**Date: February 13, 2023**

To

| The Manager,<br>Listing Department<br>**BSE Limited**<br>P.J. Towers, Dalal Street,<br>Mumbai – 400001<br><br>***Scrip Code: 543283*** | The Manager,<br>Listing & Compliance Department<br>**National Stock Exchange of India Limited**<br>Exchange Plaza, Bandra Kurla Complex,<br>Bandra East, Mumbai – 400051<br><br>***Scrip Symbol: BARBEQUE*** |
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Dear Sir/Madam,

**Subject: Transcript of Q3 FY23 Earnings Conference Call held on February 7, 2023**

***Ref:*** *Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015*

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We hereby enclose the transcript of Earnings Conference Call held on February 7, 2023 at 6:00 PM (IST), post announcement of financial results of the Company for the third quarter and nine months ended December 31, 2022. The audio recording of the Earnings Conference Call along with the Transcript have been uploaded on the Company's website at www.barbequenation.com

This is for your information and records.

Thanking you,

Yours faithfully,

**For Barbeque-Nation Hospitality Limited**

NAGAMANI CHIKKONDIHALLI YEKAMBARESWARA

Digitally signed by NAGAMANI CHIKKONDIHALLI YEKAMBARESWARA
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**Nagamani C Y**
**Company Secretary and Compliance Officer**
**M. No.: A27475**

# Barbeque-Nation Hospitality Limited

## Earnings Conference Call

## Q3 FY2023

February 7, 2023

**Management:**

Kayum Dhanani – Managing Director

Rahul Agrawal – Chief Executive Officer & Whole Time Director

Amit Betala – Chief Financial Officer

Anurag Mittal

Bijay Sharma – Head of Investor Relations

**Moderator:**

Videesha Sheth – Ambit Capital

**Moderator**: Ladies and gentlemen good day and welcome to the Barbeque Nation Q3 FY2023 Post Results Analyst Conference Call, hosted by Ambit Capital. 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 this conference is being recorded. I now hand the conference over to Ms. Videesha Sheth from Ambit Capital. Thank you and over to you Madam!

**Videesha Sheth:** Good evening everyone. Welcome to the Q3 FY2023 earnings call of Barbeque Nation Hospitality Limited. From the management we have with us Mr. Kayum Dhanani, Managing Director, Mr. Rahul Agrawal, CEO and Whole Time Director, Mr. Amit Betala, Chief Financial Officer, Mr. Anurag Mittal and Mr. Bijay Sharma, Head of Investor Relation. Before we begin our presentation, I would like to remind you that some of the statements made in today's conference call may be forward looking in nature and may involve risks and uncertainties. Kindly refer to the earnings presentation for detailed disclaimer. I now hand over the conference over to Mr. Kayum Dhanani. Thank you and over to you Sir.

**Kayum Dhanani:** Thank you. A very good evening ladies and gentlemen. I take the pleasure in welcoming you to Q3 FY2023 conference call of Barbeque Nation.

During the quarter we opened 10 new restaurants and closed three restaurants, resulting in net restaurant counts of 212. Of the existing 212 restaurants, Barbeque Nation India network has 192 restaurants, Toscano has 14 restaurants and international portfolio has six restaurants. Currently around 14 restaurants are under construction and we are confident of achieving our target of 40 new restaurants during FY2023.

During the quarter we noticed subdued demand environment which led to marginal decline in same store sales growth by 1.2%. Our revenues from operations for the quarter grew by 14.5% as compared to the same period last year. This growth was led by 18% growth in dine-in business driven by both increase in dine-in volumes and prices. On sequential basis, our dine-in business grew by 4.4% led by volume growth. Delivery business has seen a growth of 15% on sequential basis entirely led by volume growth.

Our gross margins improved by 60 basis points compared to the previous quarter. This was driven by stable price in our input costs, mainly meat basket and internal operational efficiencies.

Our reported EBITDA margin was 19.2% as compared to reported EBITDA margins of 24.5% in same quarter of the previous year. Our margins were impacted by higher mix of new and yet the mature restaurants coupled with lower than expected SSSG growth of the matured portfolio.

