



“Speciality Restaurants Limited Q1 FY 2017
Earnings Conference Call”

August 12, 2016



ANALYST: MR. ABHAS GUPTA – KOTAK SECURITIES LIMITED

MANAGEMENT: MR. ANJAN CHATTERJEE – FOUNDER - MANAGING DIRECTOR

**MR. INDRANEIL PALIT - EXECUTIVE DIRECTOR -
PROJECTS, BUSINESS DEVELOPMENT AND
STRATEGIC PLANNING**

**MR. RAJESH MOHTA - EXECUTIVE DIRECTOR -
FINANCE AND CFO**



Speciality Restaurants Limited
August 12, 2016

Moderator: Ladies and gentlemen, good day and welcome to the Speciality Restaurants Q1 FY 2017 Earnings Conference Call hosted by Kotak Securities Limited. As a reminder 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 * and then 0 on your touchtone phone. I now hand the conference over to Mr. Abhas Gupta of Kotak Securities Limited. Thank you and over to you Sir!

Abhas Gupta: Thank you Vikram. Hello everyone and welcome to Speciality Restaurants Q1 FY 2017 Earnings Conference Call. Today we have Mr. Anjan Chatterjee, the Founder and Managing Director of the company, Mr. Indraneil Palit, Executive Director of Projects, Business Development and Strategic Planning and Mr. Rajesh Mohta, Executive Director, Finance and CFO. I will now hand over the call to Mr. Mohta for his opening remarks. Mr. Mohta.

Rajesh Mohta: Thank you Mr. Abhas and good evening ladies and gentlemen. On behalf of the management of Speciality Restaurants I welcome you all to the investors call post Q1 results of FY2016-2017. This has been the extension of our previous challenging quarter as we did not see any respite from the pressured discretionary spend. The income from operations was lower by Rs.1.33 Crores year-on-year. The company was cash positive with EBITDA being 2.07 Crores with other income and Rs.67 lakhs without other income against Rs.9.19 Crores and Rs.7.22 Crores respectively. The quarter ended with a net loss of Rs.5.81 Crores against a profit of Rs.2.27 Crores year-on-year. The company during the quarter one of FY2017 has taken a onetime amortization expense of Rs.4.22 Crores for the closure of four restaurants, which has happened post the end of the quarter because of the accounting treatment as per accounting standards. The revenue has almost been the same because of the negative same-store sales growth at 8%. Operating leverage is still working negatively for the company in the present times but the company has been seeing moderation in the raw material cost and hope so in the future because of good monsoon. Few of the restaurants opened during the past 12 months are yet to breakeven but efforts are on through various promotions etc to increase revenues at not only at those restaurants but across restaurants across country. During the Q1 of financial year 2017 we have not opened any restaurants. The total number of restaurants and confectionaries as at June 30, 2016 are 123 out of which 22 restaurants are franchise restaurants. We are happy to inform that we have also opened a Mainland China in Doha, Qatar under the joint venture.

Now I invite the investors and analysts for their questions on the performance under review. Thank you.



Speciality Restaurants Limited
August 12, 2016

Moderator: Thank you very much sir. Ladies and gentlemen we will now begin the question and answer session. We have our first question from the line of Kaushik Poddar from KB Capital Markets. Please go ahead.

Kaushik Poddar: Can you tell us as to how your format Mezzuna is doing, we have two in Calcutta the one in Forum does very well so I just want to get a flavor of how they are doing all over the country.

Indraneil Palit: South City in Calcutta is also doing well, we have got the liquor license very recently so it has picked up now the one in Bombay is showing improvement, but little slow though and one in Bangalore is also static, it is not but I think Calcutta has given up the hope that it is a brand which is for the future and takes time but it will do well eventually.

Kaushik Poddar: And what about Hoppipola?

Indraneil Palit: Hoppipola is doing very well all over. Calcutta is one which we opened recently that is doing well Bangalore, Bombay, Pune now Hyderabad as well have all doing well. So we are very happy with the performance.

Kaushik Poddar: And what about the Asia Kitchen.

Indraneil Palit: As we have discussed earlier we were actually transforming Mainland China into Asia Kitchen with a casual look, take the menu give it a broader spectrum etc has shown very good results, people have appreciated it very much, so in Bombay as well as the Calcutta both the places it is a success, and the plan is to transform more Mainland China into Asia Kitchens as we go along the way.

