG of the store maturing and kind of becoming more and more same store I would have thought that the Ads would move up, that is where I was coming from and the recovery levels and by FY2022 I am hoping things kind of and if that sort are you just being conservative that is why the context are.

Prashant Desai: Yes, so one is absolutely we are conservative in whatever outlooks we will provide that is number one number two is we are getting off COVID here right there today the vaccines are just coming into the market and they are going to take the next six months kind of getting into the mainstream so forth till then. Today again when we shared the numbers for Q3 leaving around January we are at 85% recovery 93% recovery in the west and give you those numbers right. So we would watch these numbers so we still have 100% year-over-year recovered right so for us to guide you in a bigger way would not be responsible and I think as a team we are saying let us get into the next year let us make up the 100% and then hopefully the last two quarters will be and that is why Prashant said we will continue to guide you on a quarterly basis the objective is very simple is not to throw out numbers and visions and the headlines the vision is to be a responsible company and to continue to grow as we have planned and we continue to be very conservative in our planning and we would like to always deliver higher results is there anything would you like to add. So thank you for that question appreciated.

Avi Mehta: Just one bit Sir and just the last question from my end if I may, your digital initiatives I mean see the, it is a slide on the front end investments if you could just give some sense on the back-end investments that you are doing to support them and just a comment just before closing is this has been a fairly very intense presentation are very useful you have been fairly candid and I really appreciate it, and I look forward to kind of you continuing this thanks, that is just a bit of thing.

Prashant Desai: Thank you for those comments. I really appreciate it what I will do is I will flip it over to Kapil he will give you the back end okay for me digital is not just about the app that he is going to talk about. This company digitally if you look at it our vision with this digital is 360 degrees approach that is digital towards the consumer digital towards our employees that are managing the business so that they have apps to monitor and run the business on a daily basis digital towards our suppliers so that the suppliers are able to do everything communicate with us completely digitally and then also digitally towards our franchisor so that we are constantly evaluating the business constantly getting updates from different markets and so forth. So it is a 360 degrees approach to digital and a lot of investment over the last six years have gone into putting all the structure in place our supply chain connecting our stores directly to the DC's to our suppliers all that is in place. So that and then the back end on the app and how we are taking the digital to the consumer I will turn it over to Kapil.

Kapil Grover: Hi Avi thanks for the question. I think what Raj mentioned is absolutely correct on the app we are just about getting started I think what we have done is that we will make sure that the core competencies whether it is on data on digital marketing on CRM will build those in-house while we work with our partners to build more capabilities around digital marketing extend that support, but this is just the start and we will grow this business it is a strategic priority for us and we will make necessary investments to grow this.

Prashant Desai: Avi so I will answer to your question from a financial standpoint on a balance sheet implications from a Capex standpoint it is nothing significant that is going to move the needle all those investments have already happened what you will now see going forward is now that the app is kind of almost getting there you will see a spending on the front end of the marketing side of that so from that perspective rupees crore can Capex nothing significant.

Kapil Grover: It is all affects from there the Capex has already done.

Prashant Desai: So even the back end effects in terms of commissaries in terms of supply chain that is all that.

Avi Mehta: Thanks Sir I will come back in the queue for others. Thank you very much Sir.

Moderator: Thank you. The next question is from the line of Aditya Soman from Goldman Sachs. Please go ahead.

Aditya Soman: So my first question is on your same store sales guidance so the guidance of see by the chances and from fiscal 2023 now what percentage of this do you expect to be pricing especially in the context of sort of very high storage expansion we have seen with some of the other players that when you have a very high store expansion you also get an impact of store spreads or consumers shifting from to a closer store so how do you think of when you make that 5% to 7% guidance how are you thinking of pricing versus volume.

Prashant Desai: Sure so Aditya if you will see our historical context about four, five years that we have actually run the business on average between 3%, 4% is the price that we end up taking it has done intelligently so the consumer does not feel it so that is the kind of 3% to 4% price hike you can expect us to take along with that balance is the traffic group that you can the budget for in our view is that the country is going to grow at 5% to 6% of the GDP side that is the kind of guidance we are currently comfortable with unfortunately a lot of status quo has now changed post code and we do not know how strongly will India bounce back and if we see a very strong bounce back as we said we will come back and kind of revise this guidance upwards.