As we navigate the current uncertain demand environment, we continue to remain focused on growing our core dine-in business and continue the momentum in our delivery business. Our Toscano business has been growing well and we plan to increase the expansion pace in the coming years. Similarly, our international business has delivered strong SSSG and margins and we plan to continue calibrated expansion in this segment.

With this now I hand over to Rahul to take you through the quarterly performance. Thank you very much. Over to your Rahul.

**Rahul Agrawal:** Thank you Kayum. Good evening everyone.

In Q3 FY2023 consolidated revenue from operations were Rs.328.2 Crores, delivering a year-on-year growth of 14.5% and sequential growth of 5.7%. This growth was predominately driven by new restaurant additions and growth in dine-in business.

Our dine-in business grew by 18% over the last year driven by both volume growth and increase in average price realization. Our dine-in segment grew 4.4% on sequential basis driven by volume growth during the quarter. After five quarters of sequential decline, our delivery business grew by 15% on sequential business entirely led by volume growth. Our average order value on delivery segment has been stable now for three quarters. On year-to-year basis, our delivery segment has declined by 3% led again by decline in average order value which was offset by increasing number of transactions in the delivery segment.

Dum Safar, our new Biryani brand is now available at over 50% of our network and it continues to generate strong traction with customers. Average daily sales (ADS) in Dum Safar have grown on month on month basis since its launch. We are focused on further increasing the ADS and launching this across all Barbeque Nation outlets.

Our SSSG during the quarter was negative 1.2% primarily led by subdued demand environment. SSSG in our core dine-in segment was positive 1.7%. While SSSG in our delivery segment was negative, sequential increase in our delivery business was encouraging. SSSG was also partially impacted by cannibalization from new stores especially from second stores opened in tier one cities with only one restaurant. This year in six of our existing tier one cities, we opened second restaurants which led to cannibalization of existing stores even though the overall market is these six cities has grown by around 30%. After adjusting for these cities like for like growth balance portfolio is flat and dine-in like for like growth in this portfolio was positive 2.8%.

Consolidated gross margin for the quarter was 66.7% compared to 66.1% in Q2 in FY2023. We were able to marginally improve the gross margin as compared to the previous quarter again primarily driven by operating efficiencies and stable input cost.

The reported EBITDA margin for the quarter was Rs. 63 Crores with margin of 19.2% as compared to EBITDA margin of 24.5% in the previous year same quarter. Adjusted EBITDA margin which is pre Ind-AS116 was 10.7% during the quarter as compared to 15.8% in Q3 last year. Of the total 5.1% decline in margins, approximately 190 basis points (bps) was due to lower SSSG and impact of negative operating leverage. Around 220 bps was impacted due to change in revenue mix between matured and new stores. Matured stores contributed to around 81% of total revenue this quarter as against 5% in the previous year Q3 and the balance 90 basis point was on account of lower one-time other income and higher corporate expenditure as a percentage of sales.

Of the total network of 212 restaurants, 56 restaurants are classified in the new restaurant bucket and out of this 43 were added only in last one year. The revenue per store in our matured portfolio was lower than our expectation and this has also impacted our margins. During Q3 FY2023 the matured portfolio delivered average analyzed revenue of Rs.6.8 Crores per restaurant with average restaurant operating margin of 19.2%. Our new restaurants reported margins of 5.3% with average annualized revenue of around Rs.4.5 Crores. As a maturity profile of this new restaurant portfolio increases the average revenue and margins in this new restaurant cohort shall improve.

On the nine month basis this matured portfolio delivered annualized revenue of around Rs.6.9 Crores per restaurant with best operating margins of around 20.2%. We remain focused on enhancing revenue restaurant of our matured portfolio and also have undertaken various initiatives with focus on enhancing the volume growth for both our dine-in business and our delivery business.

Overall app downloads have increased to around 5.4 million and the share of Barbeque Nation India revenues from own digital assets was 27.6% in Q3 FY2023.

On a segment basis, other two segments have performed extremely well. Revenue from Toscano business increased by around 45% this year compared to same period last year and also this is driven by strong same store sales and three new stores that we opened. The business continues to generate very strong margins. Similarly our international business recorded year-on-year revenue growth of around 23% with very strong margins.

In the short term our focus will be increasing volumes in both our dine-in business and delivery segment and in the medium to long term we are focused on our four pillar strategy of accelerating Barbeque Nation India dine-in business and delivery unlocking the growth potential of Toscano and calibrated international expansion.

