



**Jubilant FoodWorks Q2 & H1FY19 Earnings Conference Call
October 24, 2018**

Call Duration : 01 hour 20 mins

Management Speakers : Mr. Hari S Bhartia, Co-Chairman
Mr. Pratik Pota – CEO
Mr. Prakash Bisht – CFO

Participants who asked questions

Abhishek Ranganathan - Ambit Capital
Abneesh Roy- Edelweiss
Aditya Soman - Goldman Sachs
Amit Sachdeva - HSBC
Amit Sinha - Macquarie
Arnab Mitra - Credit Suisse
Avi Mehta – IIFL
Kunal Vora - BNP Paribas
Latika Chopra - J.P. Morgan
Manoj Gori - Equirus Securities
Nillai Shah - Morgan Stanley
Prasad Deshmukh - Bank of America
Raj Mohan - Individual investor
Varun Singh - Antique
Vishal Gutka – Phillip Capital
Vivek Maheshwari - CLSA

Moderator: Ladies and gentlemen, Good day and Welcome to the Jubilant FoodWorks' Q2 & H1 FY19 Earnings Conference Call. As a reminder, all participants' 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 telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Nishid Solanki from CDR India. Thank you and over to you Sir.

Nishid Solanki: Thank you and welcome to Jubilant FoodWorks' Q2 & H1 FY19 Earnings Conference Call for Analysts and Investors. We will be joined today by Mr. Hari Bhartia – Co-Chairman of Jubilant FoodWorks; Mr. Pratik Pota – CEO and Mr. Prakash Bisht – CFO.

We propose to commence with perspectives from Mr. Bhartia, thereafter we shall have Mr. Pota sharing his views on the progress that we have made operation wise, the strategic imperatives that lie ahead and the outlook for JFL. After the opening remarks from the management, the forum will be open for question-and-answer session.

A cautionary note: Certain statements that may be made on today's conference call could be forward-looking statements and the actual results may vary significantly from those statements. A detailed statement in this regard is available in 'Jubilant FoodWorks Q2 FY19 'Results Release' and 'Presentation', which are both available on the company website under the 'Investors' section. I would now like to invite Mr. Bhartia to share his perspectives with you. Thank you and over to you Sir.

Hari S. Bhartia: Thank you. I welcome you all to the Q2 & H1 FY19 earnings conference call of Jubilant FoodWorks Limited.

I am pleased to share that we have once again demonstrated robust performance during the quarter supported by healthy same store sales growth of 20.5% for Domino's Pizza translating into strong improvement in both EBITDA and PAT. This achievement is attributed to our persistent focus on executing the growth strategy outlined at the beginning of the financial year 2018.

Our strategic initiatives like all-round product upgrade and Everyday Value continue to deliver strong results. Customers have liked these initiatives and have given tremendous response which is reflecting in higher number of orders and increased frequency of ordering.

Investment in technology and digital space remain high priority for us. Digital sales is a significant part of our top line. We remain focused on increasing the digital revenues and to accelerate this, we had already launched the All-New Domino's App in Q1 FY19. Features of new app like Easy Location selection, Easy Order Tracking, Automatic Reordering, Rail Ordering, Advance Ordering and Hassle-Free Quick Payments among others have been well received. We are also strengthening our data analytics to enhance the overall customer interactions and brand experience.

We have maintained our margins in Q2 FY19. We have used our operating leverage and efficiency gain in continuing to provide value to our customers and absorb increase in manpower cost. We have maintained our prices for last many quarters while improving quality of food through all-new Domino's.

This strategy has continuously improved our value for money scores and order counts.

This has also resulted in creation of more opportunities to open new stores in the existing cities.

In the previous call, we had spoken about further accelerating our new store count. With respect to this, I am glad to highlight that we have opened 24 new stores during the quarter, added one new city for Domino's Pizza and we hope to maintain this pace in the coming quarters.

Moving to Dunkin' Donuts, I am pleased to state that we have made continuous progress on our stated objective of halving losses. As guided earlier, we are on track to breakeven Dunkin' Donuts towards the end of the current financial year.

From our industry perspective, we believe the food service industry landscape is promising and I am confident about our prospects for the future.

I would like to call upon our CEO, Pratik Pota, to cover the operational highlights during the quarter.

Pratik Pota:

Thank you, Mr. Bhartia and Good Afternoon to all of you on the call today. Let me cover the "Highlights of the Q2 Performance."

We have once again delivered a strong quarter.

Q2 revenues improved to Rs. 8,814 million, up by 21.3%, driven by a strong 20.5% same-store sales growth in Domino's Pizza. EBITDA for Q2 was Rs. 1,475 million, an increase of 44.4% over the same time last year and at 16.7% of net revenue. Profit after tax during the period stood at Rs. 777 million, an increase of 60.2% and at 8.8% of net revenue.

During the quarter, we opened 24 Domino's restaurants and closed one, thereby taking our restaurants count to 1,167 in 269 cities. Store expansion is picking up momentum now and as stated earlier, we are well on track to open around 75 restaurants by the end of FY19. In Dunkin' Donuts, we closed 5 stores thereby taking the store count to 32 restaurants across 10 cities.

Let me now talk about some of the Highlights of the Quarter's performance.

We continue to see good traction on our Everyday Value proposition. This helped drive a significant increase in order growth especially in delivery. We also saw sustained increase in new customers coming into the brand.

Our sharp focus on and investments in digital are working well. The new Domino's app launched in Q1 has received very positive feedback and has been rated well by users. It has a number of unique customer-friendly features, two of which – a train ordering and advanced ordering were supported through a television campaign. Online sales are now 68% of total delivery sales.

