February 06, 2026

BSE Limited
Corporate Relations Department
Phiroze Jeejeeboy Towers
Dalal Street, Fort,
Mumbai - 400 001
Scrip Code: 543248

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, 5th Floor, Plot no. C/1,
G Block, Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051
SYMBOL: RBA

Sub.: Investors and Analyst Call Transcript

Ref.: Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 *('SEBI Listing Regulations')*

Dear Sir/Ma'am,

Pursuant to the SEBI Listing Regulations, please find enclosed the transcript of the conference call with the Investors and Analysts with respect to Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended December 31, 2025, held on Wednesday, February 04, 2026 at 9:30 a.m. (IST).

The same is being made available on the website of the Company viz. www.burgerking.in.

Kindly take the same on record.

Thanking You,
For Restaurant Brands Asia Limited

SHWETA SUNIL MAYEKAR
Digitally signed by SHWETA SUNIL MAYEKAR
Date: 2026.02.06 17:56:14 +05'30'

Shweta Mayekar
Company Secretary and Compliance Officer
(Membership No.: A23786)

Encl.: As above

"Restaurant Brands Asia Limited

Q3 FY26 Earnings Conference Call"

February 04, 2026

MANAGEMENT: **MR. RAJEEV VARMAN – WHOLE-TIME DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER – RESTAURANT BRANDS ASIA LIMITED**

MR. SUMIT ZAVERI – GROUP CHIEF FINANCIAL OFFICER AND CHIEF BUSINESS OFFICER – RESTAURANT BRANDS ASIA LIMITED

MR. KAPIL GROVER – GROUP CHIEF MARKETING OFFICER – RESTAURANT BRANDS ASIA LIMITED

MR. SANDEEP DEY – BRAND PRESIDENT, INDONESIA – RESTAURANT BRANDS ASIA LIMITED

MR. GAURAV AJJAN – HEAD OF CORPORATE DEVELOPMENT AND INVESTOR RELATION – RESTAURANT BRANDS ASIA LIMITED

MODERATOR: **MR. NAVEEN TRIVEDI – MOTILAL OSWAL FINANCIAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good morning, and welcome to the Restaurant Brands Asia Q3 FY '26 Earnings Conference Call hosted by Motilal Oswal Financial Services Limited. As a reminder, all participant lines will remain 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 the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. Naveen Trivedi from Motilal Oswal Financial Services Limited for opening remarks. Thank you, and over to you, Naveen.

Naveen Trivedi: Yes. Thank you so much. Good morning, everyone. On behalf of Motilal Oswal, I, Naveen Trivedi, would like to welcome you all to the Restaurant Brands Asia 3Q FY '26 Earnings Conference Call. From the management today, we have Mr. Rajeev Varman, Whole-Time Director and Group CEO; Mr. Sumit Zaveri, Group CFO and Chief Business Officer; Mr. Kapil Grover, Group CMO; Mr. Sandeep Dey, Brand President, Indonesia; and Mr. Gaurav Ajjan, Head of Corporate Development and IR.

I would now hand over the call to the management for the opening remarks. Over to you, Raj.

Rajeev Varman: Thank you. Good morning to everyone. Very, very good morning. Thank you for joining this early on this call. Thank you, everyone. Quickly on the results. First of all, very, very, very excited to share with you the Q3 results in this very, very difficult and tough sales environment. RBA continues and Burger King India continues to kind of march on with the positive sales that it has been delivering in the past. This is the 11th consecutive quarter that we are reporting positive sales, thanks to all the hard work of the entire team sitting here around me. So we ended December 31 with 577 restaurants.

Today, actually, we have now reached 580. And by the end of this quarter, by 31st March, we should be at very close to 600 restaurants. That's an increase of, as of December, 67 year-over-year and 44 restaurants over the last quarter.

Total revenue was INR 577 crores, which is up 16.5%. ADS was 117K, which is up due to our SSSG 4.5%. Gross margin, we delivered 69.9%, well on our way to cross the 70% mark. Year-over-year, that's a 2.1% increase and 1.6% quarter-over-quarter, driven predominantly by the work we are doing on supply chain, getting the products closer to the restaurant by introducing new suppliers and reducing the transportation cost. So a lot of work there by Dipit and his team, and they are just moving this rapidly in the right direction.

The restaurant level EBITDA pre-Ind AS number is almost INR75 crores, INR749 million. That's up 25.7%. And the company EBITDA, which is, I think, the highest we have reported ever, is at INR40.6 crores. That's up 31.5% year-over-year. So some very, very strong results on the India business.

Now the key strategies and what we have been sharing with you in the past, we continue to march on in the same direction. Value, which is one of our pillars, we continue to strengthen value and move in the same direction by expanding the offerings to more and more consumers, as we also expand our portfolio, our footprint in different cities and different markets.

This year, we also spent a lot of time strengthening our core and premium menus. So while we worked very hard in the last 11 years on building a very strong value proposition to introduce our brand to customers around India, we have now started this journey of even strengthening the existing core menu, but also expanding into the premium menu. And you will see more and more communication on this part of the menu as we move forward.