Kaushik Poddar: And wont you be opening any new fine dining all of them will be Asia Kitchen only that casual dining, are you getting away from the fine dining path and getting into casual dining only?

Indraneil Palit: Well I think there is a convergence here in the sense that what used to be known as fine dining has only changed by way of becoming more youthful and little more less contemporary with high energy, so what used to be an exclusive dinner has now become a high energy dinner with community but the food remains the way it is. There is no change in that by way of food presentation quality et cetera all that is changing is the environment in which it is served which is going with a trend because the population is young so therefore we will open more Asia Kitchens, so the food remains the same and more of Mainland China, the food remains the same but what gets added is the high energy, the new environment to pull in younger crowd.



Speciality Restaurants Limited
August 12, 2016

- Kaushik Poddar:** And the fact that you are going slow on expansion is there anything to read in that or is the consumer spend not picking up on the casual dining front that is why you are holding it.
- Indraneil Palit:** The discretionary spend is still down, unless and until we get a clear signal that it is on the upswing we will not get into, rather the other way round, we will be very cautious while expanding, it is not that we are not planning to expand but we will not be on a high speed I would say so only thing to read here is discretionary spend is down so we are also cautious.
- Moderator:** Thank you Mr. Poddar. We have the next question from the line of Anand Shah from Kotak Securities. Please go ahead.
- Anand Shah:** Hi sir just a few maintenance questions, one is why your depreciation cost has gone up a lot this quarter.
- Rajesh Mohta:** Yes Mr. Anand, basically as I mentioned it is the amortization expenditure on the closure of four restaurants which is to the tune of 4.23 Crores because the focus of the organization is getting into right sizing of the total restaurants. We would not like to continue with the restaurants wherever there is no visibility of converting it into cash profits to begin with after a particular period of time of our putting the best effort in increasing the revenue at those premises.
- Anand Shah:** When did you close these?
- Rajesh Mohta:** These are closed post closure of the quarter like two restaurants were closed on 1st of July; the third was closed on the 8th of July and fourth on 15th of July.
- Anand Shah:** But then you have booked it in this quarter in Q1.
- Rajesh Mohta:** The accounting standards require this amortization happening in case of visibility of recovery of capital not being there.
- Anand Shah:** And should I consider this is a one-off.
- Rajesh Mohta:** It is one-off.
- Anand Shah:** But there is nothing less from this side.
- Rajesh Mohta:** No.
- Anand Shah:** And these were which ones largely Mainland China?



Speciality Restaurants Limited
August 12, 2016

- Rajesh Mohta:** Three of them were Mainland China.
- Anand Shah:** So what has been the issue per se you are facing in terms of the demand is stagnating or there is no demand for the Chinese cuisine there or what exactly is the issue?
- Rajesh Mohta:** When we take a place we try to evaluate that it would be doing good but what we realized over a period of time after running for more than 12 months to 18 months that the business was not commensurate with the cost there and the visibility of getting into that kind of a threshold revenue was not available to us.
- Anand Shah:** And these were all owned not franchised?
- Rajesh Mohta:** Yes, these were all owned and see let me tell you one thing it is nothing to do with cuisine per se more a locational or city issue.
- Anand Shah:** But it is a city, but will you be entering the city again and launching more or you would have exited for now?
- Rajesh Mohta:** See the exit from a particular city from Indore which at this point of time will not be there on our radar for time to come because we are more focusing on the first seven cities of the country.
- Anand Shah:** And your guidance on store expansion is cautious but how much this restaurant should one build in, will you at least be opening about five, six.
- Indraneil Palit:** We would say so. It will be about six or so, that is what we think at this particular time.
- Anand Shah:** And six will be gross addition.
- Indraneil Palit:** Gross addition.
- Anand Shah:** And any other restaurants on the radar that you may look to close are not doing well for the next four months.
- Indraneil Palit:** At the moment no.
- Anand Shah:** The RM pressure looks like it has now started subsiding a bit.
- Rajesh Mohta:** I would not say subsiding but yes moderation is being seen and now we are waiting for the outcome of post monsoon when we get into another kind of a contractual obligations post August, September.