With this we can now open the session for Q&A.

**Moderator:** Thank you Sir. Ladies and gentlemen, we will now begin the question and answer session. We have the first question from the line of Kapil Jagasia from Nuvama Wealth Research. Please go ahead.

**Kapil Jagasia:** Thank you for taking my question. Sir my first question is on same store sales which has been negative after quite some quarters so how are you taking this internally and for next quarter are we seeing this to move in a positive trajectory like how the month of January has been for us?

**Rahul Agrawal:** Thanks Kapil. So, on the same store sales growth I tried to give some color on the SSSG numbers so there are two parts to it. One is our dine-in segment. Our dine-in segment has been positive and on the delivery side as you know versus last year to this year our business is down a bit. We have been facing this for quite some time but I am very happy to see that in this quarter there is an uptick sequentially. On SSSG front, needless to say we faced some issues overall in the demand environment. I think specifically the month of November was not that great. Even October was impacted due to a lot of festive season. Given that our prime business is dine-in and during these festivals the events are skewed towards family gatherings which typically impacts our business. Unfortunately, we are not seeing any uptick in the current quarter also. January month was pretty much again lower than our expectation on the SSSG side.

**Kapil Jagasia:** Okay so like with this we will be opening of 40 restaurants annually or like we would be revising this target closer to Q4?

**Rahul Agrawal:** So look on the new store side I think it is a function of the market opportunity. The stores that we are opening up in largely metro markets, where we have not seen much cannibalization. The numbers of six stores that I gave you is out of 31 stores that we opened up this year. Overall again 25 stores have not led to much cannibalization so I think our expansion strategy will be based on whether the individual restaurant or the site that is under evaluation make sense individually or not and if it crosses the threshold of our return profile or our payback period I think we will go ahead again and do that.

**Kapil Jagasia:** Just one bookkeeping question from my side other overheads have increased by 20% this quarter so could you help us for this steep ride any one-offs here?

**Rahul Agrawal:** No there is no one offs, so I think it is majorly a function of expansion only.

**Kapil Jagasia:** So this increase would it pick up run rate going forward also Rs.88 Crores of other overheads so this would be kind of the quarterly number going forward?

**Rahul Agrawal:** Yes so other overheads will largely include fixed expenditures so this should be the run rate.

**Kapil Jagasia:** Okay fine. Thank so much. I will just come back in the queue.

**Moderator:** Thank you. We have the next question from the line of Percy Panthaki from IIFL. Please go ahead.

**Percy Panthaki:** My question is on the margin so with a Rs.6.3 Crores per annum annualized sales that you have done this quarter your EBITDA margins are around 10.5% if I look back in history I think one of the years FY2017, FY2018 or FY2019 one of the years I think you had done similar kind of sales actually maybe marginally lower 6 to 6.3 Crores of but your margins were 14% to 15% and at that time also you were adding quite a lot of new stores in the two or three years run up to that year there were a lot of new store additions even then so why is it that this time you are not able to sort of clock good margins and what is your outlook on FY2024 margins given the kind of overall macro environment that we are in?

**Rahul Agrawal:** So Percy thanks for this question so yes in FY2017 and FY2018 also we were growing and obviously we have always reiterated that our overall growth will be driven also by the growth in new stores which will come up pretty much every year. I think if you look at our current year, the current quarter numbers and the mix of revenues or the percentage of revenues that come from a new store is approximately 20% and 80% comes from broadly mature restaurants. Last year this number was around 95% and 5% which means that the average maturity profile of the new store is now on average around eight months or so which is delivering around 5% of margin today. As this maturity profile goes up and if we continue doing say eight or ten restaurants every quarter I think the percentage number of this new store contribution will peak next year and post that it will again start coming down and once the average maturity profile of new basket increases which will deliver margins of higher than say 5% goes up to say 10%, this incremental 5% margin on this bucket of say 20% sales will add to 1% margin so in general our drag from some new restaurants in margins are approximately 1% but I think for short term including for FY2024 the drag of new stores on the margins will be around 2% points.

