"Speciality Restaurants Limited Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY'13 Results Conference call of Speciality Restaurants, hosted by Kotak Institutional Equities. As a reminder for the duration of this conference, all participants' lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. Should you need any assistance during this conference, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded. I would like to hand the conference over to Ms. Amrita Basu of Kotak Institutional Equities. Thank you and over to you Amrita.

Amrita Basu: Thank you. On behalf of Kotak Institutional Equities, I welcome all of you to the Speciality Restaurants 2Q FY'13 Earnings Conference call. I would like to welcome the Speciality Restaurants Team, Mr. Anjan Chatterjee, Managing Director, Mr. Indraneil Palit, COO, Mr. Rajesh Mohta, CFO. I will now hand over the call to Mr. Rajesh Mohta to discuss the recently announced earnings. Thank you and over to you Sir.

Rajesh Mohta: Thank you Amrita. Good evening and welcome to the concall. We had just posted our results for the quarter of this fiscal wherein our revenues have grown by 10% to 52.1 Crores with a PAT growth of 29% to 5.51 million. We have witnessed a slowdown basically with respect to the subdued economic environment because of which there has been pressure on EBITDA margins. Post H1 as far as rollouts are concerned, we are on track and we have already opened in Q1 four Mainland China and Q2 we have opened five restaurants, which included three franchise, which has taken the total restaurants and confectionaries to 92 as on September 30. As on date, when we are talking, we have already opened one Sweet Bengal, and one Mainland China in Goa, which has taken our numbers of restaurants and confectionaries to 94 as on date. With number of restaurants rollout in progress, we hope to open during the next two months, which are November, and December, and Q4 of this fiscal, which would result into our commitment to investors of opening 16 restaurants during this fiscal FY'13.

Now I leave to the investors in case of any queries. Please proceed.

Moderator: Thank you very much Sir. We will now begin the question and answer session. The first question is from the line of Amrita Basu. Please go ahead.

Amrita Basu: Thanks. I had a couple of questions. Any price hike that you are considering to take sometime this year?

Rajesh Mohta: Amrita, what will happen is we are still waiting for the next two months to roll like November and December. These are considered to be the best of the months out of the 12 months and which continues in January to February. So, depending upon the changed scenario, which may witness, the call would be taken accordingly.

Amrita Basu: I am done.

Moderator: Thank you. The next question is from the line of Akshay Rai from Premji Invest. Please go ahead.

Akshay Rai: Just a couple of questions on your cost items. If we look at your staff cost on a sequential basis it is almost around 18% increase and another double-digit increase on the admin cost as well from 1Q to 2Q. Any particular reason, why such a steep increase when only four new stores have been opened?

Rajesh Mohta: What happens is primarily when we have plans of rollouts; we keep our staff into the entire kitty with respect to the training etc., which happens. So, primarily it so happened that before the opening of a restaurant three months we retain people, continue their training and their cost, which is captured into the entire systems. That is number one. Number two, what has happened on July 1, which happens to be our annual increment month, so the increments have happened in the month of July, which got captured in Q2, these are the two major reasons. The third being the pilot, which is happening on Mizuna, there is a good amount of infrastructural staff, etc., which have already been taken and the training is on for that, which we propose to rollout by this December end or fiscal 12 let us say for instance.

Akshay Rai: Sir, if you can just give me a sense of how or what would be your employee base currently and how many people would you have added in the last three months?

Rajesh Mohta: What happens is as on date, let us say, for instance we have some 3800 plus employees in the organization and as of September to be very precise it was 3737 and continuous exercise of adding on happens on the basis of 150 to 200 people every month because on the lower runs there are people who do leave the organization after one or two months also.

Akshay Rai: Considering that we have not taken any price hikes so far in the year, and we may not be taken in the next couple of months given the strong because of the strong season. Do you think we will be able to make up for this lack of price hike this year with the double-digit pricing next year? Is that one should expect?