Aditya Soman: The reason I asked that I mean if I look at the SSG history recognition this is not just for you but even for the other listing players you had very strong same store sales between the 4Q 2018 and 4Q 2019 and part of this was just the price cut driven by GST right so I mean obviously there is a small change of whatever 10% change in afford in pricing that to consumer pricing led to a huge improvement in SSG across different players. So in that context I mean if volumes were worse then would you consider maybe sacrificing that 5% to 7% SSG target by keeping pricing flat and just to drive volumes.

Prashant Desai: So first in reaction to your question is we never have included GST in our pricing ever so GST is always on top of our pricing in the past so the growth that you saw the 29% growth in traffic and sales so it was just not in sales it was also in traffic was purely driven by more people coming into the restaurant and that was being here that we had launched our value strategy and you saw that the pretty evident that the two-year comps was probably one of the best in the industry. So that is the first part of your question. Now moving forward the I think guidance that Prashant was sharing is kind of the guidance that we have been doing with our business before even be republic we continue to follow the same thing we like to be a little shy of the inflation rates in the company and every time we take some pricing we find a way to add some kind of value to our Burger so we are not kind of just growing the price scale we change the menu the layout of the laddering of the menu we do a lot of things to make sure that there is no direct impact on the consumer and surprising is a complex strategy it is just not about just taking price hike on products it is about rearranging the menu. So we do that effectively on an ongoing basis and I think all the growth numbers that you would see in the future will include that same split that Prashant gave you which is about 4% to 5% kind of a pricing hike and the rest of it will be on traffic increases.

Aditya Soman: Very clear thanks, and the second question on gross margins again I mean here you have guided to slightly higher gross margins would this be a function of just better mix and efficiency or again slightly driven by pricing.

Prashant Desai: No so I will tell you that if this question is asked to our supply head he will tell you it is a multiple of things we do not drive one liners to drive know efficiency in a supply chain. Like I said it is a growth strategy for example I will give you a very quick example because I think you are asking the question after I try to explain it so maybe I did not do a good job. If you are taking a city and we have 25 restaurants in that city and we have a DC the DC's overhead cost is spread over those 25 restaurants now when we grow those 40 restaurants, spread over 40 restaurants suddenly you find a decrease in the total food cost going into those restaurants and hence increase in GP. So that is one of the things that we do, second we continue to do what we call as menu architecture so that is the second element that drives GP it just does not drive the sales of product it just does not drive the pricing product it also drives the total possibility of the company so that is the second thing is intelligent menu architecture and third is there is not a year that we do not go back and look at our menu and look at our suppliers and find new suppliers we are always looking at making sure that we are buying efficiently and that we are supporting our restaurants in the best way. So all three elements and many elements beyond these three elements that goes into our cost effectiveness and our GPs I hope that answers your question.

Aditya Soman: Yes it does thanks that was right.

Moderator: Thank you. The next question is from the line of Vicky Punjabi from JM Financial. Please go ahead.

Vicky Punjabi: I just had two aspects one was on your cost basically if I look at the P&L last year your other expenses kind of stood at 80 Crores which is down to 57 Crores in this quarter. Now I just wanted to understand what out of these I get some part of it is actually related to the rental concession, but I just wanted to understand out of this 27, 28-odd Crores what kind of are there any savings that could actually sustain even once we see the full recovery. Second question just very quickly on the SSG part of 5% to 7% again given that your store expansion pace is much higher that does sound a little conservative to me because generally given the higher quantum of stores that would be uh non-matured in your portfolio the SSG goods should be actually kind of heads by these non-mature stores. So just wanted to understand your thoughts on that. That is it, thank you.