Digital, we have been talking about self-ordering kiosks and table ordering, app ordering now for a very, very long time. Today, 92% of all orders that we service are all digital, including SOK orders. We have app orders. We have orders that are through delivery, which are all digital orders. 47% growth in monthly active users over previous year. That's a remarkable feat by the entire marketing team. So we congratulate them as well, as they build the digital. And you'll hear a lot on this digital platform.

Currently, we have worked in the last 2 years, and even this year, we have worked predominantly on bringing people into our app, which is what Kapil calls acquisition. And then from this phase, we have started to now starting to engage with them. We have all those tools in place to start engaging with those customers. And then as we move forward, Kapil will share with you what we are doing on retention and all the other aspects of securing this business. So a very, very strong digital view, and we continue to build on that.

Now I keep talking about profitability and the laser focus of the team on getting the P&L at current ADS to produce more EBITDA, which you have seen in the Q3 results, and you will continue to see a similar effort as we move forward. Two-fold, one is on the product side, which is the gross margin.

I already told you that we are moving the food closer to the restaurant. That's the best way to make sure it's not only fresh, but it has less transportation time, less transportation costs, and it's more readily available to all the restaurants. So that's a big effort that we are putting.

The entire team, Dr. Sudhir Tamne, Dipit, and Madhuri Shenoy, they continue to work bringing this product closer and closer to the restaurants and hence helping us move in. The other thing that we have done is, on delivery, we have reduced discounts significantly. And we continue to grow the delivery business with reduced discounts. So you have a better margin. We've moved that margin by 2 points. And that's really, really what's driving also the profitability on our P&L.

And then Sumit Zaveri continues with his entire team, Nitin Bhayana and Sumeer Bedi and the rest of the operations teams led by Subramaniam Pillai in driving restaurant efficiency. And how are we doing that? We're doing that line-by-line item, laser-focused, utilities, rent reductions, you name it, other opex expenses and so forth. We have just installed the new broiler in over 250 restaurants. We continue to do that. That brings down our utility expenses significantly, right?

So this was designed in-house along with our vendor partner in the U.S. by Nitin and his team, and that has been a super success so far in the 250 restaurants we have installed. We continue to install that in balance of the restaurants. So that increases the efficiency on the P&L as well. So a lot of effort to drive the efficiency on those parts.

Very quick on the and Sandeep is here on the call as well. Sandeep leads the business in Indonesia, and he'll be available to answer any questions on the back half. Look, here, our focus has been to work very hard in turning around the business over there. I think we have made significant progress, significant progress on the Burger King side. The BK business now has a consecutive 4 quarters of SSSG positive increased sales on the back of some beautiful traffic in the dine-in business.

So that work is continuing. We have significantly reduced our losses there. And again, you know that we reduced G&A over there. G&A was reduced further this year by another IDR 9 billion, which is approximately INR4.5 crores. That's on top of the IDR 29 billion that we did last 2 years in getting down the corporate G&A expenses.

So a lot of work that Sandeep and his team is doing there, and we congratulate him to move that business forward as well. Reduction in corporate overhead. I think we will continue that close to where we are, and we'll strengthen that. We are challenged over there with the Popeyes business. As you know, we only have 25 Popeyes over there, and the lack of significant marketing and growth path. So we, on a very urgent basis, will be addressing the Popeyes business over there.

But overall, I think the Burger King business is nicely poised to get to the positive grounds in the future and all the work that Sandeep is doing there. Now the focus had been in the past, we had a gap in the chicken menu. While everyone had a strong chicken menu in a market which is rice and chicken staple food over there, we had significant gaps on the chicken side. And those chicken gaps were completed and filled last year. We got a spicy version of the chicken handheld BIC. In addition to the classic version that we had, we brought in wings and so forth.

So we have very, very strong chicken portfolio now, and we continue to lead that chicken portfolio through our value platform, and you will see a lot of that in the next year as Sandeep leads that business. And then we have been doing a lot of research and work on our burger side. And in addition to just doing the work in the product level as well, we have also done some consumer research on the burger side. And we have understood that Burger King Indonesia stands number 1 in burgers in that country. So we have a huge leverage and property burgers where the consumers have come back and told us that burgers are the best at Burger King.

So you will find, moving forward, as we move this along, while we continue to build on sales on the value platform, which is chicken, you will find a lot of work from us on the burger side. Systematically, we are moving this business. Yes, it is taking time. Yes, it has moved. But we are doing this systematically, so that it's not a small band-aid approach to 1 quarter or a couple of quarters.

This is a long-term view that we have taken. We are slowly moving the business, fill the gaps on the chicken side of building the portfolio on the burger side by not only improving the product, but you will see more and more communication of these products or the burger products in Indonesia.

So with that said, I'm going to turn it over to Sumit Zaveri, who will walk you through in detail the numbers, and then Kapil will take over on the marketing side. So over to you, Sumit.