**Percy Panthaki:** Even if I adjust 2% points Rahul basically this 10.5% will go up to 12.5% kind of a number which is significantly lower than the 14% to 15% that we are targeting and as I was saying it is not as if the sales per store is really very low it is Rs.6.3 Crores you have done Rs.6.3 Crores in the past and still delivered much better margins so what is really going on here and I mean given that this drag is going to continue in FY2024 would it be fair to say that the full year margins could be in a single digit because in the seasonally best quarter you have done 10.5% this quarter?

**Rahul Agrawal:** Yes it was seasonally best quarter but the numbers on revenue per store is not as per the seasonally best quarter right so if you compare this against five years back obviously cost structures in 5 years have changed and at the same revenue per store this margin is not possible so as compared to last year same quarter versus now there is impact of negative SSSG and obviously the negative operating leverage, which has kicked which has reduced the margin. I think going forward if you can get to say 5% same store sales growth that is when the negative 1.9% from mature portfolio will go away and that will give push to our margins. Secondly the new store drag which is 2% will come down to 1% so that is another 1% point coming from there and obviously marginal benefit will come from corporate expenditure as percentage of sales. I think whatever new additions that we need to do in our corporate teams or additions is all in place so that number should not change much so it is more a function of I think lower sales in a mature portfolio than anything else.

**Percy Panthaki:** So even assuming a 5% same store sales growth in FY2024, but taking into consideration the new store drag, etc., it seems that the margins on a console entity for the full year would hover in that 11% to 12% kind of band is that calculation more or less correct in your view?

**Rahul Agrawal:** So if this quarter is around 11% for nine months is 11%, I think the drag of 1.9% should not be there so that should add around 2% if we make 5% SSSG so that will go up to 13% and then the FY2024 the drag on new stores will be 2%, so it is around 13% should be there assuming 5% same store sales growth.

**Percy Panthaki:** So 13% margin assuming at 5% SSSG and what is the sensitivity to this number so supposing if five becomes zero then this 13 goes down to how much in your view?

**Rahul Agrawal:** So around 11 or so.

**Percy Panthaki:** Okay that is all from me Rahul. Thanks and all the best.

**Moderator:** Thank you. We have the next question from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.

**Pritesh Chheda:** Sir when we look at the revenue of the mature outlets it is let us say about 65% to 70% of the system revenue and we had these kinds of numbers in the past, but the margin profile seemed to be fairly low? Is it that these new restaurants have a different store selection basis or some area basis which you want to highlight and also in the past calls we had asked you specifically that when you have a 15% to 20% kind of a store expansion as a percentage of your total network in place, will you go through margin changes and you had categorically said no saying that my stores usually come within six months of the store opening they are at the system level so where are we missing out on the whole commentary which we had given all these quarters and when we look at the number and the margin analysis which you are giving incrementally?

**Rahul Agrawal:** So I think on the new store there is no different kind of selections. It is pretty much the same portfolio that we have always been doing. On the new store portfolio and the maturity profile I think we have always said that typically for the first six months it is almost break even post that end of year one, it reaches to around 7% to 8%. At the end of say year two it will be around 15% and the year three it reaches to around 20% to 21% so that has always been maintained. There is no change in any of that commentary and that is the profile that we have been seeing historical till now. I think the mix has changed between new and old versus last year and this year. This mix given that we are expanding will also increase in FY2024. Post that it will start coming down as the average maturity profile of the entire basket sort of goes up and the margins from the new portfolio goes up from 5% to close to 10% so that is one impact. I think the other big impact that that we are seeing is couple of percentage point drop because of the negative SSSG and the impact of negative operating leverage.

**Pritesh Chheda:** Rahul you said that year one is 8% margin on a new store right that is basically it adds on to the revenue and the absolute EBITDA of the existing store right?

**Rahul Agrawal:** Right.

**Pritesh Chheda:** So in the initial conversations it was assumed that there should not be any drag on the overall P&L of the company, but it happens to be the otherwise so in that situation is SSSG the only culprit for bringing overall P&L numbers?

**Rahul Agrawal:** We have clearly given a bridge of the margin so let us stay with 8% number that we have just mentioned. If the matured portfolio is at 20% and the new portfolio is that we reported 5% margin on new portfolio the gap is 15% on the new versus mature portfolio and if the mix of new verses old will change from say 5% to 20% on the balance 15% portfolio you have a 15% difference which will lead to close to 2.2% drag. What we are saying is that as the margin profile of the new bucket goes from 5% to 10% this is an incremental 5% on almost 20% of the portfolio which will reduce the drag from close to 2% to 1% so the drag from new portfolio has always been 1% just that as we are expanding and we have not opened any outlet say one year back and before that during COVID times the overall margin of the new portfolio is around 5%.