Speciality Restaurants Limited
August 12, 2016

- Moderator:** Thank you Mr. Shah. We have next question from the line of Ankit Kedia from Centrum Broking. Please go ahead.
- Ankit Kedia:** Sir the first question on the amortization again, from a 10.8 Crores depreciation you said 4.22 Crores is a one-time expense for closure of the four restaurants. If I take that into account still our depreciation then would be very low on a run rate for last two quarters where we had around 7.5, 8 Crores depreciation so why that depreciation has come off?
- Rajesh Mohta:** See there has been closures when we have taken amortization expenses as on 31st March also there were amortization because we had closed restaurants, so once this closure happens this entire amount gets out of the system of total fixed assets and we have not opened any new restaurants during this quarter so there is no increase in depreciation amount per se and since we are accounting on written down value basis gets reduced every month.
- Ankit Kedia:** And sir this same-store sales growth negative of 8% could you quantify it in certain geographies, certain cuisines what is the trend we are trying to see because negative 8% is a very big number to look at so can you just help us get some more flavor is it because of footfalls being significantly low on certain location or cuisine.
- Indraneil Palit:** There is an overall decrease I think that way, there is no particular location that we can say, some are little more, some are little less but there is no significant difference between the two, there is a general dip in the market as you know the discretionary spends are down, that is the main effect all over.
- Ankit Kedia:** And on the cuisine and formats so would Sigree, Global Grill be equally impacted with Mainland China or Mainland China is more impacted compared to Sigree and others.
- Indraneil Palit:** It is almost similar; there is no cuisine wise difference that we find too much not really.
- Ankit Kedia:** So even last two years where we have invested money in Sigree, Global Grill even there the same store sales growth would have been negative 5% to 10%.
- Rajesh Mohta:** It is a degree difference between Chinese Cuisine and Indian you might say because it is more like location in city driven if I may say the presence of Global Grill in Bombay we may have a growth whereas the presence in other cities we may have a negative.
- Ankit Kedia:** Sir my next question is on the Doha, Mainland China which we have just opened, could you give us some math how that will come in our P&L going forward what could be the revenue potential we can build in that?



Speciality Restaurants Limited
August 12, 2016

Rajesh Mohta: Mr. Ankit it is too early because we have opened into bad times at Doha in the sense because we opened in the month of May 10 and from 4th of June it was the Ramadan month and July, August are the holiday period where expats leave and we are also working and specially during this July-August the season is at the peak summer where the temperature gets to 48, 49 and even 50 so we are trying to work out but yes as far as consolidation is concerned it would happen at the year end because we have a minority shareholding of 49%.

Ankit Kedia: Sir on the six restaurants which you have guided to open on gross basis this year predominantly these will be Hoppipola, and the smaller ones wherein the rentals would be much lower because we pretty much have those properties and sweating of the assets would happen, is that understanding right.

Indraneil Palit: Yes you are right we will have sweating of assets, also what we are doing that whatever we open the size of the restaurants have also been reduced from what it used to do earlier, the economics will be far better by way of reduced fixed costs rent et cetera.

Rajesh Mohta: And to add on, Mr. Ankit, what we have done is let's say there is the three restaurants basically which we have opened post the end of this quarter two Hoppipola's which are on our existing properties where the rent will get amortized among the existing restaurant as well.

Ankit Kedia: Sir my last question is how has been the month of July and do you see some uptick with seventh pay commission and the coming festive season what measures are we talking to increase footfalls because that has been the key concern, do you think pricing is concern where if you reduce pricing by a certain percentage footfalls can come back.

Indraneil Palit: See the first thing, we have done festivals and promotions in a much more aggressive fashion than before and that has shown results and this will continue, so therefore it is like creating new interest in the market and that is working pretty well, I think we will continue doing the same.

Rajesh Mohta: And July has been comparatively better than the averages of first quarter.

Ankit Kedia: Sir given that we have had a negative tax rate so the deferred tax we can build in for the full year as well given that the loss in the quarter was significantly higher.

Rajesh Mohta: Yes absolutely correct and we hope by the year end it would get neutralized.

Moderator: Thank you Mr. Kedia. We have a next question from the line of Kaustubh Pawaskar from Sharekhan. Please go ahead.