Sumit Zaveri: Thank you, Raj. I'll just kind of take you through the India business summary and some of the progress that we've done in Indonesia, before we get into the details on the marketing side. I'm on Slide 9, getting into the India business summary. We closed the quarter with 577 stores, a growth of 67 stores. As you can see, our growth predominantly has been back ended towards quarter 3 of the financial year of the quarter.

We're kind of working together as a team to make sure that this growth going forward becomes much more even as compared to being a little back ended, so that we can get the benefit of new stores that we opened for the capital deployment, get the revenue for those stores, the year in which we open these stores. That's an endeavor that we are going to work towards, and you will see that into the coming financial year onwards.

We are really very, very excited to look at the way our SSSG trajectory has always been and where it stands as far as this current quarter is concerned. We've been positive now almost, I could say, very easily, almost over now 3 years, except for 1 odd quarter, where we might have turned negative. In terms of SSSG, we've always reported positive SSSG. This quarter, we've gone to 4.5% in terms of SSSG. And why really we are excited about this 4.5% in terms of SSSG for the quarter is because typically, we've, over the last 2 years, seen quarter 3 to be slightly muted.

This is the year we've now seen quarter 3 to become stronger and having a much stronger, better SSSG of 4.5%. So this is something which we are really excited about. We can see all the efforts that we have put together over the last few years on making sure that we have tapped the entire portfolio, making sure that the digital investments are present in all our stores, be it self-ordering kiosks, be it table service, are all starting to see results in our stores.

And as we open new stores, all these initiatives have now become part and parcel of all our new store openings. And we believe that we are kind of standing at a good point to take it forward here on from into the future.

Delivery mix continues to be at around 43%, 44%. But at the same time, our entire endeavor to improve the overall profitability on the delivery side has been working really well for us. As Raj mentioned, we've been able to improve the overall gross margin on the delivery side by almost around 2% over this period. Gross profit trajectory is something which we've always been proud of. We've always been mentioning that we will take this journey closer to 70%.

In the past also, we've been saying that it will not necessarily be sequential growth. We might see this growth as we really kind of work around on some of the opportunities that come our way. We've been able to take the trajectory of gross margins at 70%. We have now got to our long target, and we believe that we will be able to improve further on the gross profit margins going forward.

As far as restaurant EBITDA, these are pre-Ind AS numbers. Our gross margin for the quarter stands at 13% with INR75 crores being generated at the restaurant level. And at the company level, we've reported company EBITDA of 7%, INR40 crores or INR41 crores company EBITDA for the quarter. These numbers are again pre-Ind AS. And at a corporate EBITDA level, we have excluded a onetime effect of the wage code.

As you all will know, there is a wage code that got announced, got implemented towards later part of November. There is a onetime impact of INR2.3 crores that we've taken into our P&L. But these numbers on company EBITDA is before taking the impact of that. So exciting results, excited times ahead as far as India business is concerned.

Going on to Slide 11 for the overall Indonesia business. Raj clearly laid out the strategy for Indonesia, which was value-led, which was chicken-led; very, very strong focus in terms of bringing the overall business up. We've been working towards that since the time the larger geopolitical scenario impact was kind of starting to wean off, which we saw in November. As you could see from the chart, we've consistently remained positive in our overall ADS now since now over a year, almost it's now we are in the 13th month into that trajectory.

So we see the trend on ADS in Indonesia to be on the positive side. Yes, we know there is still some more work to do in order to make sure that we take this overall performance also on the positive side as far as Indonesia is concerned. So just to sum up...

Moderator: Ladies and gentlemen, we have lost the line with the management. Please stay connected while I reconnect the management. Thank you. Ladies and gentlemen, we have the management line reconnected. Sir, you may proceed.

Kapil Grover: Thank you. This is Kapil. Sorry for the disconnection in between. I'll try and quickly summarize the marketing aspect. I think Raj and Sumit had mentioned that this year, our quarter 3 has been of our best third quarter in the last couple of years.

It's been on the back of strong innovation on the burger front with the King's Collection, Korean campaign, and the Whopper Deluxe, and some other priorities that we have sort of tackled this year on the dessert innovations.

Going back to Burger innovation, it gave us very good results so far. Value, 2 for continues to remain a strong pillar for us. We've activated a lot more on the Crazy App Deals in the last couple of quarters, and we've seen significant increase in our monthly active users, our monthly transacting users, frequency and retention of customers on our app as we go more and more aggressive on the CRM strategy.

Celebration meals continues to be a platform where we do regional connect, festival connect, and offer shareable value to the customers. Last year, in the last 3 quarters, we've done a lot of activations to build a stronger brand connect with celebrating festivals like Pongal, Lohri, and recently the Republic Day, where we partnered with the Army Central Welfare Fund to contribute to some of the noble causes that this fund supports in the Army.

This helps us build a very strong emotional connect with our consumers, getting some great feedback from our guests in the stores. On the social media side, the brand continues to be stronger as we celebrate Indian festivals and engaging content on our social handles. Last but not the least, on CRM, we have laid out the road map in the last couple of quarters. We've started to see some results now, and we'll be sharing a lot more in the upcoming quarters.