One significant feature of the quarter just gone by was the increase in competitive intensity and the surge in demand for delivery manpower, driven by food aggregators and eCommerce players. We did well to deal with the challenge by setting up both our retention and hiring efforts. This however resulted in some cost pressures during the quarter. We expect this pressure to continue in the near-term and are hopeful of mitigating it through various other cost saving initiatives.

We are also very happy with the performance in Dunkin' Donuts. We saw robust overall growth owing to a very strong growth in donuts and beverages in line with our stated strategy. The business remains on track to attain breakeven as we exit the present financial year. We do not expect the recent repositioning of the parent brand in the US to have any material impact in India with respect to either the business model or our own plans.

Overall, we are satisfied with the Q2 performance and remain confident about driving profitable growth in the future.

With that, I would like to conclude my opening remarks and I call upon the moderator to open the floor for questions.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. We will take the first question from the line of Arnab Mitra from Credit Suisse.

Arnab Mitra: Congratulations on sustaining a very good SSG performance. Your first comment on competitive intensity, I just wanted to delve a little on this. You spoke about the competition on manpower. What does it mean from a consumer lens – are you seeing more pressure on discounting from the aggregators and if that is the case what is the response that you are thinking from a consumer standpoint to continue not losing share to aggregators?

Pratik Pota: The reference to the increased competitive intensity was primarily with respect to increased promotional efforts and increased visibility from food aggregators. So as I mentioned in my opening remarks, the war is for delivery talent and delivery manpower. From a consumer point of view, the strategy that we have got in deployment which is the focus on product and all-new Domino's, very-very persistent focus on Every Day Value and value for money for customers, investments behind centering our digital arm and platform. Even as we drive productivities, our strategic pillars remain relevant and we do not expect these to be called upon to question even as we combat the increased competitive intensity.

Arnab Mitra: So is promotional intensity a major element or is it more of advertising campaign and talent which is what is the bigger element is what I was trying to understand?

Pratik Pota: I think from a consumer point of view, it would be fair to say it is more of the former. From a business impact point of view, we are seeing the impact on the delivery manpower and the pressure on sourcing manpower and the cost of sourcing manpower.

Arnab Mitra: The second question is on the cost side. Actually your employee cost inflation is still very reasonable, it is other expenses where there has been a much sharper spike, actually much higher than even your sales growth. So what is driving this increase in other expenses at such a fast rate?

Prakash C Bisht: Other expenses as you compare sequentially, they are in line, so last quarter we had Rs. 255 crore and this quarter it is Rs. 257 crore, if you are comparing it with

the last year, our publicity expenses have gone up substantially, that is the main reason of the increase.

Arnab Mitra: Why is the manpower cost not reflecting the talent competition that you are saying?

Prakash C Bisht: If you were to see again the manpower cost line item in this quarter, there will be a substantial increase, it has gone up by 100 basis points. So partly it is coming because this is the quarter when we do our annual increments and partly it is due to the pressures that we have felt because of aggregators

Moderator: Thank you. We will take the next question from the line of Abneesh Roy from Edelweiss.

Abneesh Roy: My question is on Dunkin' Donuts from a peak of 77-stores you are down to 32-stores. So I am seeing QSR across the board last one year has seen some improvement. So has Dunkin' seen some improvement in terms of SSG, etc., because of the overall macro improving? In that context, why have you still shutdown five stores in this quarter and last quarter it was 55 bps impact on margins, how much is the impact this quarter?

Pratik Pota: To respond to your first question, Abneesh, I think I reported in my opening remarks, Dunkin' Donuts is seeing robust same-store sales growth on the back of very strong momentum in the core categories of Donuts and Beverages. Therefore, the strategy that we have outlined earlier for Dunkin' Donuts which is getting back on these two categories to drive growth, that is beginning to work for the brand. The specific five stores that we shut were stores where we did not see profitability and it was a very objective call we took to shut these stores. The third part of your question about the impact in terms of Dunkin' losses on overall P&L. Compared to 55 basis points last quarter, the impact is 50 basis points this quarter.

Abneesh Roy: Now the loss percentage is stabilizing, so when do you see profitability coming because one quarter only 5 bps improvement?

Pratik Pota: If you recall our serious intent is to have Dunkin' Donuts as a business breakeven as we exit this financial year and we remain committed to that and we are confident of delivering breakeven as we exit this year.

Abneesh Roy: Pratik, my second question was on the Domino's store openings. Good pick up there; 24 stores. But only one city added. So, one is can there be cannibalization? In the past we have seen when too many stores get added in the same city, there could be cannibalization and I am seeing same-store sales growth slowdown from 25- 26% last two quarters to 20.5%, still a very good number but 5% number is also a relatively large number. Are most of the openings happening in educational campus and corporate location which means it is largely in the top-10 cities?

Pratik Pota: Abneesh, if I look at our store opening in the last quarter, yes, we have added only one new town and that town incidentally is Ambaji in Gujarat. Our focus right now is on delivering and supporting the strong growth we are seeing led by order growth. Therefore, there are many stores in our large towns from a capacity and infrastructure point of view which are feeling the pressure and the load. In many cases, the store splits are required to continue to support the growth and to continue to deliver customer service level. We are seeing the stores that we have opened have hit a projected number as per plan very quickly post opening and we do not expect to see these have a material impact on same-store growth going forward; however, the important thing is to make sure that we have the right store network in all the towns to support our growth and to deliver service levels to customer.