Anjan Chatterjee: This is Anjan Chatterjee. I would just like to tell you that it is extremely important that we want to maintain the kind of franchise we have built over the period of time. We see there are discretionary spend pressures and which is absolutely across. We just do not want bugger up our story by unnecessarily burdening the customer. At the same time, we are working on very, very interesting value packages, which have come up and which has already given us results and I think that the overall this period that we are talking about October, November, December, January and February, still February it is absolutely a good month. We have a lot of tail win coming in. Historically this happens. So, we just want to wait and watch at a point of time, at the same time trust my word, we are working very hard on the middle line accepting the staff costs, which may have been more because that is a compulsion for us, we are opening so many restaurants ongoing restaurants, which we do not take, we do not hire people from a different kind of a culture, even if we take them, we actually train them to give them the similar kind of at least a basic culture and then put them on ground. One of the key things is service, so there has to be homogeneity in that. So, we want to maintain that and as you know that our training school back in Kolkata there are people who are all training and some of the stores, which were to open sometime maybe others have replaced. They tend to get delayed and getting skilled manpower is very difficult job. It is a very challenging thing. Hence, these two, otherwise we are working very hard on our middle line and we are trying to balance cost and talking to all suppliers. We have already had a meet every zone, every zonal area in fact Mr. Palit can elaborate the supplies, meetings that he has been having.

Indraneil Palit: What has happened is two things we have done on the cost front, when we are talking to the suppliers we are looking at options without compromising the quality, we are trying to get the logistics end sorted out between us so that the logistics cost gets reduced and we get the benefit of it. We are looking at alternative supply as well and there are so many suppliers who are new in the market, we are looking at that as well. We are looking at them mainly once again to see that there is anything, which is by the wastage of items or more. So I think, everything put together we expect to arrest the inflationary pressures that we have at the particular time.

Akshay Rai: Thanks Sir. That is very helpful. Just one last question from my side. You mentioned the value packages. I think, we have discussed this last quarter also that some promotional offers to increase footfalls. So, have you seen an increase in footfalls or utilization rates because of that while pricing may not have gone up? Have you seen any same store sales growth kind of a thing? Can you give some number on that?

Anjan Chatterjee: We have tried as a trial at the moment. People have received it well. Now when we want to make it into a movement in the sense that we need a synergistic affair, we are going to launch it now, where it becomes a movement rather than a strategy in one place and I think that will actually culminate in the month of December or so, I think we expect that there will be an exponential growth in that particular segment. We have tried it out and now we are waiting to launch it all over India.

Akshay Rai: For example, last quarter if I remember, you said that we are offering some kind of offers for early bird, early comers and for dinner, etc., so those kind of promotional activities, have they lead to an increase in footfalls or do you see pressures on discretionary spend to that extent that footfalls are not actually increasing?

Anjan Chatterjee: The early diner has shown the effect, but we want more. So, this package is over and above the early diner that we are looking at. This will be more for larger groups and etc. so we have seen it well received. So, I think, with a price differential we will expect more larger groups to come to the restaurants even on weekdays which is otherwise a not a very happening time particularly when the (indiscernible) 10.42 bringing it down.

Akshay Rai: Thanks Sir. That is all from me. All the best.

Moderator: Thank you. The next question is from the line of Madhuchanda Dey from Avendus Capital. Please go ahead.

Madhuchanda Dey: Just continuing on the same issue of the cost, I just wanted to understand what has the kind of churn been across formats in this quarter and how has it changed if at all it has changed in the month of October?

Anjan Chatterjee: On the churns like we have been saying Mainland China have a cover turnaround ranging between 1.45 and 1.65, which was 1.5 during this particular H1 of this financial year.

Madhuchanda Dey: What about the Q2, if you could just go a little granular on that?

Anjan Chatterjee: Q2 remains at 1.52.

Madhuchanda Dey: For Mainland China.

Anjan Chatterjee: That is right.

Madhuchanda Dey: For the other formats like Sigree or Oh! Calcutta?

Anjan Chatterjee: Oh! Calcutta is still under 1 with Sigree at the range of 1.32. Other Indian brands are in the range of 1.25 to 1.35.

Madhuchanda Dey: In the month of October how has that changed if at all in Mainland China?