**Pritesh Chheda:** So next year when you add another 40 store you should not have this situation right?

**Rahul Agrawal:** Next year based on the historical margin profile, the new average maturity of the new portfolio will change and the margin from this bucket will move from 5% to 10%. This is based on obviously our working on this historical margin profiles.

**Pritesh Chheda:** Because then you will have three buckets one which is a mature store with a matured margin, stores which is one year old where the margin improves and store which is the newer ones?

**Rahul Agrawal:** I think we will continue with the two buckets only which is a mature versus new.

**Pritesh Chheda:** Yes but this year you had a classic situation where you did not have store opening last year all the store opening this year right?

**Rahul Agrawal:** Yes.

**Pritesh Chheda:** So if we have to understand it will get into your base let us say another two quarters from now?

**Rahul Agrawal:** No I think if you look at by end of FY2024, if we add 10 restaurants every quarter the proportion of mature restaurants versus new restaurants which is now probably 80:20 will move up to around 70:30, but subsequently after two years will be again be coming down each quarter and stabilize at 20% but the average margin of that bucket should go up.

**Pritesh Chheda:** Yes that 30% will go up right which is 20% today is 30% but that 30% bucket will go up in margin?

**Rahul Agrawal:** Yes.

**Pritesh Chheda:** Why are we saying now that the store addition in six of the cities is splitting up the store business?

**Rahul Agrawal:** No look this is just to give you some additional color on your same store sales growth right and it is nothing new. Historically also when we have expanded in tier one cities in the past when there is only one restaurant in the entire city and the entire city comes to that restaurant. If you go and open the second one, the first restaurants in that city will definitely see that cannibalization but once you open the second one the third one and the fourth one I think that impact goes down completely. Today when you open a new outlet in a metro market for example any of the metro markets Bengaluru for example have 20 outlets. We do not see any cannibalization in these cities and we are not saying that impacts our SSSG. Also you know in tier one cities for example in Lucknow we have four outlets, in Ahmedabad we have four outlets in those cities we do not see much cannibalization. In some of the tier one cities when you open first to second restaurant we see some cannibalization so the number that I gave you just is to give you some color on SSG but does it mean that we will stop expanding in tier 1 cities from one restaurant to second restaurant, no it does not mean that.

**Pritesh Chheda:** Okay thank you.

**Moderator:** Thank you. We have the next question from the line of Harit Kapoor from Investec. Please go ahead.

**Harit Kapoor:** Just firstly on the reason for the store closures? I think there have been three in this quarter right so what really happened there? Is it a tier one phenomenon or metro phenomenon could you give us some sense on what has happened there?

**Rahul Agrawal:** So two of them are in the tier two and tier three markets. Those stores were operating for almost I think three years we did not see that expansion in margins and I think our biggest issue was the management bandwidth that it used to take, so just shut it down and move some of the equipment from there to a new outlets and one of them is in one of the tier one market which is very close to one of the outlets already there so I think the outlet next to it was almost doing 3x of what this outlet was doing so it I think the location of this particular site was an issue so we closed that and some business already seen moving to the original one.

**Harit Kapoor:** Okay given your current portfolio of 212 odd restaurants do you see a requirement I know it is ongoing but do you see a requirement of closures over the next say six to 12 months in some of them? Have you earmarked some of them where you could see closures?

**Rahul Agrawal:** So some are definitely on our watch list. I think if it is really six months from now maybe three to four restaurants that we might take a call on and that is largely to do with not performing and disproportionate bandwidth going on some of the dragging portfolios so we will of course correct that.

**Harit Kapoor:** Are these also in your tier one, tier two and tier three kind of markets?

**Rahul Agrawal:** So most of these are in tier three markets.

**Harit Kapoor:** Okay just a follow up on that does this kind of not concern you but raise some questions on tier 2 tier and tier three being able to take the kind of stores that you open and the APC and the kind of format is or you just think these are part of the course? This is bound to happen etc., how do you kind of when you take a step back how do you view this because this is not a company which typically required to do much store closures given that they were metro and tier one centric so just to get your thought process on this?