- Abneesh Roy:** How many stores would have been added in the top-10 cities out of this 24?
- Pratik Pota:** Other than one store, they were all in top-10 towns. The stores are not predominantly in educational colleges and campuses. They are also more commercial high street stores that we have.
- Abneesh Roy:** Lastly, on the food aggregator thing, two, three sub-questions, one, could you still look at outsourcing delivery because now these two, three apps have become much, much larger delivery teams, so they have the capability or is it a complete no? Second, lot of the other listed players on these aggregators which do not have license have been removed. So does it lower the competitive intensity and thereby actually helping you once the promotional intensity comes down?
- Pratik Pota:** On your first question, Abneesh, you will recall that we were using outsourced manpower in the preceding quarter. Our experience from that was mixed and therefore we have very consciously chosen to disengage from third-party manpower and we believe that we are best served by controlling the end-to-end delivery experience and providing a great quality of experience to our customers. So going forward, we will not have any third-party manpower being used for doing Domino's delivery. That is the first question.
- To answer your second question, I think we fully endorse and are supportive of the move by FSSAI to ensure that non-compliant and unlisted eateries are delisted from these aggregator platforms. It is too soon to say how this will play out in terms of impact on our business, but it will help make our industry much more aggregated, much more consolidated and drive quality of food to customers across.
- Abneesh Roy:** One follow up on Domino's. So petrol prices are up sharply, so does that impact your delivery cost. In last quarter, you said if inflation is there, you will hike prices. So one is how is the delivery cost getting impacted because of petrol? Second, are you looking at price hike because for a long time you have not really taken a big price hike?
- Prakash C Bisht:** On the first one, yes, this is true that when the diesel prices increase or the petrol prices increase, it affects our logistics cost, so partly it has gone up because of this reason. On the second part, I will let Pratik answer.
- Pratik Pota:** Abneesh, as we said earlier, our strategy has been and that has worked for us is to provide value for money to our customers. If we look at the last three years, an effective price paid by a customer for a pizza, today, compared to three years back, our customer pays the same amount for the pizza albeit a little less than what she paid or she would have paid three years ago and that focus on value for money is working for us. Even as we give value for money, you have seen our margins strengthen and our bottom line performance improve. So while pricing always remains a valid lever for us and we will evaluate that from time to time, we will evaluate that keeping in mind the predominant need for us to provide value for money. That vector and that option is always open to us and we will keep an eye on it and if inflationary trends get either on fuel or manpower, that is an option we have before us but right now our first focus is on delivering value for money.
- Abneesh Roy:** But then Q3 could see margin compression, right, if that is the case?
- Pratik Pota:** We do not comment on margin forecast as you are aware, Abneesh, but you can be sure that our focus remains on driving profitable growth and we will do whatever it takes to deliver that to the business.

- Hari S. Bhartia:** But as we grow our sales, we do get operating leverage, part of which we do pass it on if there is inflation or there is increase in labor cost, we absorb that. So to that extent, hopefully the idea is to sustain the margin.
- Moderator:** Thank you. We will take the next question from the line of Aditya Soman from Goldman Sachs.
- Aditya Soman:** What was the total number of employees at the end of the quarter?
- Pratik Pota:** We do not report employee numbers anymore.
- Aditya Soman:** Secondly, I see the rentals Q-o-Q have also come down and this is despite your overall store count going up. So what is the main reason behind this?
- Prakash C Bisht:** Aditya, in the rental line item, there is a one-off item, because of which partly this quarter's number is down, but that is not sustainable, so the normal number is what we have reported in the Q1, so this Rs. 1 crore decrease that you are seeing is coming partly because of one-off line item.
- Aditya Soman:** Just a follow up on that, but we should have still seen an increase, right, in the absolute number given that you had new store additions in this quarter, and I am assuming you will have a few more new store additions in the next quarter as well?
- Pratik Pota:** Aditya, we also have had some savings going to the P&L from our rent productivity measure that we have rolled out both in the preceding quarters and a prior period, so that is also reflected in the P&L, serving to offset the increased rental on account of new stores.
- Aditya Soman:** If you are not giving the overall employee number, can you just give a split of what proportion of your employees are doing deliveries?
- Pratik Pota:** Aditya, we have not done that in the past and we would not like to share that number now but you know the number of stores, so it will be fair to say that we have significant quantum of our workforce employed in delivery, the combination of people who do delivery for us full time, who do part time and who are working for us on a more pay for delivery basis.
- Moderator:** Thank you. We will take the next question from the line of Prasad Deshmukh from Bank of America.
- Prasad Deshmukh:** A couple of questions: Firstly, was there any disruption in supply from Coke in the quarter and if so how much impact would it have had on the sales?
- Pratik Pota:** Prasad, there was no disruption in supply from Coca Cola and therefore there was no impact on business.
- Prasad Deshmukh:** Secondly, these 24 new stores that we have opened, are these all regular high street stores or are some of these just pure delivery centers where there is no dine-in kind of option?
- Pratik Pota:** The strength of our model is that we have a combination of delivery and dine-in and take-away. So all these stores that we have opened are largely the stores we opened in a similar format, a combination of delivery, takeaway and dine-in. The dine-in may have a different location but the format has not changed fundamentally.