Right now, the focus is on acquisition and some bits of engagement, as we want to build this base. MAU has grown 47% over 70% of the last year same quarter. So it continues to grow year-on-year as well. And as we have more and more customers logging into our app, they will continue to see more and more interesting engaging offers, CRM communications and then building loyalty over time.

I will hand it back to Sumit to do the financial summary.

Gaurav Ajjan: Thanks, Kapil. This is Gaurav. We can move to Slide number 24, which is the outlook slide. If you recall, we ended FY '25 with 513 stores. So far this year, in the 9 months, we've added a net of 64 restaurants. We are on track to add a few more this quarter, and that will take us somewhere in the midpoint of our guidance range of 60 to 80 new restaurants every year.

On gross profit, when we gave the guidance, our baseline was the actual number for FY '25, which was 67.7%. Happy to share that we've already reached the guidance or we've almost reached the guidance of 70%, which we had originally planned to achieve by FY '29. We've reached that more than 3 years ahead of schedule, and this has come on the back of delivery profitability as well as supply chain and distribution initiatives.

Now that leads us to the next logical question. What's the next milestone for us in terms of our guidance. So I would request you to please wait until next quarter, and that's when we would have finalized our plans, and we will be coming up with a revised outlook.

I will now hand over to Sumit for the transaction update.

Sumit Zaveri: Thank you, Gaurav. I'll just give a quick update on the transaction, and then we open it up for the Q&A. So we've just entered into a definitive agreement with Inspira Global Group. They would be infusing, by way of equity infusion through preferential allotment, INR900 crores, and we'll be simultaneously issuing warrants, which would be to the tune of INR700 crores. The entire transaction is going to be at a price of INR70 per share.

Currently, we are in the process of obtaining the necessary approvals, including the shareholders' approval there. The total estimated overall holding post the entire transaction, acquisition of the current promoter stake plus the infusion, we are expecting that they would go to around 35% in terms of their overall holding. And this acquisition, since there is a change in controlling interest, would also lead to triggering an open offer to the public shareholders. So that really is a recent update that we have with respect to our transaction. So with that, we'll open up for...

Rajeev Varman: Let me just because we cut off in the middle a little bit, so let me just quickly summarize, and then we'll open it up for the questions. I don't know if we missed some of this section, but a very, very strong quarter in India, led by 4.5% in SSSG sales. Our company level EBITDA up 31.5% to over INR40 crores. Our restaurant level EBITDA up 25.7% to almost INR75 crores. Our revenues, we reported INR577 crores of revenues. We are well on our way to getting very close to 600 restaurants by the end of this quarter. With that said, I will now open it up for any questions. So over to you guys.

Moderator: Thank you. We take the first question from the line of Gaurav Jogani from JM Financial. Please go ahead.

Gaurav Jogani: Congratulations on the strong set of numbers. I have 3 questions. I will put them one by one. My first question is with regards to the revenue growth. So now if you dissect the revenue growth, we look at the dine-in growth, the dine-in growth has grown by 13%-odd, while the delivery continues to grow stronger at around 22%. So if you can help us out how has been the traction in the dine-in front? Do you see it improving sequentially? How are you seeing the trends going ahead?

Kapil Grover: This is Kapil. I'll take that question. I'll be happy to share that we've had now 3 quarters of positive dine-in SSSG also in this year. And we continue to have over 10 quarters dine-in positive SSSG. We've continued to report that every year. So that's been a strong sort of momentum on dine-in where we've seen growth in sales in dine-in consistently this year every quarter.

Rajeev Varman: Yes. So just to kind of summarize our sales growth. Our revenues, of course, at the back of new restaurants coming in as well as SSSG. But on the ADS level, at a restaurant level, we continue to grow both delivery business as well as dine-in business, and that's on the back of traffic. So it's not on the back of check. We continue to drive more and more people into our restaurants, and that's how we are increasing the sales there.

Gaurav Jogani: Sure. And do you also envisage the momentum in the delivery piece also to continue at the same pace that it has, given that you have yet to monetize or drive the CRM bit here. So any bits on that?

Rajeev Varman: Absolutely. Very good question. We see that this vertical of our business also will continue to grow. And we are very happy about that. But we have a very simple strategic point of view. We only grow profitably. So all the effort on the delivery side, reducing discounts, making sure we have a good offer, marketing through those channels, we continue to focus on that.

We will see that growth as well. What we are really excited about is, in the past, you have seen that the industry was doing anywhere between 6% to 7% SSSG positive. And in these last 3, 4 quarters, you have seen that industry level, there has been a negative sales reporting.

And in this environment, we continue to grow dine-in sales. And so we understand that the strategy of continuing the value pillar in addition to our efforts in driving now the core and as well the premium will give us some very good leverage as we go into the next year.

Gaurav Jogani: Sure. And sir, as you mentioned that you have continued to deliver positive SSSG while the industry has seen negative SSSG. So have you seen any market share gains? If yes, any specific regions that you have gained share?

