



“Speciality Restaurants Limited Q1 Financial Year 2016 Conference Call”

August 13, 2015



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Moderator: Ladies and gentlemen, good day and welcome to the Speciality Restaurants Q1 FY 2016 results conference call hosted by Centrum Broking 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 the 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. Ankit Kedia. Thank you and over to you Sir!

Ankit Kedia: Thank you. Good evening everyone. We at Centrum Broking are pleased to host the Q1 FY 2016 results conference for Speciality Restaurants. Today we have with us from the management, Mr. Indraneil Palit, Executive Director, Projects Business Development and Strategic Planning and Mr. Rajesh Mohta, Executive Director (Finance) and CFO. I would like to invite the management for their opening remarks followed by which we can have an interactive Q&A. Over to you Sir!

Rajesh Mohta: Thank you Ankit. Good evening ladies and gentlemen. On behalf of management of Speciality Restaurants, I welcome you all to the investor’s call post Q1 results of FY 2015 – 2016.

I am happy to inform that income from operations grew from Rs.70 Crores to Rs.80 Crores year-on-year, registering an increase of 14%. EBITDA increased from Rs.7.89 Crores to Rs.9.19 Crores, registering an increase of 16.50%. Correspondingly PAT has increased from Rs.1.91 Crores to Rs.2.27 Crores, registering an increase of 19%.

During the Q1 of FY 2015-2016, we have opened four restaurants, which are all Company Owned and one Sweet Bengal Confectionery in the city of Mumbai. This has taken the total restaurants and confectioneries as on June 30 to 120 out of which 23 restaurants are franchise restaurants.

For your information during this particular quarter, we have not shut down any of our restaurants be it company owned or franchisees. The four restaurants, which opened during this particular quarter, are Mainland China Asia Kitchen in Chennai, Sigree Global Grill in Amanora, Pune and two Hoppipolla, one in Todi Mill in Mumbai and the other one in Amanora, Pune.

On the cost side, I would like to inform all that we are yet to see moderation in the raw material prices and with the discretionary spends continue to be under pressure and we would like to reiterate that with this still have are a challenge, which we have been seeing for the last couple of quarters with slight improvement in during the weekends also. There

has been moderate increase in the raw material prices primarily because of our consolidation of our Indian cuisine brand under the Global Grill brands during this particular quarter where in the food cost compared to Chinese cuisine is slightly higher. Rest efforts have been on with respect to expenditure, controls etc., and there has been an increase in the lease rental cost primarily because of the restaurants which have been starting contributing on revenues topline be it from a Global Grill etc are running on more on revenue share basis because of recent agreements being on minimum guarantee and revenue share.

This has resulted into an increasing leased rental cost, other costs have been under control we are trying to **(indiscernible) 4.08** controls on electricity etc., despite increasing per unit cost of electricity in some stage.

Now I leave it for all the analyst and investors to have questions to us so that we are able to answer yourselves. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Prakash Kapadia from Ialpha Enterprises. Please go ahead.

Prakash Kapadia: Thanks for taking my question. On the demand side as we see sales are up 14% for us as compared to 17% Q1 of last year. What do you think is still affecting our sales, because if you look at some of the other macro parameter like multiplexes had bumper quarter, malls are doing pretty well, so we are not seeing buoyancy in sales?

Rajesh Mohta: Thanks Mr. Prakash. **(Inaudible) 5.39** What is happening during the weekdays, the spend from corporate is yet to come what we had seen in earlier periods. We are still looking forward to that kind as indicated the weekends continue to be good. There is a pressure on weekends eating at our restaurants, but the first four days of week are still a challenge.

Prakash Kapadia: You are saying unless and until this corporate demand does not come back it will be difficult to have 18%, 20% kind of sales growth. You mentioned about raw materials in your opening remarks, so if you could give some sense what would be contribution of Global Grill to our sales and you know 31%, 32% kind of raw material cost the new normal cost for us which we would expect say going forward especially in the context of rupee which has started depreciating again, so what kind of an outlook on raw material we would have for say the rest of the year?