Anjan Chatterjee: In the month of October as far as rest of India is concerned it continues to be on the same basis, but there has been a major press of sales from eastern India because of the Durga Pooja festivity during that particular month with revenue.

Madhuchanda Dey: As Mr. Chatterjee was mentioning that there was no plan to hike prices in the season as well. So, what kind of growth are we looking at for the full year, given the fact that you have started adding stores you have already done about 9 in the first half? What kind of growth are we looking at on the topline?

Anjan Chatterjee: What is happening, this being a dynamic situation since we have not taken a price increase, we are anticipating November, December waiting for things to improve upon and whenever there would be a possibility so it is primarily a wait and watch situation at this point in time.

Madhuchanda Dey: Any take on my question, what kind of growth because we have done about 12% kind of a topline growth in the first half and you are saying that we are not going to capitalize on the so-called busy season with price hike. So, what is your best guess on how we end the year?

Anjan Chatterjee: I do not want to be quoted on this.

Madhuchanda Dey: Not really, something.

Anjan Chatterjee: We surely would like to maintain the similar kind of growth and maybe more because the reason is it is the best part of the season, so we have lot of tail wins and we are doing everything to ensure that there is lots of work on social media, there is lot of interactive packages, and we are very, very hopeful that these three months October has already given us a fantastic result and November, December and January, till January and February, I think, this is extremely good period and we want to ensure, because the people tend to eat out absolutely around this period and there is New Year and Christmas coming in, and we know this has been the history if you see the sheets earlier. So, I am saying that we are quite confident of the fact we will definitely do the minimum of this and improve upon that because the problem would be that if I take a price hike at this point of time, and try and push too much of topline through the price line, we may at this kind of a discretionary spend pressure we do not want to see that the footfalls go down. So that is kind of a risk that we have taken and I am very, very confident that we will be able to absorb and then go for highest topline.

Madhuchanda Dey: One last question, the pressure that we have seen on the staff cost, which Mr. Mohta explained that it is because of the plans for the rollouts, etc. When do you think this should get normalized? By which quarter do you think this should get normalized?

Rajesh Mohta: It is more a factor of a rollout happening on time and we have been contemplating that, but as been indicated by Mr. Anjan with respect to the discretionary spends of October, November and December being good quarter for us, in this quarter itself we would see some neutralization impact happening on the staff cost front.0

Anjan Chatterjee: Many more stores are supposed to be opening now and they will be hunchbacked. Like Vivacity is coming up, and we have the Our City Mall (ph) etc. They have just been jammed over a period of time although we are ready to fit or so; so all these staffs have been in the system. So I am sure of the fact that the next two quarters they will all get divided.

Madhuchanda Dey: Thanks. All the best.

Moderator: Thank you. The next question is from the line of Nilesh Gandhi from Destimoney Securities. Please go ahead.

Nilesh Gandhi: Good evening everyone. Thanks for the opportunity. Sir, I would just like to understand few basic things. What is the attrition that you faced in your industry?

Rajesh Mohta: Earlier on, I would say that maybe four fiscals back we were facing a very, very high level of attrition and we actually worked around very, very well. That is exactly what I was trying to elaborate that we have now started this training school, which we have in Kolkata. We actually do not hire people from particularly at the lower rank. We do not hire people from the Five-Stars. We actually go in and train people who are class X pass or just basics and give them back area training, our master chefs in Kolkata actually train them. There are around 25 items, which move faster, so they get trained and they get inducted into the system. Like both in Odisha, Bengal and in Nepal we have our camps going on at any given point of time. So, this methodology has arrested the level of attrition, but the industry attrition but the industry attrition rate being whatever, we are actually at the moment in and around 2.2. Fortunately, for us our attrition rates are low.

Nilesh Gandhi: That is great. One more thing, given a mature restaurant operating, what would be the optimum churn that you will be visiting in that case?

Rajesh Mohta: There are stores, which are doing 2.25 churn also, so when we say as far as the average is concerned, we take all the stores into consideration, which is in the range of 1.45 to 1.65. The ideal which we look at on an overall holistic basis, it could be 1.8.