Rajeev Varman: Yes. Geographically, we don't really share, but I'll just give you a general. Our restaurants in the South are performing very well. Our restaurants in Punjab belt and UP belt are extraordinarily doing very well, while our core here in Bombay and then in Delhi continue to be strong on traffic in dine-in. So this dine-in business, which is becoming very, very strong in our metro markets, continues its positive in the right direction.

And this is the back of the same thing. This app that we have introduced, which continues to gather more and more people into it. There are a lot of deals that we provide in app, which are profitable deals, that engage people and increase frequency of people coming into our restaurants, right? So this traffic growth is not only new people coming in, but also existing people coming in more frequently.

Gaurav Jogani: So I'll move to my next question in terms of the margins. So you have done a really good job on the margins front and the gross margins have already reached your FY '29 levels target. So one, are these margins at least now sustainable? As you have mentioned that you will come out with the expansion rate in the future. But at least can we assume that the current levels are at a sustainable level?

And on the expenses side, just noticed that the employee and the other expenses increased by around 20% and 19-odd percent. So the employee bit, does it also have the impact of labor code, or is this classified separately on the exceptional line?

Rajeev Varman: Yes. That's great. That's actually 2 questions, but I'll take them. On the first note, the simple answer is yes. Our gross margins are solid. And if you actually look back on our quarters, right, put 8 quarters, last quarter that we have reported, if you put that on your spreadsheet, you will see that there is a constant increase every quarter.

And that is on the back of developing our restaurants on a very strategic way in our markets, so that we are reducing the transportation costs, redistributing our hub costs, which are overheads in those DCs, and moving the business forward. But the real movement that we have made in the last quarter and the last actually 2 quarters is really bringing food close to the restaurant.

And that is a strategy that will always ultimately be a long-run strategy, which is as you reduce transportation costs, because the food is closer to the restaurant, you will see that leverage on your P&L. And what was the second question, sorry?

Gaurav Jogani: The confidence that we remain at that 70%.

Rajeev Varman: Yes, yes, we are confident to remain on that and move forward actually. And we'll share our new targets, like Gaurav said, very soon, and next quarter, we'll outlay the next 3- to 5-year plan on how we're going to move the business forward.

Gaurav Jogani: And sir, also on the employee expenses, they increased...

Rajeev Varman: Yes, yes. Sorry. That's right. Your second question was on the employee. Look, we opened 44 restaurants in this quarter, which is putting almost 1,000 people into the restaurant, which were actually sitting in other restaurants before we opened these restaurants.

They're usually trained for a month, maybe 45 days before they go into the new restaurant. So you see an uptick over there in terms of that expenses that we put in there. Those usually come up in Q3. Now as Sumit was saying, we are going to be building roughly about 20 restaurants every quarter, so that we redistribute this from Q3 to across the entire year.

Moderator: We take the next question from the line of Anuj from Antique Stock Broking.

Anuj: Congratulations on a great set of numbers. I wanted to dive a bit deeper on the gross margin expansion. So it would be really helpful if you could break up the gross margin expansion as a factor of the menu mix, and as well as the delivery discount reduction that we have taken. Additionally, on the menu mix front, I would also like to understand how the Deluxe range of saliency has improved since it's been around 6 to 8 months since it has been operational.

Rajeev Varman: Yes. I'll give you directionally because we don't share a breakup number for competitive reasons. But if you generally look at our business, both the delivery business and the dine-in business, we have made significant progress on gross margin in both levels, right? On the delivery side, we have made progress. Of course, the food is coming in, it's for dine-in as well as delivery.

So that impact is positive for both the channels. But on the delivery side, we have reduced significantly discounts that we used to do in what Kapil was calling acquiring the customer, acquisition.

So now we have gone into the engagement phase where we know what the customer is ordering. We know when they are ordering. We know that on certain dayparts and certain days of the week that there is a certain product mix that moves through our channels in delivery. So we have become very prudent on how we are now channeling these discounts, and you will see those on the delivery side of the business.

On the dine-in side of the business, it's very clear. Everything that comes into our restaurant needs to come at a minimum cost, whether it's the cost of the food itself that we buy, by introducing newer suppliers into the business. And then on the other side is distribution, bringing the food closer to the restaurants.

So these 2 are basically generally the 2 prongs that we are using for moving our gross margins, which are just very in line, these numbers that we are reporting will be built on with all the strategies that we have in place. So you will see that guidance coming in very soon. And thank you for your question.

Anuj: Just following up. So I think there was also a mention about the menu mix improving. So are we seeing saliency of the deluxe range improving? Is that the right sense?

Rajeev Varman: Yes. So again, we do not share product level information for competitive reasons. But I'll tell you this that we have done a fantastic job now starting to build the core, which is the deluxe range. And that core is see, value brings people into the business. And over time, they climb through the ladder, buying core and premium and so forth on occasions, whether it's birthday, promotions, etcetera, etcetera. So we have got a very strong now core menu and a strong premium menu.