**Rahul Agrawal:** I do not think fundamentally we have to question this model of tier two and tier three cities. Yes there has been some course correction in this process but we still have around 55 or 56 of these stores in these locations. Maybe in the in four to five of them or say 10% of this tier two and tier three location we are early in this market maybe the location was not that great, the pricing power was not there so some we have corrected. I think in some cases we have also ensured that we just go to the prime sites of this tier two and tier three markets so that the demand is not a problem. So those course corrections we are doing, but like we have always maintained I think in terms of our growth 70% of these growths will be driven by the metro and tier one market and the balance 30% will come from tier two and tier three so I think fundamentally at this point of time I do not think we are revaluating that end and saying we will not go to those markets.

**Harit Kapoor:** Got it and in terms of your confidence levels for next year's expansion 35 to 40 stores I know you are obviously in advanced stages there across at least for the next say six months or so but given the environment you are fairly confident that you should be able to do 35 to 40 or there is a maybe if demand is not great you may want to shift this out a little bit how are you thinking of expansions of going at the next step?

**Rahul Agrawal:** See all of these are independent market evaluation right and lease terms are very long term from 12 to 15 years. So this quarter I know demand was under pressure, but if I look at my core dine-in business in some of our large part of portfolio we have still grown by around 3% right and in some cases metro markets have done better. Our tier three has not done that great so I think these things are bound to happen. Maybe we will have couple of quarters not doing that great, not that in the history of 16 years it is happening for the first time so I think we will be very cautious in terms of what size we will do. If you look at our expansion this year in FY2023 this is largely skewed towards Barbeque Nation right. Out of say 40 sites that we opened this year around 37 of these are from Barbeque Nation, three coming from Toscano and none from international. I think in other two segments of the business are under penetrated. On Toscano we have two sites under construction already and this year we are planning to at least add 10 sites on Toscano. On the international front we have also now two sites under construction. I think for a long period of around three years we have not expanded in the international side. That business is doing upwards of 20% EBITDA margin. They have cash flow accumulation there using that cash to open up at least a couple of more sites in that market so with this even if we open say 25 to 30 sites of Barbeque Nation as a portfolio as a consolidated entity we will still achieve 35 to 40 sites so like I said there is no pressure of opening site so there is sort of urgency to reach to a certain number, but if the site makes sense for us we will continue to do that. We do not have any constraint on that front.

**Harit Kapoor:** Okay got it. The next question was really on this Biryani format Dum Safar so yes you mentioned that you are going to expand this across your network and you are already 100 plus outlets so if you could just give us some more any qualitative or quantitative sense on how the progression has been, what are the metrics you are tracking? I know you mentioned aspirations of making it a large business for you a 1 Crore per store kind of a model but if you can just give us a sense of where you are in that journey and what are you seeing? What positive signs are you seeing to roll this out across the network?

**Rahul Agrawal:** So thanks for the question so it has been close to four months now to this business and frankly I am very satisfied with the way it has been growing. Overall I think two things that we are tracking here, one is what is the average rating that the guests are giving us on this and second is what is the average daily sales and is it growing on a like to like bucket or not. I think at a Pan India level out of 100 stores that we are in, the first 50 stores overall are at some rating number. The next 50 that we opened up is very new to comment on the rating but overall the first 50 which have been operational now for say two to three months on average is already at a rating of close to 4.2. If you look at the first set of 25 outlets that we will launched in the three cities there the average daily sale month-on-month have been increasing. The month on month ADS on this bucket is approximately Rs. 7,000 now. This is per day right so I think on all fronts we are seeing some traction on this business and the focus would be at least over this period of next few quarters is to maintain that guest rating, understand the feedback, if required tweak the product and then sort of also start slowly and steadily scale up the average daily sales numbers. Early days but whatever we have seen in first five months I am extremely satisfied with that.

**Harit Kapoor:** Got it. That is from me thanks.

**Moderator:** Thank you. We have the next question from the line of Mythili Balakrishnan from Alchemy Capital Management. Please go ahead.