Rajesh Mohta: We have been expecting some amount of moderation in the raw material prices from February, March itself, but it has not happened, because we went ahead with two contracts when we had unseasonal rains etc. Despite that there is still likelihood that the price should



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be at this particular level considering those facts we maintained that this level of 31%, 32% which we are incurring on an overall basket of all restaurants be it Chinese, Indian. We would be able to maintain that, but the moment there is a festive season and we look forward for some consumption driven growth coming in there is a possibility that we may have to take price increase to neutralize some bit of amount of raw material cost increases.

Prakash Kapadia: Some of the initiatives which we were looking at localization and were expecting some cost reduction on that front where are we on that?

Rajesh Mohta: So that is the continuous exercise which is always on like dependence on imports etc., which we are having one-and-a-half years, two years back, but we had tried to reduce that and looking out for local replacements of those products but that is a continuous exercise, but we would not like to compromise in the quality because the ingredients play a very key end product.

Prakash Kapadia: Lastly on number of employees, I think last year around we were approximately 4700 employees, what is the kind of wage inflation we are expecting, what kind of salary hikes to be anticipated and what would be the approximate head count?

Rajesh Mohta: Head count as on June 2015 (**inaudible**) 8.27 we had increased our restaurants, we had tried to re-engineer and whenever there is an increase in the staff cost to the extent of 8% to 10% we tried to reengineer the number of people working in the restaurant, so that the impact does not have resultant into profit on the expenditure.

Prakash Kapadia: What in terms of head count approximately as on date?

Rajesh Mohta: We are 4400 plus.

Prakash Kapadia: We have seen a reduction in head count, because I think last year?

Rajesh Mohta: 4400 in June 2014 and 4400 as on June 2015.

Prakash Kapadia: Thank you. I will come back if I have more questions. Thank you.

Moderator: Thank you. The next question is from the line of Koustubh Pawaskar from Sharekhan. Please go ahead.

Koustubh Pawaskar: Thanks for giving the opportunity. My question is on your table turnaround for Mainland China and Sigree Global Grill since you are saying that you are seeing some kind of



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improvement in the weekend sales, so are we seeing any improvement in table turnaround as well?

Rajesh Mohta: We have let us say for instance for the sake of confidentiality we are not giving specific cover turnaround ratio, but it remains there is no major improvement. No major improvement because though the weekends have grown, weekdays continue to be same, so on an overall average it remains the same.

Koustubh Pawaskar: Sir can you some perspective on your international operations how they are moving around?

Rajesh Mohta: The restaurant at Doha is almost done I think into the final stages of approvals from government department there, couple of weeks now where we will be able to have soft launch etc.

Koustubh Pawaskar: Sir sorry your voice is little breaking, so I am not able to hear you properly.

Rajesh Mohta: What has happened we have done the Doha restaurant, there are certain government approvals, which have been applied, for those who would be available in couple of weeks and thereafter we would be able to have a soft launch of that particular restaurant.

Koustubh Pawaskar: About the Tanzania Sir?

Rajesh Mohta: Tanzania is a franchise restaurant, which has started on a good note.

Koustubh Pawaskar: Thank you Sir.

Moderator: Thank you. The next question is from the line of Jagdish Bhanushali from Florintree Advisor. Please go ahead.

Jagdish Bhanushali: Hi Rajesh Ji, I wanted to get a sense how many we have company owned and operated currently?

Rajesh Mohta: Good evening Mr. Jagdish. We have 23 franchisees out of the total 120 Restaurants and Confectioneries, which make it 97 Sir.

Jagdish Bhanushali: What was the same mix last year Q1?

Rajesh Mohta: Q1 of last year, I do not have the numbers right in front of me Mr. Jagdish.



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Jagdish Bhanushali: I wanted to understand it seems like the revenue growth is much higher than the volume or the store growth it seems, so I wanted to understand have we taken any price hikes or is it the churn has improved?

Rajesh Mohta: There was an implementation of some element of service charges which we had at the previous quarters in November 2014, so that has a bearing in any which ways.

Jagdish Bhanushali: That is not a major one, but it seems like the churn has improved a bit, is what we would consider that?

Rajesh Mohta: I would not say a major, but yes it is on a positive territory.