Sumit Zaveri: So Vicky yes we have seen a substantial efficiencies on the cost side and that is thanks to the initiatives that we took across all cost lines, the cost reductions that we have got are combinations of reductions on account of negotiations that we have done during COVID periods and those would be kind of over a bit of time will keep getting phased out as we get to normalcy but the idea of when we went into a lot of these cost initiatives was to really kind of support the business through this period at the same time I would not say that, that we will not see a continuing effect in some parts of the costs going forward but as far as the rent like which was a substantial but we would see uh to an extent kind of going back to the normal levels as the business really kind of goes back because the large of substantial part of that savings was towards the period of COVID there, but at the same time simultaneously we have taken several initiatives on the cost side where we would see savings going into the subsequent periods as well, coming on to the SSG part and that was something which I think Prashant did try to answer earlier as well we are just getting out of obviously out of COVID period and we are eventually kind of at this point in time as we see markets we feel that that is the reasonable number which is aligned to where the GDP growth rate expectations are to keep as far as the SSG growth is concerned for periods going thereafter. As we see some of the tractions of the faster recovery I am sure we will come back and guide the market differently going forward of the SSG side as well Vicky.

Prashant Desai: And Vicky if I can add to what Sumit was saying and this is something for the interest of everybody on the call if you structurally see Vicky March of 2020 and if you see our rent-to-revenue ratios you will see they were at almost close to about 15% and if you look at our store breakup today of 270 stores almost 50% of these stores we opened in FY12019 and FY2020 and in FY2019 and 2020 that entire portfolio opened at a rent to revenue of between a 12% to 12.5% and this is one of the things that we are trying to explain to our investors also during our road show that as the business begins to scale up these are the two massive leverages that you will see from an operational perspective one obviously our gross margins are moving northwards we are guiding for almost 150 to 200 basis point improvement there second you will see the rental cost as a percentage of revenue coming down as we move forward both because of the portfolio that we signed and got operational plus as my revenue begins to scale up so these are the two levers you will see significantly moving the needle on the restaurant operating side.

Vicky Punjabi: Sure thanks Sir.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Sir just wanted to understand a few aspects like in terms of gross margin we have spoken a lot so just wanted to understand like as your stores count increase over next two to three years and even with improvement in gross margin how does that translate in terms of your improvement to your EBITDA margin, so some comment on that would be quite helpful.

Sumit Zaveri: Yes, so I think Prashanth outlined when he was putting up his slides the expectation to get to 67% gross margins in 2024. See when we talk about our gross margin I would like to reiterate and reconfirm to you guys it includes food cost it includes papers and packaging cost it also includes the transportation cost both primary and secondary so that is how we operate our business so it is all in there and that is how we read it right. So as we move there our vision is to continue to grow that there is not going to be a year where my team will not have a target of improving GP gross margins there will not be a single year in the future where we will not continue to drive that. So I think earlier on someone was, I am trying to remember who it was but so now that we are saying that there is beverages business you are not in how do you deliver without that business so there is a lot of just organic things that will be coming into the business which will drive gross margins in the future but that withstanding we also have a lot of things we have to do within our company because we are efficient, we are new and there is a lot more efficiency we can build out of this sufficient team and that will also continue so our gross margin for both because of the kind of thing business we will do in the future what kind of stuff we will bring in and it will also grow because we will bring it in much more efficiently.

Prashant Desai: And if we could give the overview what I was just telling Vicky previously that we are guiding for almost 200 basis point improvement in the gross margin plus as I said there is going to be a operating leverage on the rental side and if you factor this I do not want to put a number to this but we will see even from my FY2020 numbers of the restaurant level EBITDA and the company level EBITDA that we spoke of the numbers in FY2022 itself will be massively northwards to what we have delivered in FY2020.

Deepak Poddar: So at the restaurant level EBITDA we are at about maybe 8.5%, 9% but on the complete level maybe excluding the impact of AS116 we are at about deadly breaking even at in any 0.5% kind of a thing so what you are saying is that we are seeing extremely northward kind of a movement as we built up scale and as we improve our GP as well right.