- Prasad Deshmukh:** So these are all mostly like ground floor kind of stores, not like just pure delivery?
- Pratik Pota:** Not ground floor, but right location, yes.
- Prasad Deshmukh:** Third is you mentioned that delivery you have moved in-house and there is no third-party which is happening. So just wanted to confirm that the association that you had with a couple of vendors including likes of ShadowFax, so you are saying it is all completely gone now?
- Pratik Pota:** Yes, during the quarter it was playing out. As we entered this quarter, it is no longer valid and we are doing our own deliveries. So basically, in the quarter we reduced the proportion of outsourced delivery and now it is reduced to nil.
- Moderator:** Thank you. We will take the next question from the line of Amit Sachdeva from HSBC.
- Amit Sachdeva:** One small question on the employee cost. As Pratik mentioned that typically in this quarter you do annual increases as well and given there is competition from the delivery side for hiring talent and delivery guys. So what was the usual employee cost increase you do in a normal cycle and what sort of increase that you have seen because of this factor and how do you see the employee cost increase going forward, should we just model?
- Prakash C Bisht:** On the first part, though we would not be able to share with you exact numbers on how much is increasing but if you would see the last year also, you would see a similar kind of increase between Q1 and Q2, so the personnel cost last year also it has gone up in the Q2. So this year also the split between the normal increase and the aggregator increase is in the similar line.
- Amit Sachdeva:** I am just roughly guessing because you obviously know your numbers better than we do because we see only little but my only observation from this street is and the way these delivery guys are working, typically they are offered salaries as high as say Rs. 25,000 and many of them are offering little bit more, maybe it is a short-term phenomenon, not a long-term one, but at least the payoff there is quite generous and if I look at the employee cost numbers, perhaps I would see at least at the marginal push, that is my rough guess but at the marginal push, at least 10-15% expansion of employee salary perhaps imminently due. Would that be a reasonable number to assume that kind of inflation you should be seeing?
- Pratik Pota:** Amit, without commenting on the specific numbers, let me say a few points and to illustrate how we are dealing with this very real challenge. I think the first point is that, yes, there is an increased demand for delivery manpower and that is leading to cost pressures, driven by many of these aggregators and eCommerce players. Number 2, to deal with this, we are working on multiple streams. First one is in terms of sourcing manpower going to tier-2 and tier-3 towns to increase the supply of manpower to make sure we are able to have manpower in our store.
- Secondly, I think unique strength of Domino's and Jubilant model is that our delivery manpower and delivery people and colleagues have the opportunity of growing within the system going from being delivery boys to coming inside the stores to becoming store managers to going even higher. Many of our current leaders in operations right up all the way to circle head began their career as delivery boys. So we are using their stories and their examples to highlight our Domino's and Jubilant EVP to all of our delivery boys and that works very well because their aspiration is beyond just being delivery boys. Number 3, I think we have a very strong culture in our store of reward and recognition of fun at work, of camaraderie, we provide a much more comfortable environment for delivery people

inside the store as opposed to aggregators who are outside and on the road. So combination of these factors, we have seen is working for us to retain manpower and to attract manpower. It is not just about the financial impact, it is not just about the money being paid out. From a demand management point of view, we are also working and using technology to improve the efficiencies of delivery and therefore have the same delivery manpower work longer and work harder in doing more deliveries.

Amit Sachdeva: The issue is I also see that the SSG base from next quarter is now going to be very adverse for the first time at 17% and then going to 25, 26% and then you have this cost sort of also going up in some sense. So how are you like thinking about remaining part of the year? I am not asking for any guidance but as you see do you think the price increases will be imminent for you that you cannot do without or Every Day Value proposition might be less, revenue obviously is the priority but how are you going to be dealing with this large base if employee cost is expanding, maybe rent can offer some more cushion of optimizing and some cost cut, but are you not seeing that next few quarters are going to be little bit more challenging than they have been benign in the past?

Pratik Pota: Amit, it would be fair to say that calling the past few quarters benign with benefit of hindsight, they are not benign when you are playing out. So on a more serious note, I think the fact is learning from the last few quarters our strategy in place is indeed working for us. Our very sharp focus on product improvements, on value for money, on technology, on customer experience, these strategic levers are working for us and we will double down behind these levers as we look at the more stronger quarters from the past in Q3 and Q4.

Number 2, your question about pricing and allusion to it. I have addressed in detail in my earlier answers, pricing is a tactical lever and we will deploy if and when required. But the strategic focus behind value for money will not change and Every Day Value is a manifestation of that and that will not change. Your point about cost increases. Yes, we talked about manpower cost increasing, we have talked about fuel cost increasing, yes, those costs increases are very real; however, there are two points that I want to make here: One is that there is also a fairly soft commodity cost environment right now that is playing out and that is helping us especially in dairy and cheese. Number 2, we have a very concerted productivity program that is in play to make sure that we extract efficiencies and make every rupee of cost go harder. So hopefully with all of these playing out, we will continue to drive profitable growth and like you said we do not give a prognosis or a forecast but we do expect that these all put together will help us sustain profitable growth going forward.

Amit Sachdeva: While these things are at play, how has October fared for you in these parameters – are you seeing double digit over some sort of SSG growth is fairing out very well, I do not need a specific number, but if you could give some sort of comfort here that how on that base of SSG how October has spanned out for you?

Pratik Pota: Amit, we do not comment as you are aware on intra-quarter. So you will have to reserve this question for the next quarter's earnings call.

Moderator: Thank you. We will take the next question from the line of Kunal Shah from IIFL.

Avi Mehta: This is Avi Mehta from IIFL. Just had two questions. One was essentially while you have reported a very healthy SSS growth. I see a moderation from the 2Q levels. Just wanted to understand is that a sense on the underlying demand environment or would you believe that there are more seasonal factors in play, is there a concern that we should be worrying about on the demand environment because of which the moderation that we see on Q-o-Q basis, because finally you will

appreciate the base has not changed and hence I wanted to kind of get your thought from that?