Jagdish Bhanushali: That is it from my side. Thank you so much.

Moderator: Thank you. The next question is from the line of Ankit Kedia. Please go ahead.

Ankit Kedia: Sir I just wanted to know, we have a lot of apps now which do home delivery of food, are we seeing some trend that dining out by people have reduced and home dining has increased, so we also have tied up with few websites for home delivery, could you share some of the experiences out their what we have?

Rajesh Mohta: Chinese cuisine it is basically we call ourselves in fine dining Chinese, so fine dining goes with ambience, so people come here to have good times. As far as delivery is concerned, there is a time gap between the food getting produced and consumed, so there is a slag between that, so the aroma and quality at a particular restaurant and at home has a differentiation, but we have not seen a major traction, but yes because of commuting becoming more and more difficult into metro and tier 1 cities, there is a scope in delivery which we have been trying to explore, but there has not been a major shift from dining in restaurant than to delivery or takeaways.

Ankit Kedia: And the same goes for Indian cuisine as well Sir?

Rajesh Mohta: Indian we have not been that focused as far as delivery is concerned because we are now more focused in Indian cuisine where we have that global grill format where the kababs etc., are coming on the table where we have a grill.

Ankit Kedia: Sir, my question was from the industry perspective are we seeing as an industry people dining home more often than dining out, which is impacting the footfall on weekdays?

Rajesh Mohta: This trend has not been reflecting in our restaurants per se.



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Ankit Kedia: Sir my next question was in the first quarter itself we have opened four restaurants, which are company owned for the full year typically we say we will do 12 to 15 restaurants, so how is the pipeline going forward for new restaurant opening company owned and what could be the capex guidance?

Rajesh Mohta: We have said 12 to 15 and we have reduced it to 10 to 12, the thrust is to maintain that particular number between 10 and 12 restaurants in this financial year also and taking the capex per se let us say we spend somewhere between 2.5 odd Crores to 3 Crores, so if you open 10 restaurants we would be spend around 30 odd Crores on capital expenditure.

Ankit Kedia: Sir just last question on new Hoppipolla that we are aggressively opening, how is the traction which we are seeing in them particularly in Bombay where we have three of them and how is Zoodles shaping up now, it has been nearly one year for Zoodles launch, so how is that scale up happened and what is the roadmap for that?

Rajesh Mohta: Answering your first question on Hoppipolla we found the traction to be good, people are spending in all the three restaurants of Hoppipolla in Mumbai, which has given us an impetus to open in other cities as well, so we look forward to, but it would be a very strategic opening of Hoppipollas, we would not like to get it scaled up on a fast way where we have done for other brands, it would be strategy still to maintain standards at Hoppipolla because it is more liquor driven, so this one and as far as Zoodles is concerned we have, we have seen, we have tried and tested it one year, now we are trying to work out a back end model wherein we can have multiple stores in one go so that it becomes an hub and spoke, so the efforts are onto stabilize all those, so that we do not have a backward and forward integration cost mismatch because that is the critical element for running this kind of QSR outlet where the price points are slightly lower. So in time to come we would be able to get into Zoodles in a big way.

Ankit Kedia: Would it be this year itself or it will still take longer time for Zoodles to scale up?

Rajesh Mohta: Likely premature for me to say at this time because what happens is when you look number of stores and the Kamasary (ph) there has to be a match so that certain infrastructure etc., needs to be created licensing etc., do take time, yes today when we are talking in the month of August it might happen in couple of months time though it may so happen at this financial year end or next, it could fructify.

Ankit Kedia: Sir just one more if I could squeeze in, Sir slowly we are expanding Sweet Bengal as well initially we had said that Sweet Bengal is pretty much sweet saturation in terms of growth, but now for last two to three quarters we are seeing every quarter one Sweet Bengal being

added, so what is the bigger roadmap for Sweet Bengal going forward and what is the percentage contribution of Sweet Bengal to revenues currently?

Rajesh Mohta: As far as Sweet Bengal is concerned, what had happened, we had moved to have a forward integration of number of stores that particular factory can cater to, we are opportunistically doing certain stores, which form so that the logistics also are taken care of in one particular stream of delivery because we have certain amount of additional capacity available at our new factory. This is one reason why we are keeping on adding few Sweet Bengals in Mumbai. Second when we talking in terms of the total contribution of the revenues it is almost like if I may say so it is between 3.5% and 4% of the total revenues.