Sumit Zaveri: That is true because this nature of this beast is that it is a very high operating leverage beast as you begin to open more restaurants your corporate cost gets apportioned over and above but as you build scale overall matrix of the business stages we were at a disadvantage I mentioned in the opening part of my remark because I came 20 years later than most people so I unfortunately came at a time when the rental cost in this country were high so if you go back in 2015 and 2016 my rent to revenue ratios were northwards of about 18% now we have kind of brought it down to 15% and as i mentioned we signed almost 50% of our current stores are signed between 12 to 12 and a half and as these stores begin to contribute you will see these leverages coming in so yes give us a couple of years time and you will see these numbers will be very different as we get advantage from the scale for which Raj mentioned we saw the vision from here from day one itself the founders the promoters put in close to about $100 million in this business to grow this business to this size and scheme so you will see all these advantages starting FY2022.

Deepak Poddar: Understood that is it from my side all the very best. Thank you.

Moderator: Thank you. The next question is from the line of Sanjay Chawla from Emkay Global. Please go ahead.

Sanjay Chawla: My first question is if you could just take us through the unit economics or the store level economics in terms of Capex and revenues in the first year and how that sort of scales up and the various break-even points etc.

Sumit Zaveri: Sanjay though the unit economics I will have to get into ADS level which cause competitive reasons where we do not want to share, but I think if you do a pure math you will get it here structurally at a store level our paybacks are between five and five and a half years and our Capex if you would have read in the DRHP it is about 2.8 Crores per store we use on a negative working capital business so our effective Capex is roughly about 2.5 Crores store and then you overlay to this that we kind of recover this two and a half over five to five and a half year period and you do your match you get the number.

Sanjay Chawla: And the second question is what sort of a Capex one should expect in fiscal 2021 and also fiscal 2022 and the breakdown of Capex into new stores and maintenance and also upgrade flash delivery.

Sumit Zaveri: Sanjay good thing for us is that we are a young brand as somebody else also mentioned we opened our first store in November 2014 that year we only opened about 13 stores so from a refurbishment Capex perspective we get into that in year seven and that year seven also that refurbishment Capex is largely front of the house in terms of a little bit of the furniture etc. So you will not see any massive significant refurbishment Capex at least in 2024, 2025 in terms of our Capex on an annual basis I have given you the guidance of about 50, 70 and 80 stores multiply that by 2.5 Crores that will be the next Capex that I will be doing also one thing and you guys will do the math if you see our EBITDA to operating cash is almost 100%, which is where I was saying our refurbishment capital is almost close to negligible at least for the next two to three years and that will also be the case because of our accumulated losses we do not see us getting into the tax bracket at least in 2025 or 2026 so all the EBITDA that we generate is our operating cash.

Sanjay Chawla: Okay great thank you very much and all the best.

Moderator: Thank you. Ladies and gentlemen, we will take the last question from the line of Arnab Mitra from Credit Suisse. Please go ahead.

Arnab Mitra: My first question was on this delivery when you first started a business as you rightly said when you started you had a 700 store as thought process now since then obviously the aggregator model has come up delivery has become a lot bigger part of the food pie. So how do you think of this 700 store count now versus five, six years back does it mean you can cover a lot more area or geography in the same stores or is there any change in the size of the stores and stuff like that to take care of this new development which has happened over the five, six years.