Speciality Restaurants Limited
August 12, 2016

- Kaustubh Pawaskar:** Sir my question is on your other expenses this time if you see the other expenses are substantially higher on YoY basis, so is there any one-off lying over there in other expenses.
- Rajesh Mohta:** What has happened is, there is a service tax on input services which has to be reversed from April onwards on the basis of change in the statute, which was earlier available to us on the extent of 100%; that is the only change, and rest is all the same.
- Kaustubh Pawaskar:** So much that...
- Rajesh Mohta:** Approximately around Rs.40 lakhs a month i.e. Rs.1.2 Crores for the quarter.
- Kaustubh Pawaskar:** So that should continue.
- Rajesh Mohta:** That would continue yes, that is with respect to the input services.
- Kaustubh Pawaskar:** And my second question is on your Sigree, Global Grill and Mainland China as you try to explained that discretionary spends are still under pressure, but what is the sales, you must be doing some kind of study in terms of the QSRs and other restaurant formats and how the footfalls shaping up over there and going ahead considering whatever the improvement would be in other formats what kind of sales you are getting in terms of improvement in footfalls.
- Indraneil Palit:** On the Global Grill, see the general trend is there is a depression in the market, so therefore the footfalls are slightly depressed but there is no particular difference between the brands so it is pretty much equal some locations in cities the Global Grill could be doing better than the other but that is a general trend even for Mainland China so overall if you take our all India view it is very similar.
- Kaustubh Pawaskar:** But sir for us weekends are most important than the weekdays and the corporate sales were down for last two years, but you are seeing good footfalls in the weekend sales so that kind of phenomena is still continuing or even the weekend sale you are seeing a dip.
- Rajesh Mohta:** No the weekend sales fortunately are the same we don't see any dip, it is the weekday which is the problem.
- Kaustubh Pawaskar:** But for last one, one and a half year you have been trying various things, you redefined your strategy to improve the corporate sales so what is really stopping corporates from visiting or it is that the discretionary spends are lower and because of that even corporate spends are even lower or it has to do with the format QSRs or other small formats are getting more footfalls than fine dining or delivery is takeaways are getting more prominent than the fine dining.



Speciality Restaurants Limited
August 12, 2016

- Indraneil Palit:** You see the point is unless and until the discretionary spend goes up we don't see the corporate spending improving remarkably but overall if you see the month of July has been comfortably better than the other months, so we hope that with the better monsoon and optimism in the market there will be an upward trends of sorts in the coming months.
- Kaustubh Pawaskar:** So we should expect Q3 and Q4 to be better being the fact that festive season is mostly panning out in quarter three.
- Indraneil Palit:** Absolutely right that is the traditionally quarter three is always a better quarter in among all the three.
- Moderator:** Thank you Sir. We have a next question from the line of Abhijit Kundu from May Bank. Please go ahead.
- Abhijit Kundu:** In your other expenses you said that your service tax on input services had to be reversed so what are these input services, if I may ask?
- Rajesh Mohta:** Major is like we have properties on leases, so we pay rent to the owners of the property. The major component is the rental on the property of the premises because there is an element of service tax on properties because we have 100% of our properties on leases so these are the services on which we pay service tax to the owners.
- Moderator:** Thank you Sir. We have a follow on question from the line of Kaushik Poddar from KB Capital Markets. Please go ahead.
- Kaushik Poddar:** Just to touch on the service tax issue why the service tax on your input cannot be adjusted against your service tax on your output?
- Rajesh Mohta:** Because government has given abatement in a restaurant the service tax is charged at the 40% on the output services so there is a provision...
- Kaushik Poddar:** Because they have given an abatement that is why you cannot charge of this.
- Rajesh Mohta:** That is right.
- Kaushik Poddar:** But do you see this changing once the GST comes.
- Rajesh Mohta:** No thereafter that it would all together be changed phenomenon.
- Kaushik Poddar:** But you would not get the abatement benefit there.



Speciality Restaurants Limited
August 12, 2016

- Rajesh Mohta:** No there will not be any abatement as far as the provisions of GST is concerned, I don't know about what exclusions and inclusions would come but this is what everybody is reading.
- Kaushik Poddar:** So within GST be beneficially net-net be beneficial to you.
- Rajesh Mohta:** Difficult to say at this point of time because neither the output rate is known to us and what would be the inclusion exclusions those are also not clear but apparently the way things are being told at 18%, 19%, 20% that is the rate or tax which the restaurants are in any which way being levied at.
- Kaushik Poddar:** In fact in Calcutta we are paying something may 20.5% because we have to pay service tax as well...
- Rajesh Mohta:** That is the 14.5 VAT plus service tax of 6%.
- Kaushik Poddar:** So if it comes to 20% is more or less the same.
- Rajesh Mohta:** That is right.
- Moderator:** Thank you Sir. We have next question from the line of Vikrant Kashyap from Kedia Securities. Please go ahead.
- Vikrant Kashyap:** Sir you have mentioned that in last one year you have opened some restaurants that have yet to break even. Going forward how long do you think it will take to be at EBITDA level?
- Rajesh Mohta:** When we open restaurants there is a targeted revenue which is required to get into for the break even stage so there are restaurants which we opened in Jan-Feb which are yet to breakeven some of the restaurants have already broken even also, but yes going forward now we have become very selective and cautious that we would take properties where we are assured that this kind of revenues would be generated in next two, three months time so that we can reduce our breakeven period.
- Vikrant Kashyap:** Is there any Hoppipola restaurants on this list?
- Rajesh Mohta:** We would have one Hoppipola.
- Vikrant Kashyap:** Is it breakeven or is it yet to be?
- Rajesh Mohta:** It is yet to be, it is cash negative.
- Vikrant Kashyap:** Actually you mentioned that Hoppipola's are doing well across.