Ankit Kedia: That is helpful Sir. Thank you.

Moderator: Thank you. The next question is a follow-up question from the line of Koustubh Pawaskar from Sharekhan. Please go ahead

Koustubh Pawaskar: In your initial comment you mentioned that you would be looking at increasing the prices somewhere around in the festive season, so what kind of price increase you would be comfortable with?

Rajesh Mohta: Why I said was in the sense like when we have the festive season historically we did increase prices, but it all depends upon the macro factors and improvement in the discretionary spends, so it would be difficult at this point of time to be put a number to what kind of increase, it may happen if the things like we were looking forward to in a previous year to happen which did not happen or got extended the situation remains the same we may have to continue with the same kind of price.

Moderator: Thank you. The next question is a follow-up question from the line of Prakash Kapadia from Ialpha Enterprises. Please go ahead.

Prakash Kapadia: On the demand side, what regions are we seeing some traction or are it standard across geographies like south or western part of India where we are typically located? So if you could give us some sense and Sigree Global would now be at around 20% of our sales contribution?

Rajesh Mohta: It is 20%. When you are talking in terms of the geography I would still say south has not improved the way west would have improved.

Prakash Kapadia: Thank you.



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Moderator: Thank you. The next question is from the line of Abhijit Kundu from MayBank. Please go ahead.

Abhijit Kundu: Thanks for the opportunity. Just wanted to get an understanding of what are the company's initiatives to really in a scenario where we are seeing demand from corporates being consistently low. Any initiatives that the company is taking to really ramp up the demand, I mean just even in a muted scenario to really get out or squeeze something from the corporate. Is the company doing anything about it? I mean some offers, promotions?

Rajesh Mohta: We have got corporate tie ups with the large ones which are in the vicinity of a particular restaurant and now we are looking at all India tie up irrespective of the location because we found that probably a lot of employees would like to use them which is closer to the residence, which is very diverse but we have been able to locate a platform which will be used in order to get to as many corporate employees that we can. So it is not the corporate spending only. We are now targeting the corporate employees as well. So we are saying that this is the first time a platform like that has been found because otherwise you cannot reach to the employee level per se. So that should give us the boost. Yes we are conscious about it and we are trying to squeeze out the maximum that we can.

Abhijit Kundu: How is this happening in the sense you are approaching the corporates?

Rajesh Mohta: You see what happens generally what was happening earlier the corporates within the vicinity would either approach us or we would go and make a sale pitch saying that, "all right, if you use our restaurant this is the offer that we are giving you," but at the same time but what happens is that in the vicinity or the location of the restaurant per se but we also found that there is a demand from the employees point of view for their personal entertainment even otherwise where they would like to use another restaurants, which might be close to a residence and not necessarily the one which is close to the office and these offers were essentially made to the corporate as an entity but not to the employees per se. So now what we are doing is we are looking at options of taking it to the employees as well with certain discretions. So we will have another new market opening up where people will like to use as more often for their personal entertainment as well.

Abhijit Kundu: Would you be looking at something like five star hotels have been doing that you have like yearly kind of membership or yearly some amount of payment is made. So you get some free meals in that?

Rajesh Mohta: What happens is we offer a loyalty card free of charge. Now if you are using it you get points and the points can be redeemed against a bill and that has been well received. I think



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we got about 5 lakhs members already. So I think that is one base, which is growing steadily. So we are conscious about it and that loyalty per card is doing well.

Abhijit Kundu: Thanks.

Moderator: Thank you. The next question is from the line of Chitragada Kapoor from Reliance Securities. Please go ahead.