Sumit Zaveri: Yes you are absolutely right your question is bang on. Every year we see this potential increasing every single year. Every single year that 700 target seems like a very small target versus the market increase and this is due to two things one is the disposable income of families let us not talk about COVID year let us keep them aside but if you are talking about everything that happened before that disposable income is increasing dramatically you have the millennial population which is the population between 15 and 35 years which is our TG audience and I have been running the brand all across the world and this is the first time in a country where our TG audience is the largest share and largest growing share of the population it is also the population that eats out of home more often than other populations. So this these are the reasons that they have more disposable income they have less time and plus on top of all this, this is the population that actually goes out and eats a lot. So if you put all that together this market is actually growing much rapidly if you look at some of the techno pack studies you will see that the growth is expected in high double digit over the next five years and every time we give you numbers they are very conservative but that is the approach we taken in our business is to build a business strong to build a business with humility and to continue to grow the business with a lot of humility in the business and so this market is growing and our potential to put more restaurants in very heavy cities and just giving an example in Mumbai or in NCR is growing every day there is new and new localities coming up the highways are now producing more and more sites that were never there before because these rest stops are coming up on the highways wherein food courts are being built and you can go in and put your restaurant there, there is a lot more activities going on with the airports there is a brand new terminal for example in Bangalore airport international terminal coming up so a lot more activities going on in that space as well so we see this growth not only because of the market which wants more products from us but also because of the infrastructure is providing that kind of capacity for us to grow so you are absolutely right in your remark there that we see this growing on an annual year over year over year basis so we are very comfortable that 700 target is actually going to cheaper.

Prashant Desai: So I just wanted to request Edelweiss to open up the call for another 15 minutes because we took up a lot of time in explaining in the initial part so if there are further questions Nihal we can keep the call going till 3:15.

Moderator: Sure I will do it Sir.

Arnab Mitra: And just last question from my side so one observation was that your ADB and delivery picked up to only about 85% in the December quarter while some of your competitors had seen higher pickups but you have seen a big jump in January while other seems to have stagnated so any reason why your pickup was actually lower in December and there was a big pickup in January in the delivery recovery.

Sumit Zaveri: No, so we continued to work on initiatives to drive delivery growth we had started our initiatives from day one as COVID setting so we started our no contact delivery started working with the platform to price growth and some of our initiatives are starting to come through as I said from a forward looking perspective the big strategic initiative will be to drive our own platform grow them build the whole app business and country of this growth and part of this is also consumer of the year right we have seen that shift happen in due course of time where the shift has happened and as Srinivas mentioned earlier we were also on television with a whopper campaign in the month of January that also gave us a bit of a lift in sales across our channels also as a matter of policy what we have learned from Raj is yes we will refrain from commenting on competition good or bad either ways so we have got Kapil is sharing is what we did to kind of grow this piece whatever the number was for industry it was there.

Arnab Mitra: Okay, thanks that is all from my side.

Sumit Zaveri: Absolutely even we addressed that Kapil is building a great team now we are going to have a few more people on the team very soon I think next week where you are getting your talent on it, so we are building a very strong infrastructure to drive a digital business we are just not putting less service to this we have now a chief digital officer in this company he is building a complete digital team this is not going to be outsourced to anything this is going to be team sitting inside in our company and driving this business we were the first ones with the aggregators when we opened the restaurant we was the first one and right at that time we invested in complete integration of our technology with the aggregators and now Kapil with his talent is coming in and enhancing all those things just as an example the download speed of our app was significantly improved and the size of that app was significantly decreased so that it could sit in phones with much less memory spaces so everyone could download that app so a lot of that kind of work you are seeing and you will continue to see that you are talking about the 86 going to 106 from December to January and please you will continue to see that because we are investing time resources energy and a lot of passion around this business and you will see that growth.

Arnab Mitra: Thanks so much all the best.

Moderator: Thank you. The next question is from the line of Madhav P from Spark Capital. Please go ahead.

Madhav P: I have two questions, actually this is on the store economic I know you did not have I mean couple of other participants also I mean did have questions on this trend and you also answered partly but what I wanted to understand is so currently our store level up given that around say 8.5% obviously there is a whole operating leverage portion the company level on the company level and corporate overheads kind of thing but even comparing to say though something like Domino's though it's not a peer-to-peer comparison right so the same amount of throughput what we currently do vis-à-vis them that our margins are say the store level EBITDA is say somewhere between low to mid 20's, I fully agree it is not comparable it is not apples-to-apple but I am just saying in terms of if our EBITDA should somewhere I mean is there a goal that this high single digit can go to say 14, 15 on the store level and how this is going to be possible. So some pointers here and Sir secondly you are speaking on the whole Omni channel part right with the app coming in and currently with 40% of our revenues from delivery so there is a significant payout which we make to the aggregators. So is there a game plan here where with more and more people ordering on our app and we would be doing the delivery asses is there another EBITDA margin play here too, these two are broadly what are happening.