Pratik Pota: Thank you, Avi. No, I think it would be fair to say that we do not see any change in the demand environment in the last two or three quarters, it remains robust. As I mentioned in my opening remarks, our SSG has been driven by a strong growth in orders and a strong growth in delivery and both of these you can imagine are very fundamental enablers for a profitable QSR business. So we do not see that changing and that has certainly not changed in the last quarter. I think the numeric value of SSG also has the base impact sitting beneath it. So I think there would be that delta also that we need to keep in mind but the larger point about demand I think the fact is for a variety of reasons we see demand continuing to be robust.

Avi Mehta: The base is same is what I thought. That is why I was little confused. Is there more a timing thing quarterly - festive season or something of that sort?

Pratik Pota: Exactly, there is an impact of various festivals and events, etc., between last year and this year and that is what plays out month-to-month and quarter-to-quarter but the larger question about demand moderation and the change in demand, I think that I have addressed.

Avi Mehta: The second thing was on the delivery side. Now I can hear you very loud and clear that you want to move into your own delivery even when you are kind of going through aggregators. In that context, could you share any investments that you are making to upgrade the experience because finally I am assuming that this change is with a thought of providing a differentiated experience to the customer, not just that your delivery person goes but improving the existing experience as well. Would that be a fair understanding and if you could kind of share any initiatives that you have done over there?

Pratik Pota: Absolutely right. Regardless of the aggregator point, I think the fact is as India's largest delivery brand and a pioneer in this space, we have to continue to give a superlative experience to our customers. You can be sure that there is a lot of effort going and focus going behind this. This is something that we do well, but we are doubling down on this as well, to make sure that even with the much greater load that we are seeing through the order count, we deliver within 30-minutes in all our stores. The point I made earlier about the need to split some stores came from exactly this point that we have to make sure that we track delivery KPIs very-very maniacally and make sure that we give the same experience to our customers that we have been giving in the past.

Avi Mehta: I was essentially looking for some 'Wow!' experience that you are trying to bring in. Are there any examples that you could share that would be helpful?

Pratik Pota: Just two examples to illustrate how we are trying to differentiate our delivery. One of them I talked about earlier which is advance ordering where customers are able to place an order up to a month in advance which is again something that is a delight factor. Number 2, on the app we have got one click reorder functionality which again is something that delights customers. Outside of home, as I mentioned, we have got the railway ordering functionality also that we have launched. So all of these are features which collectively strengthen a credential as India's delivery expert.

Avi Mehta: But that does not change the delivery experience, I was hoping for something in the delivery experience changing, but any case I think maybe it is work in progress and something that you could share?

- Pratik Pota:** Physical delivery experience, Avi, I think the very clear correlation between the speed of delivery and the perceived quality of experience. Therefore within that, our focus is very-very sharply on ensuring that we deliver consistently within 30-minutes and much faster wherever possible.
- Avi Mehta:** Any plans for the promoter to trim down the stake if at all if you could share?
- Hari S. Bhartia:** As we have always maintained that we are here to stay for long-term and we do not really advise the street on when we are going to trim if we decide to trim also but I can say that as a promoter we are here to stay for the long-term.
- Moderator:** Thank you. We will take the next question from the line of Amit Sinha from Macquarie.
- Amit Sinha:** My first question is on the food inflation which you have been seeing in your overall portfolio. Basically, what has been the reason for the gross margin expansion - is it on account of continued benign food inflation or there is significant improvement in the product mix?
- Prakash C Bisht:** Amit, if you see our raw material cost, it has remained almost at the same level or in fact a bit lower, as compared to last year also it has come down, so there is a deflation actually, primarily it is driven by the dairy products because it is a commodity and we are seeing a favorable cycle. So as a result of that, there is deflation in the food cost.
- Pratik Pota:** If I can just add to that, Amit, the food cost number that you see there and therefore the gross margin is a function of three things playing out – the first one is the incremental cost on account of increased volume compared to last year, the impact of the removal of input tax credit on various elements of the food and of course compensated by, as Prakash just mentioned deflation in a key ingredient which is cheese. The net impact is that our raw material cost has gone down from 25.9% to 25.4% as you see on the P&L.
- Amit Sinha:** Even on a sequential basis you are seeing the overall portfolio food inflation coming down or basically the deflation continuing?
- Pratik Pota:** Yes, it is a marginal decline as you see, 25.4%, but yes, there is some impact even sequentially on account of commodity prices softening.
- Amit Sinha:** Last quarter you indicated that you are also seeing upgrade in the overall product mix and you indicated that the core pizza mix has been improving. Just wanted some commentary on that?
- Pratik Pota:** Absolutely, Amit. The great news is that just like we commented last quarter and what we saw in last quarter, our core pizza continues to be the engine of growth for us in Q2 as well. So if I put the three pieces together, No. 1 core pizza, No. 2 delivery growth, No. 3 order led growth. These are the strong fundamental enablers of growth for Domino's which have worked well for us both in Q1 and in Q2.
- Amit Sinha:** Any chance you would want to share the core pizza number for the overall portfolio?
- Pratik Pota:** No, Amit, I am sorry, we cannot do that.
- Moderator:** Thank you. We will take the next question from the line of Vivek Maheshwari from CLSA.