Chitragada Kapoor: Thank you for taking my question. Mr. Mohta. This is Chitragada this side. I basically want to understand not on the financials per se but your sense on the industry. So there are few key pointers that I have pick up from your opening remarks in this concall one is you mentioned that there is a certain macroeconomic factors, which are pulling you down and it is still there. Second you mentioned about just now about loyalty card that you are distributing free of charge. Now I want to understand from you Sir if you can elaborate what exactly is it that is pulling you down. Is just a macroeconomic factor, which is not getting the weekday occupancy for you, or it is a combination of numerous factors, which includes competitive intensity, it can includes your positioning as a fine dining restaurant. So if you can just help me understand how the industry is currently and what is your sense from it?

Indraneil Palit: First and foremost thing is that probably let us look at places of these regions per se. Calcutta we are pretty much fine. Though the same sale growth has been flat but there has been any pulling down as such. Bombay is also pretty good. Now what is exactly is happening in perhaps south, more in south is the fact that in the growing suburbs, which is to have a very good spending population as soon as the suburbs would develop that is not happening. Now it could be like these are macro reasons again that if the real estate is going to go through the sky and EMI is going to hit you, if the salary is not going up then the suburbs which created new opportunities for us for the last so many years those suburbs are not really supporting as well particularly in the south and that is where the most going suburbs are like Hyderabad or Bangalore and also Chennai to certain extent. One would say that yes macro reasons are possibly the main reasons because that is the population, which we are missing. The ones where we are well established like in a place like Bombay and Andheri West or some such we do not find much of pulling down though of course the growth that like we have seen is not seen unfortunately. So one side the growing suburbs are not supporting and it is the established locations are not compensating to that extent. So one would look at macro reasons because it was not there earlier. We do not see that we are doing work than any competitor or we do not see any new player who is coming and taking lot of crowds in fact at times the other is around for sometime they take but they are not able to sustain for whatever reasons. So we do not see any threat there frankly and we are very conscious about it because we are worried that we should not be misled like you are

asking a right question quite a valid one that we should not be seeing and pretty much putting everything on the macro reasons are not looking at the immediate influencing factor but frankly we have not found any so far. So it is good and bad both. So that is how I think we would like to put it here.

Chitragada Kapoor: There is a point of discontent here. One is what I am trying to understand is you mentioning here is that there is a not a growing suburb population, which is coming into your restaurant and at the same time you are mentioning you are not doing worse than the other restaurants and my question to you is what is your positioning here? Are you a premium restaurant or are you looking at a mass premium restaurant because if you are mass premium restaurant than may be probably your arguments are valid but if you are a premium restaurant then for instances since Mumbai it is then Mumbai you have a continental restaurant not a Chinese restaurant if I can quote an example then there is a Quattro which is there is Lower Parel somewhere and it is doing fantastic well, so it is a not a mass premium restaurant but is a premium restaurant. It is not a chain. So I want to understand your positioning during this scenario the entire macroeconomic scenario would you because Asia kitchen you are pitching it as a mingling of Chinese and Asia cuisine so it is a fine dining restaurant and it is placed in Palladium and other good malls so probably in the premium segment but you have Mainland China, which I believe is now getting into the mass premium segment because you are giving loyalty cards which is free of charge and that in my view should be okay you are getting a good response but it is even in diluting your plan.

Indraneil Palit: Let me try to answer one by one. One is that yes we are a premium restaurant. I mean this fine dining and casual dining are all getting mixed up so I will take your word as premium. Now the question is when I am giving a loyalty card the card, which goes we will be surprised that how many people do not redeem the point but still like to flaunting their cards. So the point is that the card actually carries the value of Mainland China into the wallet is almost becoming part of their body even if they do not use it every time for Rs.200 to 300 because on a need to.

Chitragada Kapoor: Pardon me if I can just cut you. You are saying lot of people who is flaunting your card could you specific what geographies are in. Are they metros or Tier II cities because Tier II cities they still hold very good post?

Indraneil Palit: There are not as many restaurants in Tier II cities as you know. At the moment we are talking about only metros because that is where the concentration is

Chitragada Kapoor: The four, which your Bangalore, your Chennai, Mumbai and Kolkata. This four are you talking about.



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Indraneil Palit: Pune.

Chitragada Kapoor: Pune so that is Tier I.