Nilesh Gandhi: Sir, one more thing, if we consider, as you have said, 1.8 would be optimum churn you would expect. What is the average billing that you expect or that you witness in a mature store?

Rajesh Mohta: The question of average billing in a mature store and a new store is hardly of any difference, excepting when we start our commercial operation, we start with an invitation price, but more or less the averages are same. Like in case of Mainland China the average spends per cover is at this point of time, in the range of Rs.650 to Rs.675 per person.

Nilesh Gandhi: That is it. Thanks for the opportunity.

Moderator: Thank you. The next question is from the line of Manoj Menon from Deutsche Bank. Please go ahead.

Manoj Menon: Good evening. I just missed the initial remarks. So, excuse me if I am actually repeating that. Just want to hear your thoughts on the consumer sentiment as it stands now. We have heard from a few other retail companies that there has been a significant improvement particularly in the large metros post August. So, would you share that view and does the numbers back that?

Anjan Chatterjee: I was just telling that you see very honestly post August would not be there because that is more of a time to buy clothes maybe because of the Ganapati season and then the white goods. But when it comes to our trend, we have seen the post August I think September was not the best month, we could have had, but definitely October onwards we have seen surge and October, November and December till February, as I have been saying is the time people eat out the maximum and our kind of eating out is when you are getting together you are going with families and people travel and lot of NRIs coming, so we have seen we track this very strongly. So, I think, October onwards definitely we have seen some very, very interesting trends coming up. If everything goes well, but definitely I cannot say that from August and September, we have seen in our category it has not been as good as it should happen.

Manoj Menon: The context, which I am trying to ask, is that if you go by the earlier cycles, which you would have seen over the last 15 to 20 years, is it, anything, which is worthwhile picking up from these or is it just kind of too early to comment about any revival in sentiment?

Anjan Chatterjee: I can only say this to you that it is too early because this is most challenging year we are facing. We have across gone through a kind of inflationary trends in 2007-08 and we have seen that going and we know that what happens at that point of time and fortunately since we have gone through that cycle, we know exactly what to look. The idea would be to maintain your footfalls at any cost and ensure that you maintain them, retain them, if you can give SOPS to them, you can because at the end of the day the brand is all as good as the number of consumers who are connected with you. So, I am only saying like we have not taken the price hike, we have not done, so we are looking at the middle line trying to balance things also. I am just hoping that October is an indicator for us to see that things are better and better and the new stores actually which take a little time as you know it takes over a period of time at least six or eight months for a new store, at least to generate the kind of revenues we would like to look at. So, with all these, you know, six stores have opened. I am saying that some stores take that beating and then the promotional time, we have to give offers to them. So, all these things are actually dragging it.

Manoj Menon: Secondly, on the staff cost element, I was actually on the Jubilant's call just before that. We actually heard them basically saying that being a pioneer in the industry essentially means that you are also a poaching ground. So, essentially what has happened is that you had to incur a much higher inflation than what you normally otherwise would have. So, does it involve a significant increment portion out here in the staff cost, which you have reported in the quarter? Is there anything something, which you are seeing in your industry?

Anjan Chatterjee: I am sorry; I did not get the question right?

Manoj Menon: Basically, what Jubilant commented was that the employee cost has gone much higher than the historical growth rate because you have given increments higher than the normal. Essentially, the expansion plans of the competitors would mean that it is essentially a poaching ground. So, you need to kind of ring sense (ph) them?

Anjan Chatterjee: You are absolutely right. I will give you an example that we being the leader in this zone, everybody wants to poach from us like historically when people have done from the Five-Star. So, in this year, in July, we had to actually push ourselves for particularly the guys who are the key people 200 top people, we had to protect them with some SOP or the other which is much more than maybe earlier on. So, we know that these people going away will be actually not the best thing. So, definitely, there has been also a pressure on that, but the only point that I am only hoping that all this will over a period of time when you look around and then you say that next six months that you run, the next six months will actually balance the whole act.

Manoj Menon: Sir, one small point. I just saw a news item last month that you have opened actually another Sweet Bengal store, and if I recall correctly, I am not sure there is an expansion plan at least earlier. So, just trying to join the dots is your thought on Sweet Bengal changed? Is that you are looking that also as an opportunity incrementally?