- Vivek Maheshwari:** The question on competition or aggregator, your comments looks like specifically related to staff cost, but whatever we are hearing or seeing in media about the amount of money that food aggregators are raising, the amount of promotion that they are doing, does it not worry you from a competition perspective, I understand your point that your value for money three years back or the prices are same today, but when you compare it on a relative basis, maybe the value for money quotient itself is going down with the level of discounting that aggregators are doing. So what is your thought on competition from a top line perspective?
- Pratik Pota:** Vivek, yes, the aggregators are promoting and discounting aggressively and also spending on visibility. I think as a result of that there are two things that are happening. The first and the most important thing is, the market for home delivery is expanding and the overall size of the pie is increasing. So it is not just replacement of demand, it is the addition of demand and the conversion of occasion-led consumption to more frequent habit-led consumption. That trend, Vivek is good for the category, more importantly it is good for Domino's because we are essentially a delivery-based brand and of course, a delivery pioneer in this country. So more the medium and longer-term this trend will play to our advantage. In the short-term, we are mitigating this challenge through focus on all our strategic platforms and we are indeed participating selectively with aggregators as well albeit having delivery controlled by us. So we participate with aggregators and in their growth, especially as they source new customers. No. 2, we continue to strengthen our own digital platform, and we have talked about that extensively and you have seen that new app play out well; and No. 3, of course, we know that we have a business that is a combination of both delivery and dine-in and we have to make sure we drive growth behind both.
- Vivek Maheshwari:** A follow up to that, you have mentioned this last quarter and a few times on this call, when you say that you want to control the entire experience, if I am ordering on let us say on an aggregator app, your promise is on the product, their promise is on the delivery, why should you control the entire experience and then thereby increasing the cost? I do not know the economics if there is something behind. If I am on Zomato, it is Zomato's responsibility to delivery. So your promise is only on the product. Is that unfair?
- Pratik Pota:** Vivek, I think we were recognized as the largest food delivery brand and that there is value in owning the end-to-end customer experience whereas the food that we make and the product that we give therefore, the way the consumer interacts with the brand in order placement, and very importantly the experience that she has when she gets pizzas and food delivered at home. We have seen time and time again that delivering this experience well requires us to have expertise on both the order part of it and the delivery part of it. So we believe actually that there is a significant value add that we can deliver to customers through consistent, reliable and fast delivery which will help us retain our edge and indeed strengthen our edge over both conventional competitors and indeed aggregators.
- Vivek Maheshwari:** Two quick questions: On the staff cost, all this pressure related to aggregator, has it fully played out through the quarter as in i.e., were the hikes at the beginning of the quarter or was it at the fag end which means that we should be modeling that for third quarter a further higher number?
- Pratik Pota:** Vivek, we saw varying degrees of pressure in different markets at different points of time from different aggregators as they enter the market or as they increase the play in those markets. So it is hard for us to generalize and say that has been fully baked in or not. But it would be fair to say that we expect this pressure to continue at least in the next few quarters.

- Vivek Maheshwari:** My point only is, Rs. 170 crore what you have reported, represents whatever you had to do for the entire quarter or it will be only for a month or one and a half months, half the quarter because you would have given absolute increase in salary, so that is where I am coming from?
- Pratik Pota:** I think the point we were making is that those selective increases have been again in selective markets at different points of time. It is hard to aggregate and give a consolidated view that has been fully priced in, fully costed in or not.
- Vivek Maheshwari:** Any one-off other income or is that a run rate that we should be taking for rest of the year?
- Prakash C Bisht:** At least the other income that we have shown because as you are aware that we are generating cash, as a result of that we have more investible funds this quarter and other income has gone up, so at least it is going to be at this level or at least increase from here.
- Moderator:** Thank you. We will take the next question from the line of Abhishek Ranganathan from Ambit Capital.
- A Ranganathan:** Two questions here: One is on the margins, if we take one-off on the rent and the impact of Dunkin', both possibly accounting for maybe close to about 100 bps or more. We see another effective gain on margins will be close to about another 100, 130 basis points. Now, I just wanted to understand that for a 20% like-for-like growth, the margin increase seems to be incommensurate. I am tripping the one-off of on the rent and the impact of Dunkin' there.
- Prakash C Bisht:** We actually explained it many times during the call. What has happened in this quarter is on one hand we had increase in our sales which has contributed to our overall profitability and leverage but at the same time if you see that there is an inflation in personnel cost which has played out in the margins. So we have maintained the margins despite so much of increase in the personnel cost.
- A Ranganathan:** Year-on-year, your personnel cost also as a percentage of sales has come down, I am referring to all Y-o-Y numbers, so that has come off from 21.5% to 19.3%, rent is down almost 60 basis points?
- Prakash C Bisht:** Year-on-year we have improved our margins. So last year for the same period our margins were 14.1%, just come up to 16.7%.
- A Ranganathan:** Exactly. So my point is if I strip off the Dunkin' and one-off on the rent, it implies almost about 150 basis points with 20.5% SSG. So what I am trying to understand is that is that the leverage which you are capturing for 20% of SSG is 150 basis points is what we should be looking at or is there any other way to read this number?
- Pratik Pota:** Abhishek, I think the one delta that you need to keep in mind from same time last year is the significant adverse impact of the removal of input tax credit which has hit the P&L. So that is sitting in each of those lines whether it is food cost, whether it is rent cost, whether it is manufacturing and other expenses, each of those lines has an impact of input credit withdrawal that is covering the number.
- A Ranganathan:** Could you also help us understand what is the one-off on the rent actually?
- Prakash C Bisht:** Just one-off entry which was there in Q1 and there is a reversal.