Sumit Zaveri: Sure Madhan. Madhan on your store economies what that number is as I mentioned to somebody else on the call just wait out another 12 months and you will see the first side of where we are going towards as I said it is tough for me to comment on individual numbers over the next 12 to 14 months the directional the big delta you will see itself in FY2022 just be patient for at least two quarters and you will see that what that number is also you will get a flavor and I just asked you to keep a small thing in mind that the number that you will see that we report is a portfolio wide average and if you do just a small match of the number of stores that we opened over the next last three or four years you will get a sense what those three, four the stores that we open three, four years back are doing obviously it is a curve that moves up in that sense so I will refrain from making guidance on a restaurant operating level but the trajectory is northwards and significantly higher when you spoke about the app side we mentioned what we kind of wanted to kind of tell you as I said it is still early days for us on the store economic side it is not just us QSR as an industry if you go to a Zomato, Swiggy they also recover a certain part of the money from the customer by way of our delivery charges is there a cost to doing delivery as a business answer to that is yes however if you will see the products of the delivery side are priced higher compared to Dine In so the way you do the math and I will share just one broad data the cost of doing delivery as a business today is about 8% to us, so we are using the same infrastructure generate 40% more revenue and incremental cost gross margins remaining same is about 8%.

Prashant Desai: I will give you a anecdotal example if this business of delivery is basically bringing convenience down into the doorstep of people so this is not in spite of this is not replacing a kind in business this is in addition to our dining business so this is additional business this is the way you have to as finance executives you have to look at this business as a add-on additional business on top of what we are amortizing rent capital all that in the restaurant this is additionally a business that comes from outside that we tap into. Now if you see, if you look at the COVID and that is one of the graphs we gave you on page #13 when we first opened the restaurants post COVID in April 100% of the business was delivery business because they did not allow people inside there in the restaurant but that business did not grow from being you know Rs.30000, Rs.40 000 rupees to Rs.100000 it was gone evolves and as you see this business in January as come down to 38.62 and that is there, that is as you can see that it is coming back the dine in business will come back traditionally you will see this to be at about 70, 30, kind of a business and I think we will get there at some point.

Madhav P: Sure Sir thank you.

Moderator: Thank you. The next question is from the line of Varun Singh from IDBI Capital. Please go ahead.

Varun Singh: Sir I just wanted to understand in terms of what kind of a degree of control that you wish to build into your entire ecosystem so for example currently if we order from Zomato we see a Zomato guy delivering to us. So going forward do you wish to control this entire last mile delivery or you wish to keep it as it is I mean as we are experiencing it currently.

Sumit Zaveri: Yes, so the way we think about this is the way the consumer the guest or the customer who whatever you want to call our consumers the way they want to approach to us not the way we want to do it the way they want us to do it that is the best way to look at it so today a consumer wants to access us through Swiggy which is a marketplace or Zomato which is a marketplace or they want to come down to our own app they should have the complete flexibility to access us from wherever they want and that is a very simple way for us to make sure that we reach to the every last consumer that wants to access us so that is one thing. Yes we want SOPs we continue pushing ourselves once Kapil has his platform in place and we have done our performance marketing and it is on every consumer's phones there will be incentive for people to order from our app because there will be a loyalty program they will be collecting crowns or points which they can redeem for food there is going to be previous orders that they can just press and say I will repeat this there is going to be a lot of convenience that will drive people and also I think Kapil plans to have certain offers that will only be available on our app right so a lot of that will be there but again just coming back we want to make sure that we are still on all the aggregators because that is some people like to access brands through aggregators so we will continue to be there we will continue to partner with them we will also continue to push them on making sure that their delivery last mile is done better and better our SOPs will get tighter and tighter and better and better and we have got some very good partners in both of them so we will continue working with them to make this a stronger business with them as well and the SOPs the standards that working will set over the next year in terms of delivery will be something to watch out for.