Now we had a core menu, we had a premium menu in the past. What we have done this year is strengthen that. But what additionally you will see going forward is communication of this menu, which is very important that you will see more and more communication on this menu to the audience, and that's what's going to build.

So we are trying to build a generally speaking, if you have a good portfolio, you will have a good distribution between your value, core and premium. So you will see that movement as we progress. And yes, you are absolutely right, that will also contribute to some of the margins you will see in the future.

Moderator: We take the next question from the line of Jay Doshi from Kotak.

Jay Doshi: We noticed that your recent performance is far better than what we sort of from your QSR peers, be it SSSG margin improvement, dine-in. Is it possible in any way to put some numbers or quantify? For instance, you have mentioned that your delivery profitability is improving. Any sense you can give where it is today on a normalized basis adjusted for seasonality versus what it used to be a year ago, either absolute numbers or at least some quantification of what is the basis point improvement or percent point improvement in delivery profitability? Perhaps that will help us appreciate the efforts and results better?

Sumit Zaveri: So Jay, from the perspective of what you are really looking at, if you refer Slide 4 of the presentation, which says that we've been able to improve the overall profitability on the delivery side, led by adjustment of discounts by 2% point. And that is also what gets reflected in our overall gross margin improvements as well. So this was a question which the earlier speaker was also really getting into. So the improvement that we have seen is 2% improvement in the delivery profitability led by gross margin improvements is really what we are kind of seeing. The balance part is on account of the efficiency...

Jay Doshi: Sorry, one second. I may have missed that particular data point on the slide, but just double checking. So this profitability factors in visibility spends and other performance sort of incentives or delivery cost takeout, everything all put together, right?

Sumit Zaveri: Yes. But if you see, that's largely on account of gross margin improvements.

Jay Doshi: Right. But you have not seen any inflation or escalation of delivery costs or any other below gross profit cost items associated with delivery business?

Sumit Zaveri: We have got very strong long-term arrangements with both aggregators. So...

Jay Doshi: Understood. Perfect. So gross margin is translating into EBITDA level improvement as well.

Moderator: We take the next question from the line of Devanshu Bansal from Emkay Global.

Devanshu Bansal: Congratulations on a strong performance in Q3. Sir, there is an increase in aggression by the competition, right? So from value launches perspective, from faster deliveries perspective. So how have been the trends for you in Q4 so far? And are you sort of noticing any change in growth trends for you?

Rajeev Varman: No, growth trends for what?

Gaurav Ajjan: Q4.

Sumit Zaveri: So Devanshu, firstly, thank you for appreciating the performance for the quarter. Firstly, if you really look at it, as a business, we are really reaping the benefits of being a little more structured in terms of the way we've executed our strategy, be it the execution of Cafe, be it the execution of the digital initiative. Very strongly, on the dine-in and the delivery side, we remain focused on value. And we are kind of seeing the consistent execution of the strategy to deliver these results.

We obviously are going to remain focused on that strategy going forward as well. We will now overlay that with much stronger CRM initiatives as well, having finished the overall digital execution as well at all our stores. We believe that the results going forward should reflect the benefits of everything that we have executed so far as well. So it's not just -- and obviously, we would really kind of not get into a quarter as well. But at the same time, yes, quarter 4 seems to be encouraging as we stand today.

It does seem encouraging as well. But what we believe is that what we've executed really will stand strongly behind our performance going forward as well. So that's actually how, Devanshu, we see what we've achieved in quarter 3 and what we believe we should be able to achieve going forward as well.

Rajeev Varman: These are strategic, Devanshu. We are not doing tactical things here. Quarter-by-quarter, we are doing strategic things. So it has taken a little while for us to in-build these strategies, and they're all long-term kind of plans. So you will continue to see the leverage and benefits of this cumulatively as we move forward.

Devanshu Bansal: Sure, sure. And secondly, on this big investment that is coming into our business. So how are we planning to sort of use that? So is this going to lead to accelerated expansion for us? What are your initial thoughts on this?

Sumit Zaveri: So Devanshu, one is that as a business, obviously, we continue to remain very, very bullish on India. And that's where we will really see the entire focus of our business to be. We will kind of share further details in terms of our overall strategy as we come closer to consummating this entire transaction. So we would request you to bear with us there. What at this point in time I could say is that we really very, very strongly believe in terms of the overall opportunity that India as a market really is showing as we stand today.

Devanshu Bansal: Sure. Just last one from my side. So this entity has its own QSR business. So any thoughts on leveraging the potential synergies between these 2 businesses, Burger King and Chinese Wok?

Rajeev Varman: Yes. So look, we are very, very excited. We are very excited with this. You are absolutely right. They have a lot of experience, just like Everstone had in the foodservice restaurant business. Inspira also comes with a lot of experience in the QSR space. And I'm sure that there will be a lot of learnings that the promoters will bring into the business as well. And we are looking forward to learning from those experiences and leveraging whatever we can into our business and make our business benefit from it. Apart from that, very, very excited with them coming in.