Speciality Restaurants Limited
August 12, 2016

- Rajesh Mohta:** Across except one.
- Vikrant Kashyap:** Sir you mentioned, we also understand there are some pressure on discretionary spends but do you see improvement across any of the geography in India there is some kind of improvement going on.
- Rajesh Mohta:** See what has happened let's say for instance if you look at the trend of revenues in the month of July we find where there was a pressure on Bangalore per se which is showing some signs of improvement.
- Vikrant Kashyap:** So select geography wise, we have started seeing some kind of improvements.
- Rajesh Mohta:** Yes.
- Vikrant Kashyap:** And sir we are doing some ad spent and some kind of promotional activities so do you think it is taking effect on the corporate spending or you see it will reflect in going forward a quarter or two.
- Rajesh Mohta:** See that is a continuous exercise, it is very difficult to say at this point because we would like to get connected to the guests and spend on advertisement and sales promotion because getting footfalls into the restaurant is the major motive of the organization so we would continue to spend some amount and it would be commensurate with the business getting generated.
- Moderator:** Thank you Mr. Kashyap. We have a follow on question from the line of Kaustubh Pawaskar from Sharekhan. Please go ahead.
- Kaustubh Pawaskar:** Have we taken any price increase the marginal price increase in our menu.
- Rajesh Mohta:** No, not had been this intent to.
- Kaustubh Pawaskar:** Okay you are planning to take it maybe in the festive season quarter three, quarter four.
- Rajesh Mohta:** Depending upon the demand supply situation so since last year we have not taken because we wanted to maintain footfalls.
- Kaustubh Pawaskar:** Going ahead you are planning to depending on the demand, got your point sir.
- Moderator:** Thank you Mr. Pawaskar. We have a follow on question from the line of Ankit Kedia from Centrum Broking. Please go ahead.
- Ankit Kedia:** Sir in our Sigree, Global Grill we have seen 2x churn ratios predominantly because the pricing is very sweet and footfalls are coming while the gross margins could be slightly



Speciality Restaurants Limited
August 12, 2016

lower in Mainland China our footfalls are continuing to decline for last two years have we contemplated to have differential pricing on weekday, weekend and taking up price cut and doing big bang promotions wherein we can see some revival in footfalls, as we have pretty much seen in the case of Sigree Global Grill.

Indraneil Palit:

You see it is like this that we have buffets in mainland China. For lunch it was always popular for the last so many years and we really been have a very strong point. We have extended that to the dinner in certain places and we are finding that there is a good response to that during weekend and we are watching this whole phenomenon that whether the buffet format are going to see the order of the day however when we come to Asia Kitchen which is where we think the new avatar of Mainland China should be in order to appeal to the younger crowd as well as with the high energy and with the more extended menu which includes the other cuisines we find that the response is very good but I think it is probably more to do with which location you are in rather than which format you are in however there is a lot to learn from global grill and we are putting those learning into practice wherever we find it is relevant.

Ankit Kedia:

Sir my second question is most of a incremental new formats you just mentioned Asia Kitchen is more towards the younger audience Hoppipola is again towards 18 to 30 audience, Mezzuna is again catering to sub 35 audience do you think the older generation going out and eating has reduced or our bouquet of products were not catering to younger audience which has a higher disposable income and hence we are catering to that so all is it a mix of both?

Indraneil Palit:

You see the weekend crowd comprises more of family and slightly older generation in that sense, not that old but older, however the weekday business, the weekday business we find that the younger generation has the tendency to go out more often during the weekdays and perhaps the weekend so therefore we will continue doing the both in the sense that some formats will appeal throughout the week and the younger generation, however like I said that mainland China becoming more high energy and etc we will find the younger generation attracted to it too, these formats are meant for younger generation in times to come however that is why we have Asia Kitchen like I mentioned a little earlier so Asia Kitchen could be attractive not only to the family diners for the weekend but during the weekdays the younger generation will also find it to their liking. So we are looking at both the markets catering to both.