Varun Singh: And Sir second question is currently we see that on Zomato there is an entire different set of menu compared to the menu that we see on your website so why is this different and how do we intend to keep this I mean what would be our distribution strategy if you can make some commentary on that. Thank you.

Sumit Zaveri: Just to answer that question the menu is not dramatically different it is just a couple of SKU again driven by consumer choice right these are the buying patterns that we have studied over the years obviously we have been with the aggregators from day one from seven years now. So you studied the buying patterns and building some SKUs which customers prefer and yes on our app as well as we build more data and understand our consumers better we will be optimizing and sort of personalizing a many options basic customer preferences it is a intelligent system so that what and all of them have this intelligent system which is basically as it learns what the consumer really wants that is what it shows on the first as you open the app so it is a learning system it is an intelligent system and it works just like most e-commerce companies all right.

Prashant Desai: Well we can have one last question.

Varun Singh: Thank you very much.

Moderator: Ladies and gentlemen, we will take the last question from the line of Amnish Agarwal from Prabhudas Lilladher India. Please go ahead.

Amnish Agarwal: I have a couple of questions my first question is that you gave a statement that you have mostly exhausted the store which could be opened in malls. Now looking at the condition that the incremental relation to stores will get more on the high street, so now the earlier locations like they are IT parks or even metro stations and all they would not be having the issue in to the crowd as they use to be in the pre COVID scenario, how does it change the overall you can say store economics and viability for us this is my first question and my second question is basically the data point on that what was the share of delivery in the overall sales pre COVID and any guidance on the tax rate given that we have a lot of accumulated losses in our balance sheet. Thanks.

Prashant Desai: So Amnish, Prashant here. Yes more today is a larger share of our total portfolio because those were the lower and it picks when we entered into India as we moved forward you will see higher contribution coming from the non-bond portfolio side however when we kind of provided you the guidance in terms of same store and all the numbers that I have been telling you that have been provided keeping the new product mix in perspective as I said two significant drivers for restaurant operating margins are going to be rise in gross profit margin and operating leverage at a rental site and then of course the company will become more at a corporate cost side so all those has been factored when we shared those numbers with you what was your second question Amnish.

Amnish Agarwal: Second question was basically the data points on what was the share of delivery sales in the total in the pre COVID area and the tax guidance given that they are having less cumulative losses.

Prashant Desai: So pre COVID we were at roughly about 32%, 33% we are currently at about 38% and as Raj mentioned over the next slightly longer near-term to longer-term we see this settling at about 35% that is our base.

Sumit Zaveri: And the growth rate when we give a growth rate and we say we are going to grow x percentage over the next year it applies both to delivery as well as dine in business so it is not that we are expecting a complete shift from dining to delivery I think we expect both the businesses to grow. Thank you very much that was a good question, with that, go ahead. Is there anything else.

Prashant Desai: Any follow-up Amnish.

Moderator: Amnish has left the queue. Ladies and gentlemen that was the last question, I now have the conference over to the management for closing comments.

Sumit Zaveri: Yes, so I will hand it to Prashant in the second year just to do the closing comments, but I just wanted to thank everyone look at the support we have received from the entire community whether that is the investment, analytical, the banks, you name it I am really humbled, I am very humbled as the CEO of this company, I thank everyone for standing behind us we promise to be as transparent as we can as a company where its information is kept to protect the investors to protect the company's growth we will protect that information but we have no objective of doing anything else we are extremely transparent company and will continue to be transparent moving forward and we are extremely happy for all the support we have reached. So thank you so much and I will turn it over to Prashant for closing comments.

Prashant Desai: No Sir nothing. But, so thank you guys and look forward to interacting with you in the next quarter's conference call. Thank you appreciated.

Sumit Zaveri: Thank you.

Moderator: Thank you very much Sir. Ladies and gentlemen, on behalf of Edelweiss Securities, that concludes this conference. We thank you all for joining us and you may now disconnect your lines.