Devanshu Bansal: Sure. Just last one from my end, Sumit. So basically, whatever financials we have for Inspira, that entity currently is having slight losses plus it has some debt. But these are like FY '25 numbers that are there in the public domain. So any fresh funding that this entity has raised, so that the stake acquisition that they're targeting can be consummated. Any color that you can provide on the funding of this transaction?

Rajeev Varman: Yes. So look, these are 2 separate businesses. Inspira runs their own business separately. RBA runs its own business separately. These questions on Inspira will have to be directed to them, whereas on the RBA front, we continue to work on our business completely separately from them.

Moderator: We take the next question from the line of Rishi Mody from RDM Advisory.

Rishi Mody: So first, I just wanted to understand on the cost efficiency measures, you said broiler change has been done in 250 restaurants. And then I think when I last met Sumit, there were some initiatives on temperature-controlled ACs, rental renegotiations. So where are we in that entire cost efficiency journey? How much more or how many more bps of margin expansion is expected to come through over the next 1 year from these initiatives?

And secondly, on the employee cost, I remember last quarter, you had mentioned that we've hired a few extra people for the digital kiosk transition. About 90 bps of our top line had gone into that. And that was supposed to be reversed over time once we open new stores and the staff gets reallocated. So do we expect that Q4, we go back to the 11% employee cost?

Sumit Zaveri: So thanks for the questions, Rishi. I'll just answer both the questions sequentially. Firstly, yes, the initiatives that we've spoken are under execution. And large parts of the initiatives are change in broilers. We've completed around 250 restaurants.

But the effect of the benefits of those, we will start to see going forward. We have also obviously done various other initiatives on those. As we complete the entire exercise of the broiler change or any other initiative, we expect that it should improve the overall utilities, as we had mentioned, in the region of around 0.7% to 0.8% going forward. But the entire impact or the effect of that, we will be able to see it largely, we feel, starting the next financial year, because we will still complete our execution during quarter 4 or the current quarter as well.

As far as getting into the details of our labor at the store level, yes, this has always been our practice. Whenever we have made big initiative launches in our stores, we have effectively put more people, so that we can train faster, and we don't see the drop in overall operational service standards at the store. As we come closer to ending the entire cycle of stability, we've been starting to pull the headcounts back to where we believe the store should operate. We should see this entirely kind of getting stabilized as we get into the later part of quarter 4. But that work is going on.

But at the same time, Rishi, our focus obviously will always be to make sure that we train our staff at the store level efficiently or correctly, so that we can provide the new experience that we want the customer to get at the restaurants to be literally without any kind of flaw, or rather more than flaw, rather superlative. So that's something which we would continue to kind of do. But we expect that it should start getting to reverse over next -- over this quarter.

Rishi Mody: Got it. Got it. Secondly, I wanted to understand, I've noticed that McDonald's has become a bit aggressive on their value combo. They've slashed their prices down from INR119 to INR99, which is the same as our meal combo. Are you seeing any impact of this in stores which are right next to, say, McDonald's, say, the Andheri Station one or some other metro stations? And are we also planning to cut our prices to maintain a value gap against these guys?

Rajeev Varman: See, value is not tactical. Value strategy is a long-term strategy. It's not tactical that you do it overnight and you will see a shift in product mix or shift in customers. So we continue on our value strategy that we have. Still now, this is a third year in value strategy. We did INR99 two years ago, then we came to 2 for 79, and we have done that for the last 2 years. So we have no further reduction or anything planned in that respect.

As I said, as we move forward, we have already got a very strong and probably the strongest value offering in this country. And we have a very good following because the product at the entry level are fantastic and the price at which we sell it is just fantastic for the consumer. What we're going to do over the next year is also to start building our core and to start building our premium offerings. And while we have these strong product menu items, we will now start the communication process externally via digital, television, our LSM efforts that we put together in malls and so forth. So you will find a lot of work there.

And like Sumit was saying earlier, it's as per planned strategy. We had always planned this way. The only quick turnaround that we did was putting in Cafe and SOKs, which we did in a span of 18 months, which is a mammoth task to get there. But the rest of our menu planning, communication planning, as you heard from Kapil, acquisition of customers, engagement of customers, retention of customers, then love and advocacy from the customers, that's a plan that we have strategically put in place. And over the next 10 years, you will find that we will continue on that plan of building the business.

So value will always be a pillar. From year-to-year, you will find that, that value offering will change or might change in the future. But the plan is to continue having that pillar to acquire customers.

Rishi Mody: Got it. Got it. Final question from my end. What are the discussions on the long-term vision with the new promoter group that's come in? And what's their stand on the Indonesia business? Is it the plan on Indonesia business still remains the same? If they don't breakeven in the next quarter or the quarter after that, we decide to kind of take a hard stance there? Or is the view that now we're going to give them some more runway at least?

Rajeev Varman: Look, the incoming promoter is very aligned and consistent with the current management strategy on our business, RBA, whether it's in India or Indonesia. They come in with huge experience, and they will come in, and they will do their own research, and they will do their own investigation into the business. And then we'll sell and have a good conversation with them on the way forward that it will only be enhanced and made better as we move forward in there.