**Mythili Balakrishnan:** Rahul could you help us with the cash flow post the lease liabilities?

**Rahul Agrawal:** So during this quarter we had operating cash of around Rs.30 Crores and over a period of the entire nine months the operating cash flows was around Rs.105 Crores, this is post lease liabilities.

**Mythili Balakrishnan:** And capex for the same period?

**Rahul Agrawal:** So nine-month capex is approximately Rs.110 Crores that we have incurred. This includes broadly three categories approximately Rs.90 Crores has gone into new restaurants, around Rs.10 Crores have gone into regular maintenance capex and another Rs.10 Crores have gone into two of our specialized project one is Biryani brand Dum Safar and other in water project that we have taken up this year.

**Mythili Balakrishnan:** Got it and as I also wanted to check with you that what is the status on all those companies sort of opening up, the IT companies, etc., that work from home is still the norm or are you seeing some more return in terms of that crowd to your restaurants?

**Rahul Agrawal:** So still not to the pre COVID level, but if I look at our weekday business which is what the corporate business could contribute between last year and this year our weekday business has gone up by single digit, mid single digit and our weekend business if I compare versus last year this year has been marginally down and that is the weekend business is largely the friends and family sort of segment which is marginally down so on the corporate front I think marginal push, but not to the same level as what we used to see in pre COVID levels.

**Mythili Balakrishnan:** So this is on a year-on-year basis comparing this quarter?

**Rahul Agrawal:** This is year-on-year basis.

**Mythili Balakrishnan:** Just also wanted to get your sense on demand because you mentioned the fact that January also was not looking much better? Could you just sort of help us understand a little bit of is it a pushback in terms of price? Is it because of inflation hitting the pockets and what is sort of has been the SSSG like we have seen in January?

**Rahul Agrawal:** If you see in January will look very good because last year January had the Omicron impact right so SSSG is not I think right benchmark but overall based on what we have seen in Q3 and normally what we do in January the numbers are still not at the same levels. I think from the company front I do not think it is pricing. As a company we have not taken any price hike for last now almost eight months. The only price hike we took is in the month of May so pricing has remained pretty much the same. I think also it is different in few pockets. It is doing good, so for example as a cluster I think South cities are doing slightly better, East I am seeing some sort of a pressure and I am looking at numbers in Q3. From our end there are multiple initiatives been taken. There are host of campaigns that we have done to target specific customer group and specific day part. We have some of the group offers like Gangs of Grill. There are Happy Monday and Tuesday offers. In some outlets we are running unlimited beverage offers. On the experience front obviously we have upgraded the look and feel of the outlets. We also spoke about a campaign called Celebrate Grillse when we are driving more occasions for celebrating the small and big moments of life so those things we are doing.

**Mythili Balakrishnan:** Got it. Those were from my side.

**Moderator:** Thank you. We have the next question from the line of Harit Kapoor from Investec. Please go ahead.

**Harit Kapoor:** Yes just kind of follow up on the earlier participant's question? I just wanted to know how if you just dissect where the stress is from on the demand side. You are largely metro tier one only but is there certain region specific stress? Could you just kind of give a little bit of this data in which pockets is it? Is it largely only corporate and family is okay? I mean just some sense on where this stress is coming from?

**Rahul Agrawal:** Like I said versus last year same quarter between weekday and weekend, our weekday is slightly higher and weekend is slightly lower. If I compare it against say pre COVID based on the volume numbers, our weekday volumes which used to do from the corporate is still not at the same levels. In terms of regional cut on a broad basis metro is doing relatively okay. Tier two and tier 3 are not doing that great. In terms of specific metros a couple of reasons largely East has not done that great, but West and South has done generally better for us.

**Harit Kapoor:** Any similar trends you are seeing as the quarter has gone through right across the quarter and probably into January also very similar trend?

**Rahul Agrawal:** I think January is early. There are some pockets which are improving also right but overall am I satisfied with the January numbers? no. It is still a remaining week.

**Harit Kapoor:** Got it. That is it from me thanks.

**Moderator:** Thank you. As there are no further questions from the participants we have reached the end of the question and answer session and on behalf of Ambit Capital, that concludes this conference. Thank you for joining with us and you may now disconnect your lines.

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*Note: This transcript has been edited to improve readability and is not a verbatim record of the proceedings.*

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