Anjan Chatterjee: I have always gone on record that this will be Mumbai centric and what we are doing now is that we are doing everything on the basis of a very good understanding, which is in the form of a franchise, but it is on our book. They pay the cost, but we pay them a revenue share. It is a different kind of an arrangement we have worked out with them. It is not fofo (ph), which we were doing earlier, or a franchise owned company operated store. It is actually operated by us but the sales are on us and we give them a revenue share. So that interesting model we tried in two or three places. So, Thane was one captive area, which is waiting for it and in fact it is the highest selling store that we are talking. Wherever the geographically our brand can reach, we are trying to optimize that. That is about it all.

Manoj Menon: Thank you Sir and all the best.

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

Kaustubh Pawaskar: Good evening Sir. Thanks for giving me the opportunity. My question is on your cover turnaround for Mainland China. You just mentioned that in first half it was just 1.5%. Now you are expecting a better second half. So should we expect your cover turnaround to improve in the second half?

Rajesh Mohta: Yes, because what happens is Q3 is the best of the quarters, so the churns let us say are improving in this particular quarter and it will take the average of all the quarters. This would have a skew towards north.

Kaustubh Pawaskar: Should we expect that to move up to around 1.6 to 1.7?

Rajesh Mohta: That is the average, which we have been looking at for last two years.

Kaustubh Pawaskar: But for the second half should we expect that to come or it will be in the range of 1.5 to 1.6?

Rajesh Mohta: Yes, hopefully we are looking forward for that number.

Kaustubh Pawaskar: Mr. Chatterjee just mentioned that even in 2008 you have had the impact of the global turmoil. So at that time, for your mature kind of Mainland China, what was the turnaround ratio?

Rajesh Mohta: It would be very difficult for me to recall exactly of 2008-09. Yes, but what we had done in 2007-08 there was a significant drop post the Lehmann Brother's collapse, but exact number would be difficult for me to recall. Sorry, I am not able to give you because that is not readily in hand with me.

Kaustubh Pawaskar: Thanks.

Moderator: Thank you. The next question is from the line of Aakash Manghani from Girik Capital. Please go ahead.

Aakash Manghani: Good evening to the management. Thanks for the opportunity. I have a few questions. Firstly, you mentioned that you would be opening 16 new restaurants this year. I wanted to understand the breakup between how many would be in metros and how many would be in tier I and tier II towns? Also following to that what is the revenue profile of a typical store in a metro versus a tier I or tier II and the breakeven time it takes for a store in each of these areas?

Rajesh Mohta: To answer your question first. Our growth path is more on metro centric as of now. We are not venturing into tier II cities primarily. That is number one. Number two, let us say from my maturity perspective and the kind of breakeven period earlier we used to have some stores around 2010-11 when we did it in three to six months' time, last few months because of the discretionary spends being low, this time period has slightly got extended.

Aakash Manghani: Also, I wanted to understand in your presentation as well as in the last quarter's presentation you mentioned that Mainland China is 62% of your overall sales. So, what would be the EBITDA per store of a Mainland China and Oh! Calcutta and Sigree? Broadly if you can give me some range?

Rajesh Mohta: Let us say for instance from a range perspective, our Mainland China ranges from 25% to 45% to 46% with few stores going 52% EBITDA also but on an average it ranges between 28% to 30% EBITDA levels in Mainland China, which drops by 5% to 6% in Indian restaurants.

Aakash Manghani: I am sorry.

Rajesh Mohta: Which is lower in Indian by 6% points, Sigree and Oh! Calcutta.

Aakash Manghani: Last year FY'12 you did around 20% EBITDA. So in your entire cost breakup what would be your corporate overheads as a percentage?

Rajesh Mohta: Corporate overheads would be in the range of 8% to 9% of the total revenues.

Aakash Manghani: This I believe should smoothen out as your stores pickup pace over the next couple of years as the number of mature stores in your overall stores improves corporate overheads should go down boosting margins?

Rajesh Mohta: Absolutely. It would get amortized. It would have a step up increase. It would not grow with a growth in revenues.