But look, the Burger King business in Indonesia, slow it be, is turning around and coming positive. In fact, our ADS has now crossed the second highest company over there, and we are in the right path. We have a challenge with Popeyes, as I stated in the onset, and we will be dealing with that on a very, very speedy basis, and you will hear from us on that very soon. But very excited with the new promoter coming in, and I think they bring in some great experiences on their side. And we're really excited about bringing them on board.

Moderator: We take the next question from the line of Arun Malhotra from CapGrow Capital Advisors.

Arun Malhotra: I have 3 questions. One is, what would be the utilization of the proceeds of INR1,500 crores that would be infused in the company?

Sumit Zaveri: So Arun, as I was answering earlier as well that as far as the company is concerned, we really are excited with the growth opportunity in India that is currently available with us. That is what is going to be the long-term focus as far as the business is concerned. We are currently in the process of consummating this entire transaction.

So we'll be able to come back to you with a long-term strategy as we come closer to consummating the transaction. So we would request you to kind of just bear with us for some time until we kind of come back and share the larger contours of the overall strategy that we would come back and share with all of you.

Arun Malhotra: Sure, sure. Second was Indonesia business, neither the growth is there, nor the margins. And our gross margins there are 55% versus close to 70% in India. What is differently we are doing or what is different there that the gross margin is so less?

Rajeev Varman: Yes. So we had introduced the additional chicken menu, which is our discount platform. So the last year, we have spent a lot of time communicating that platform, which is the chicken platform. Chicken in Indonesia is more like a commodity, right? Everyone offers it.

But we were short of that menu. So we introduced that menu. We put in all the missing gaps in there, and we spent a lot of money communicating that. So you found that there was a high SKU. It used to be -- 30% of our sales used to be chicken, and that rose from 30% to 50%.

So as that grew from 30% to 50% on a discount side of the menu, you saw some gross margin depletions there. Now we have done 2 things. Number one is, of course, moving forward, we have done the chicken part of the menu. We're going to focus on burgers over there and start moving those gross margins in the right direction.

But second what we have done is we have done the same thing we have done here in India, which is we are now doing the business on the delivery side more profitably. So the discounts have been significantly reduced, and we started this in December.

Sandeep is on the call, and you will find the benefits of that coming as we move forward. Our intention is now to quickly catch up that gross margin and bring it back to 58.5%, which the other competition is running, and then start moving it in the right direction from there. So that's really the plan I told you why we were at that number and how we are moving that forward.

Arun Malhotra: Sure. And lastly, on the Indian business, we have already reached the 70% gross margin target, which was for 2029. So is there any more juice left in the Indian business for us to enhance or increase the EBITDA margins?

Rajeev Varman: Absolutely. Absolutely. And we will communicate next quarter our way forward 3- to 5-year plan on how we are going to take that gross margin business. See, in the last call, I shared with you that we are laser-focused on unit level profitability, trying to make sure that we can get as much, as you call it, juice, efficiency, I call it, efficiency out of the business, out of the units. And we have done a lot of progress in that.

The broiler is one of them, utility expenses, the solar panels, the new broiler, all these are in effort to continue to get that going in the right direction. We are not done with our efforts, and we will never be done with our efforts to continue to improve gross margin. And we have told the 2 paths that we have started on, bringing the food closer to the restaurants and bringing in more and more suppliers, so that we have a good competing supplier base to suppliers at the lowest price. So those efforts will continue. Thank you so much for your question.

Moderator: Ladies and gentlemen, we take that as the last question and conclude the question-and-answer session. I now hand the conference over to the management for their closing comments.

Rajeev Varman: Thank you very much. Again, really, really appreciate everyone joining today. We are an excited group of team sitting around the phone over here. It was a great quarter, but we have a lot of work ahead of us. And the work is with respect to unit level economics.

We will continue to focus on that. We will continue to build the brand anywhere from 60 to 80 restaurants every quarter every year. And that effort has prolonged our long-term strategy as we go into a lot of white spaces. We continue to build in our existing metro markets. We have a lot of room there.

We have new channel growth, whether it's on the highways, airports or metros -- the metro stations, where we are doing a lot of work there and a lot of restaurants you will see in the future coming there. So that's a big initiative from our side.

The next big initiative is on the digital side, which is to know as close as possible to 100% of our consumers. So our effort will be, over the next 4, 5 years, to make sure that we build our technology, to extend that we know 100% of our consumers, and that's the most effective use of marketing rupees in moving forward.

So thank you very much for all your support on the India side. We will continue to build a strong turnaround on the Indonesia side. So that work is being done by Sandeep, and we are very excited about that. We're very excited also with Inspira coming in, and we look forward to your support as we move forward on the, we call it, RBA 2.0. Thank you so much. Thanks for joining.

Moderator: Thank you. On behalf of Motilal Oswal Financial Services Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.

(This document has been edited for readability)