Indraneil Palit: Tier II is nothing I mean this hardly anything there except for one in Chandigarh etc. So those are I am not talking about those at all. We have got a very few numbers more or less franchise. So going back to your question, I would say that the loyalty card therefore is not a mass thing. If you look at we model our brand against P. F. Chang. P. F. Chang is a world wide which is an American company, which has 250 restaurants across The America and we basically think that we are where P. F. Chang is for many reasons those our internal assimilation that we have now if you look at the P. F. Chang stand they have similar programs all over the place. So there are value being added to a person who is using your restaurant more often it is not to provide a discount otherwise we could have said okay you said so much money I will give you a discount and so on. So discounting is not part of our policy but yet rewards are. So there is a rewarding issue rather than a discounting issue. Talking about I think you said something about the suburbs now what I was trying to tell you is being a premium restaurant when you enter the suburb there is always a 10% or a 15% premium customers who grow in the suburbs itself and there are quite a few numbers because those suburbs tend to be very densely populated but unfortunately we find that these suburbs which are supposed to be growing at a very fast rate has actually slowed down. So you do not find many people staying in new suburbs like Hinjewadi and Pune or a Whitefield in Bengaluru. I am talking about density per se. It is not important what the real estate value is there and/or even if you look at Chennai for example so this is something, which is because of the macro reasons. So we were trying to basically tell you that these suburbs were very good providing very good opportunities for us over the year and we find they have slowed down. We are hopeful once it kind of economic bounces back it will be bouncing back again because there is a lot of psychological pressure than the actual pressure perhaps. So I think we should be back on track.

Chitragada Kapoor: Two parts if I am will be allowed. One is you mentioned Hinjewadi, Pune so how is the Magarpatta outlet doing I agree with the reason one.

Indraneil Palit: In the Amanora?

Chitragada Kapoor: No in the Magarpatta in Pune.

Indraneil Palit: Magarpatta you are talking about Amanora. I mean Magarpatta is the mall. The area is the same you are right. It is Magarpatta area the mall is Amanora. It is doing fairly well I can say.

- Chitragada Kapoor:** It is like a satellite town like Hinjewadi.
- Indraneil Palit:** You see again the same thing. Let us look at it Amanora, the mall has got tremendous huge prospect for sure but question is that we have to have X population though it is quite populated now. Let us see the luxury. Flats are being sold and people staying there. People have invested. **(Indiscernible) 34.15** have invested some stocks, but people have to actually have to travel now the question is if your road connections are bad if you jam of 1.5 hours but it definitely going to improve. So we are not giving up at all. We have seen this earlier in many places where things have changed drastically once people have come and started staying there because of convenience and because of the ambience and so on but the transport system, the traffic these things have to be right. So this could be a locational issue but I can say that there could be more people coming up who may be luxurious essentially but much more in number that is not something like Whitefield, which I was telling about, Whitefield is the very good prospective suburb. In fact fantastic opportunity but the question is that there again there are bungalows, there are individual people staying in luxurious apartment in threes and fours and fives that does not have to need a certain amount of people who are not so luxurious and at the same time you need certain people who are going to be the social leaders what we call in our term that the social leaders are like Pied Pipers so when you have this social leaders they lead people to your restaurants and others follow but that is something which is taking a little time but we have seen that previously also I think it is not that not so widespread but it has happened earlier and we have seen this suburbs completely turning around. So we are hopeful that once the macro improves everything will improve.
- Chitragada Kapoor:** So we talked about macro, you talked about positioning. You not touched upon my competitive intensity part? Just a part on that follow-up on that I am just talking on your APC front have we as a company done analysis of say your Global Grill APC versus your Yellow Chilies APC since both these restaurants are just a road apart in plenty of locations including Hiranandani Powai so have we done that kind of analysis and how should we base the delta?
- Indraneil Palit:** Something a part of our job we have to do it.
- Chitragada Kapoor:** How big delta is there?
- Indraneil Palit:** We are at par with any competitors you can think about. We are very conscious about it.
- Chitragada Kapoor:** So it is nothing to do with the pricing issue that you are seeing?
- Indraneil Palit:** No not at all.