Aakash Manghani: Absolutely, so as of today, if I were to ask you what is the EBITDA margin of a store, which has opened one year back versus a store which is three to four years old? What would be the difference?

Rajesh Mohta: It is all revenue driven. Basically, if you look at our operating leverage is very high. Once the stores attain a maturity, the EBITDA levels do not drop even a store, which is opened two years back. So, it might happen that the store, which is opened six months back, if the targeted revenues are achieved, EBITDA margins remains to be the same and it slightly gets improved because of the improvements in cost controls etc.

Aakash Manghani: What would be the rough EBITDA margin for a store for three years old? Is it the same?

Rajesh Mohta: It depends upon the revenue, which is getting generated. Let us say for instance three years back there are certain stores, which are having EBITDA, which are 45% plus also.

Aakash Manghani: How soon does the store to take reach the company level revenue per store?

Rajesh Mohta: Earlier it used to be in three to six months time. Off late, there has been some extension of months now.

Aakash Manghani: Also, wanted to understand the delivery model like for the Chinese foods, very popular globally. So any plans to go that way or have you already started thinking about doing that?

Anjan Chatterjee: In a fine dining segment, we do not expect the delivery model to be such overwhelming; however, we are in the process of building a backend to augment that as much as possible. So therefore, we have tried it in two places. Now we are consolidating what are the learning are and by end of November, I think, wherever we find that this delivery has a good market, packaging the handling of calls and the delivery system all are being improved. So that should see some augmentation, but it will not be as significant as perhaps it is in the delivery model. Otherwise, the ticket sizes are much lower, but we definitely expect that it will show results better than what we were doing earlier.

Aakash Manghani: Can you put a number to that like maybe three to four years now do you want delivery to be a percentage of your sales or any plans you have as such?

Anjan Chatterjee: We have a dependent of that. The whole idea behind that was to perhaps from the learning to make it more powerful, and we are not budgeted for that in a function for the bottomline. I think, the idea is that we will do the best because it has got a quality issue, we were concerned about that and as we understand the packaging etc., will improve, it will automatically show some results, but we have not put in any numbers as such, not really.

Aakash Manghani: Lastly, I wanted to understand the agreement that you have with your franchise is the revenue sharing. What is that exactly?

Rajesh Mohta: Basically what happens is we try to have royalty and management fees in the range of 8% to 10% of the revenue getting generated in the store, which we capture as royalty and management fees into our books. Rest all expenditure and revenues are with the franchises book.

Aakash Manghani: The cost of setting up that store is by the franchise?

Rajesh Mohta: That is right.

Aakash Manghani: Thanks a lot. Wish you all the best.

Moderator: Thank you. The next question is from the line of Jasdeep Walia from Kotak. Please go ahead.

Jasdeep Walia: Good evening Sir. First question is what is the same store sales growth on a year-on-year basis in the current quarter?

Anjan Chatterjee: As far as fine dining industry is concerned, we do not look at same store sales growth only but we have been very flat in same store sales growth because what happens is on a mature store, the same store sales growth comes only from a price increase and to some extent by cover turnaround because of the technical measures which we take of improving the cover turnaround.

Jasdeep Walia: Sir, also what kind of scalability this model of fine dining has? In the sense, how many stores do you think you can open in a big city, tier I city like Delhi or Mumbai, etc.?

Anjan Chatterjee: Just to answer you. I would like to give you an example. Till 2009, we had only two Mainland China wherein the first Mainland China started in 1994 and post 2009 in Mumbai we have already had eight Mainland China's and four are in progress. Because of the expand of the city getting increased and the infrastructural issue of commuting the opportunity of having more number of Mainland China's in metros is increasing all across the country be it Bangalore, be it Chennai, be it Hyderabad.

Jasdeep Walia: Sir, also any thoughts on inorganic growth plan?