- A Ranganathan:** But you said that Rs. 84 crore is the run rate to look at?
- Prakash C Bisht:** That is a normalized number, the rent should be around that. We cannot clearly tell you the exact number at which the rent will be there.
- A Ranganathan:** That is despite adding those 24 new stores which possibly another 24 you will add. So on a per store basis, if I have to look at, is that Rs. 84 crore or thereabout should be the number to go about on a quarterly basis?
- Prakash C Bisht:** But it will increase with the new addition of the stores in the next quarter.
- Pratik Pota:** Abhishek, many of these stores as you can imagine depending on where they were open and when the contracts for renewals come in place, there will be contracted renewals will be coming in, so it will be hard to linearly extrapolate and say that the rent will be exactly x-rupees because depending on the tenure and the life time, the rent increments will come in and of course we will be opening more stores going forward as well. So a precise number of the rent I think it would be hard for us to estimate right now but certainly the one-off impact will not be there obviously.
- A Ranganathan:** When you mentioned profitable growth, even if you grow your business and do 15.5% margins or 16.5%, I am just throwing numbers, but would that be falling under the definition of profitable growth for you?
- Pratik Pota:** It is a fair question. I do not want to define a bandwidth to what I mean by profitable growth but I think it would be fair to say that we are confident about delivering a good, healthy same-store growth and a good healthy margin profile going forward with the strategy that we have in place. As to what those precise numbers will be, time will tell.
- A Ranganathan:** I was not looking for numbers, what I meant even a number lower than the margin, which is reported right now, it will be profitable at the end of the day. That is what I was trying to understand. So that would not bother you.
- Pratik Pota:** I appreciate the question. I would not be able to comment on the specific and the precise question beyond what I have just said.
- Moderator:** Thank you. We will take the next question from the line of Vishal Gutka from Phillip Capital.
- Vishal Gutka:** Congrats on a good set of numbers. My question is on pizza slice market. So if you see in South India, a player called Oyalo Pizza basically a company owned by Hatsun Agro, they have expanded very aggressively on the pizza slice market. My belief is that we are going a bit slow on the pizza slice. So can you just highlight what are the challenges related to the pizza slice market?
- Pratik Pota:** Vishal, thank you. Yes, we are aware of the competition growing in some parts and the options available to customers by slice. We too offer that option in some of our metros stores; however, the larger experience we have had with pizza slices is a difficulty of controlling product quality and giving that consistently fresh cut product to the customer and in a longer run it will not work for us. So we do not expect this to be a significant part of our strategy going forward and that is something that globally it has not worked for Domino's very well.
- Moderator:** Thank you. We will take the next question from the line of Manoj Gori from Equirus Securities.

- Manoj Gori:** A couple of questions: First, we have just seen you have taken some initiatives in some of the states. So in the past whenever you come up with the new strategy, it was largely implemented on the pan India basis. But right now what we are seeing is you are going region to region, so we just want to understand like what are the initiatives that you have taken in the quarter, some light on that? In fact you can go at the micro level, which my view would be like it is more positive thing that the company is doing at this moment, for instance in Gujarat, we have gone for all veg from October so that would be on permanent basis, so just trying to understand the rationale behind this initiative and what are the initiatives that you are taking in other states as well?
- Pratik Pota:** I did hear the question about Gujarat, so I will respond to that specifically. Your earlier question was not very clear. So specifically on Gujarat, Manoj, all our data showed and we were aware that the market in Gujarat was and is very vegetarian focused. Our own contribution from non-vegetarian was marginal in the state of Gujarat. All our research with consumers also showed that having non-vegetarian in the stores was a significant barrier for a vegetarian to come and try specifically in Gujarat. As you just mentioned, we have therefore moved to a vegetarian menu recently in Gujarat. It is early days yet but we are not seeing any adverse impact, in fact, we are seeing early positive trend of that move. That specific context is specific to Gujarat and therefore we do not expect to see this rolled out anywhere else.
- Manoj Gori:** So that is what I was actually coming at. One you highlighted about Gujarat. So are there any other initiatives in some other regions that you have taken, which would be fueling growth for your company?
- Pratik Pota:** Manoj, it would be fair to say that given the diversity of food and cuisines across the country and palatte preferences, as we innovate and go forward, we will evaluate customizing propositions for different markets and trying them specifically in those markets. As and when that plays out, we will keep you informed. However, in the last one year, what we have done is we have launched specialty chicken on which we have focused much more in the core chicken market of the south in Tamil Nadu, Andhra and Bengal and the east. So the focus has been restored in these markets but yes, going forward, we will evaluate innovations specific to regional market.
- Manoj Gori:** One book-keeping question, I was not clear, like you said there is some one-off in your rental expenses. So just can you please repeat it?
- Pratik Pota:** There is a small one-off savings item sitting in the rent in Q2 numbers which obviously will not continue in the quarters going forward.
- Moderator:** Thank you. We will take the next question from the line of Latika Chopra from JP Morgan.
- Latika Chopra:** My first question was there were certain media reports a few weeks ago talking about shift in your beverage choice from Coke to Pepsi. Is there any update on that?
- Pratik Pota:** Latika, we are in the process of evaluating a future beverage partner and that process is not complete yet. So we do not have an update on that and we do not obviously comment on media speculation.
- Latika Chopra:** The second bit I know a lot has been discussed around margins. But just wanted to check, this margin expansion is an objective for the management or I understand the focus on top line growth but we have seen a substantial margin improvement

over the recent years, thanks to various initiatives, but is that a important KRA for the team?

Pratik Pota: Latika, I think it is important to keep in mind that we have to maintain a healthy balance between driving top line growth and providing value to our customer and delivering sustainable and healthy margins. That is a dynamic balance, an equation that we need to test and balance every quarter going forward. There are some very clear requirements from a strategic point of view that I have talked about which is of course value for money, ensuring the better customer experience, investing and putting money behind technology, at the same time there are inflationary headwinds that we are experiencing, I talked about a couple of them in my remarks, there is also very concerted productivity effort that goes in behind the business to try and extract wastage and inefficiencies and drive productivity therefore. So, how this will play out will remain to be seen, but this is an ongoing balance between driving top line growth and giving value for money and ensuring that we have margin to deliver.