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- Chitragada Kapoor:** Thank you. That is all from my side.
- Moderator:** Thank you. The next question is from the line of Pooja Swami from Span Capital. Please go ahead.
- Pooja Swami:** Good evening Sir and thank you for the opportunity. Firstly on Hoppipola brand Sir. At the time when you started this Hoppipola we were thinking like this will help us increase our EBITDA margins because we are using the same location or the part of the restaurants we are already running and we are like last two quarters when we have whereas we have very selective in increasing our restaurant. Hoppipola is what we are very aggressively increasing. So is it coming to the mark with the intension what we had started it?
- Rajesh Mohta:** The intension of starting Hoppipola was sweating off assets wherein or wherever we had such space with a focus but looking at the EBITDA margins which are we are exploring possibilities where we can have lower rentals in various cities. What I mentioned was Hoppipola started with the object of sweating off assets wherever we had spaces extra space with our existing restaurants but looking at the growth potential what we have we have started taking certain properties also on rentals so that there is an improvement in the margin. So it is a strategic call, which has been taken, and we continue to do that and there are certain places still available where we would have more number of Hoppipola with our existing restaurants.
- Pooja Swami:** So that means the increase in Hoppipola brand mean restaurants what we are doing at present they might be in the same locations of restaurants and also at some other restaurants. So it is not compulsory that you are doing it on the present restaurant places only?
- Rajesh Mohta:** It is a strategic call and simultaneously both would happen.
- Pooja Swami:** Sir very well explained in the previous question about to overall prospects of our company but just for a question cyclic you must have also put yourself at a stand for a long-term basis like obviously at present we are not performing due to macro reasons as well as some other reasons but for a long-term basis where do you see our company in terms of revenue basis you can say and restaurant basis at a brand perspective. Obviously restaurant basis we are adding every quarter but on the perspective of brand or revenue for a long-term basis what could you say?
- Rajesh Mohta:** Sorry Madam since this become again a guidance issue. It would be difficult for me to say what numbers etc., would be pedicle growth for last because there is five years period. In our company has been there for last many years. So history has been own play to say how

we would be able to grow in future years also but we have not been that aggressive, yes we will continue to maintain the standards.

Pooja Swami: That is from my side. Thank you.

Moderator: Thank you. The next question is the follow up question from the line of Abhijit Kundu from MayBank. Please go ahead.

Abhijit Kundu: My question was pertaining to revenues from corporates. How much would be that if we have to look just or rather the weekdays, non-weekend days how much would corporates would have been contributing to it earlier in a broader basically, if you could disclose that?

Rajesh Mohta: It is a total between 40 and 60 between four days and three days, except that if you say for instance people coming in from corporate pending certain whether it is a corporate but it a weekday weekend distribution what we monitor.

Abhijit Kundu: According to you the weekdays typically more corporates I mean they are major contributors?

Rajesh Mohta: That is right. So the 40% out of that majority would be corporates but yes families do come in.

Abhijit Kundu: 40% of that of weekdays would be corporates.

Rajesh Mohta: 40% is weekdays Monday to Thursday.

Abhijit Kundu: Secondly on your contracts for raw materials what is the period of each contract because you have revised at a time when there was outlook on monsoon was not so great you had to enter into a raw material contract and hence the inflation continued to be there. So when you get into a new contract?

Rajesh Mohta: People have stopped giving us a 12 months contract. Now it is three months, six months depending upon the situation. So roughly contract of six months there are abnormal situations there are positioning where we have to review.

Abhijit Kundu: So when would be the next period I mean it would be post September?

Rajesh Mohta: Yes it is April generally the April in certain cities it starts from July mostly cities it is in April accordingly the contract gets renewed.

Abhijit Kundu: Before in?



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Rajesh Mohta: October.

Abhijit Kundu: So in October on a broader basis you should see new contracts coming?

Rajesh Mohta: Correct.

Abhijit Kundu: What are the expectations essentially there should be some amount of deflation at least?

Rajesh Mohta: Hopefully we are looking forward for that it would be.

Moderator: Thank you. As there are no further questions I would now like to hand the floor over to the management for closing comments.

Rajesh Mohta: Many thanks all of you for having spared your time to listen to our conference call. Thanks once again and look forward for better quarters and more interactions.

Moderator: Ladies and gentlemen, on behalf of Centrum Broking Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.