Rajesh Mohta: Yes, I would like to intervene there. I would like to say that yes we have been looking at some models which could be complementing our growth and I strongly feel that we should actually, we are food and we are not committed to A cuisine or a B cuisine, of course primarily if you see that we are led by Mainland China, the flagship brand, but we also have Sigree, which is Indian and Flame & Grill together, of course we are in an area of regional cuisine that is Bengali, primarily, I am talking about, but the most important thing would be as you know that we are a debt free company, we are sitting on some cash, there is no reason for us to look at some kind of an inorganic area which obviously should not be in the form of 500 Crores or 300 Crores, but surely there are regional players, which we are monitoring very, very closely. One of them was recently in the news and I do not know if you have read that but we were looking at a specific model, which could actually support of Mizuna kind of growth, which is also envisaged. So, maybe we could have brought that brand and then attached it and gone ahead with the kinds of plans we have, but similarly maybe there could be another opportunity, which we are exploring. So, at the moment since we do not have anything on hand too concrete I cannot quote, but surely, we are looking at some form of inorganic growth.

Jasdeep Walia: Can you elaborate on this Sir? What are you looking for in an acquisition in the sense if you want to acquire a fast food kind of chain to compliment your business model or you want to be in your space only? May be in some complimentary cuisine or something of that sort?

Anjan Chatterjee: I am open to everything; because we run our business as a vertical and each vertical, each brand has a brand head and vertical under Mr. Palit, so there is no reason. For example, I will give you an example of Mizuna. We have taken the best of the people off the people from the Taj or from Indigo kind of deliquescence because the model is very similar to that. So that vertical head Somnath in particular is actually leading the whole growth. It does not jeopardize anything. We are just giving him support system. He has an area in unit and he is going ahead with that. So, exactly in the similar manner, if we can, even if it means that we do not do 100% acquisition, we only do 60% or 65% and leave it to the people who are running it at the moment and it could be even a QSR for that matter, and we do not want to do Me2 business, we want to do something and some people who have quality, some people who have delivered a kind of consistency, but cannot expand. Do not have the wherewithal or the money or the kind of exposure to go all India. That is the area we are looking at.

Jasdeep Walia: Last question, what is the kind of attrition levels we have in case of chefs?

Anjan Chatterjee: Middle and top management there is almost negligible attrition. I would say it is almost like zero.

Jasdeep Walia: What about your chefs?

Anjan Chatterjee: Chefs in fact they love me so much because I am a chef at heart and all of are. So they are in love with me because we make them go across. Because I will give you an example, that when we hire a chef from a Five-Star, in a Five-Star any chef excepting Hemanth Oberoi or may be at a level of Sathish Arora or may be some people in the Oberoi, Joy Bhattacharya they have become very famous because they are the executive and corporate chefs, but all our chefs these people, even if they are caliber they do not get the exposure of everybody wants besides money, everybody wants to be recognized in their profession. So, I think, one of the things we have done is that we have very intelligently cooperatively actually allowed them to get flourished in their area. They are doing press briefings. They have exposure. They do conduct seminars. They do recipes contests everywhere, both below the line, within us and even outside. So there is a lot of dynamics and I think one of the reasons that people have till now, I do not know tomorrow, but they have been staying with us because of a kind of actually qualified strategy that we have taken and we have allowed them to experiment and then do a lot of innovation.

Jasdeep Walia: That is it from my side. Thank you.

Moderator: Thank you. As there are no further questions, I would now like to hand over the floor back to Mr. Anjan Chatterjee for closing comments.

Anjan Chatterjee: Thank you so very much for your time. I would just like to say that we are entering the best part of the season and we have already seen the traction coming in October. We have a long-term story. We have been in this industry for over a period of 20 odd years and I am quite confident of the fact that yes, ups and downs, inflationary trends in the economy or discretionary spends being low could be there, but then we have gone through all these phases. There could be some temporary setbacks, but I am very confident of the fact that in the long-term as India starts eating, the macro also I am sure will improve, which was always there, but then in our own way we are not just sitting back. We are doing many strategies to ensure that we continue to have a surge in our footfalls and if God willing innovating also and doing things, so the next quarter when we meet we should be able to give you a very good news.

Moderator: On behalf of Kotak Institutional Equities, that concludes this conference. Thank you for joining us. You may now disconnect your lines.