Ankit Kedia:

And where does the corporate fit in that?

Indraneil Palit:

Like I said the way the corporate spends money are in two ways, one is entertainment which has been very badly hit now when we talk about corporate there also corporates we find the younger generation again they are also extending their very specialized to say the bonhomie in the office to a restaurant immediately after their working days and



Speciality Restaurants Limited
August 12, 2016

that is where from the office they would hop in to the closest likeable place for a drink or two and an early dinner before the retire. So I would say corporate has got both. The depressed market is in the entertainment where the ticket value was much higher however the younger generation like I mentioned corporate or even otherwise is what we are trying to develop with all new formats.

Ankit Kedia: And one question for Mr. Mohta. Sir lease rentals despite closures have not come down so are we given the real estate scenario in the country lot of retailers are renegotiating the contracts but from our numbers we don't tend to see that so what is the road map on the lease rentals, while I understand we have a MG plus basis and revenue share basis agreement as well but still the numbers seems to be high despite closures.

Rajesh Mohta: See there are two things to it, one is closures have happened during the month of July so previous quarter we had continue to pay rentals so the impact would be coming in months to come.

Ankit Kedia: Even last year sir we used to close restaurants but on the gross net basis we are still positive but still the number does not...

Rajesh Mohta: Secondly what is happening like there is since yourself said there are minimum guarantee and revenue clause, the recent agreements in last couple of years have all been under minimum guarantee and revenue share so as a result of that whenever there is an increase in revenue or even to the same number the rental percentage remains the same, we will not see a drastic drop in rental cost because now new arrangements are all under revenue share.

Ankit Kedia: Sir what is the typical MG percentage would it be a 12%, 13% or it would be lower?

Rajesh Mohta: See what happens is there are ranges wherein we have 11%, 12%, 13% first, second, third year we have 12%, 13%, 14% but the maximum at which we enter generally excepting some very good locations of properties we peg it at 15%.

Ankit Kedia: Because sir if you look at our rentals as a percentage of sales without the other operating income it comes to around 16.5%.

Rajesh Mohta: That is right.

Ankit Kedia: So that is a tad higher compared to industry norms.

Rajesh Mohta: Yes, we are trying this because what happens is as I said there are few of the properties, which are a high footfall driven properties like Oberoi Mall or Palladium Mall in Bombay where we have entered into at agreement at 18% as well.



Speciality Restaurants Limited
August 12, 2016

- Moderator:** Thank you Mr. Kedia. We have a next question from the line of Mihir Khajanchi from Denero Wealth. Please go ahead.
- Mihir Khajanchi:** I wanted to ask what is the revenue share of Hoppipola for the overall sales and what are the store level margins in Hoppipola that you are seeing right now. Also as you mentioned you will be opening six stores in this year, I guess two of them are Hoppipola that you have opened and one is Sigree Global Grill, which other stores do you plan to open?
- Rajesh Mohta:** To answer your first question, Mr. Mihir, Hoppipola contribution could be in the range of 14% to 15% of the total revenue margins are slightly better than what we have in our other brands. I would not be able to share the specific margin number because that is slightly confidential information and as was informed by Mr. Palit earlier with respect to the opening of new restaurants that is in a conservative number which we are looking at, at this point of time out of which two has already been opened and the third one is the Sigree which is the franchise restaurant, so we would continue to review our decision of opening but it would be mix and match where irrespective we would be opening two to three mainland China, Asia Kitchen along with Café Mezzuna or Hoppipola.
- Mihir Khajanchi:** Right now 14% to 20% of the revenues come from Hoppipola from around 12 Hoppipola's right?
- Rajesh Mohta:** The two has opened on the first and seventh of July so those numbers are not included in the published numbers.
- Moderator:** Thank you sir. As there are no further questions I would now like to hand the floor back to the management for closing comments. Over to the management.
- Rajesh Mohta:** We are extremely thankful for your participation and spending time for the investors call on Q1 FY17 of Speciality Restaurants. We look forward for further interaction. Thank you so very much for your time.
- Moderator:** Thank you very much sir. Ladies and gentlemen on behalf of Kotak Securities Limited that concludes this conference. Thanks for joining us you may now disconnect your lines.