Latika Chopra: Are you facing incremental challenges in the promotion part from the other players particularly food aggregators to probably this will keep your pricing potential in check even if the commodity deflation environment has to reverse for you in the coming quarters?

Pratik Pota: I think the promotion that is being delivered by aggregators, they are very specific discounts and typically driven for the first few orders and for a new customer, that will continue in different ways, as that plays out. From our own customers and our own value for money proposition and perception, I think we have delivered over the last three years a very strong VFM, we have not taken price hikes, so pricing remains a lever that is relevant for us and we do not see the aggregator promotions cramping our ability in taking that pricing. That is the lever that we have before us and we can exercise should we want to.

Latika Chopra: Lastly, any update on this anti-profiteering bit?

Prakash C Bisht: On the anti-profiteering, it is being heard by national anti-profiteering authority. So we have made our submissions and national anti-profiteering authority has yet to pass an order.

Pratik Pota: If I may just add to that, Latika, I just want to reiterate that all the data points that we have, our own internal conviction is that we have not profited, in fact, the impact that we had on account of input credit going away, we have not taken pricing, as we have mentioned in a couple of earnings call back, we have only taken partial pricing to cover for that input credit withdrawal. So we remain confident that the NAA will hear and appreciate our point of view and that our point of view will eventually prevail.

Moderator: Thank you. We take the next question from the line of Raj Mohan, individual investor.

Raj Mohan: Congratulations on a good quarter. As we enter the store expansion phase after having rapidly driven up frequencies over the last year, how will the next two years see in terms of proportion of contribution to growth from increased frequencies and increased store count?

Pratik Pota: Raj Mohan, thank you for the wishes and thank you for your question. It would fair to say that even as we expand our store network to service the growing demand and the potential of the market, we will remain focused on driving same-store growth as well, through the strategic levers that we have talked about extensively.

So it will not be one or the other or one being predominantly larger than the other, they both will have to go hand in glove. We believe that we have the right strategy in place to drive same-store growth. We also remain confident about the very large potential of the pizza category in the Domino's brand out there in the market, which we will continue to tap into and leverage.

Raj Mohan: I was just looking at whether you are hitting any headroom in terms of frequency expansion of existing stores and that is why concentrating more on increased store count as a strategy over the next two years, but based on your answer I can probably take it back, it will be a 50:50 kind, you would not be able to put in a number, but roughly both of the contributing is what you are saying?

Pratik Pota: I will not be able to put a number like you said and you can draw your conclusions, but I think just to add to my earlier answer, I think it is fair to say that India is a very exciting market that we see headroom for driving increased penetration and headroom for driving increased consumption frequencies apart from the geographical expansion that we talked about and that you are aware of. So there are four vectors -- Driving penetration, driving high frequency, driving greater ticket price per order and fourth is geographical expansion into new markets.

Raj Mohan: Again to probe a bit further into this, from your strategic perch of observing maturity and aspiration towards Pizza products, as you look down at store expansion, you obviously mentioned you see opportunities far outweighing the challenges and thereby have you gained greater confidence in throttling up store expansion? In the context, do the existing locations offer greater expansion potential whereby the next two years would go in harnessing deals or does the company plan to aggressively get into newer locations?

Pratik Pota: I think the really encouraging trend and data points that we are seeing, Raj Mohan, is that we see opportunity in increasing our store network both in existing markets to deliver to the increased demand as also in opening up new markets. So we see both of them being very important area for us to drive our store expansion in.

Moderator: Thank you. We take the next question from the line of Varun Singh from Antique Stock Broking.

Varun Singh: Can you please share what are the new developments that is happening at product level other than the specialized chicken focus that you spoke about?

Pratik Pota: I think before I answer your specific question, let me just address the larger points about innovations in our business, which is I think where you are coming from. I think it is important to recognize that before we drive innovation in the portfolio, it is critical that we strengthen and buttress the core of the business and that is what we have been doing in the last one year, I think our last one year play has been about strengthening the core through better product on all-new Domino's, better value for money, better technology and customer experience. So that was the first milestone that we had to cross before we went behind aggressive innovation.

No. 2, our innovations and how we provide differentiation is not just in products, in a business like ours is also through technology and through differentiated service. So what you are seeing right now, for example, railway ordering or advance ordering or one click ordering are all examples of innovative service offerings and experience offerings based on technology and that is already in market as you are aware. The third vector which is product innovation also remains very relevant for us and you can be sure that we are studying very assiduously all emerging consumer trends and opportunities for riding on those and we will innovate in the

product space both on Pizzas and on price over time to harness those opportunities.

- Varun Singh:** Any new development that is happening like on a core product Pizza?
- Pratik Pota:** Varun, just I want to take you back to sometime earlier when we launched two new innovations in our core pizza range, we launched a Paneer Makhani Pizza and a Chicken Tikka Pizza and that has gained formed a lot of positive consumer acceptance and that is now a significant part of our pizza mix. That's illustration of the kind of work we have done and that we will continue to do as we go forward both on pizzas and on the price.
- Varun Singh:** Can you please share number on like total retail area for Domino's and Dunkin' as on date?
- Pratik Pota:** Varun, we do not share the physical area beyond sharing the store count. The numbers of which are there before you.
- Varun Singh:** What would be your guidance on store additions and margin going forward?
- Pratik Pota:** Varun, on the store addition, you would recall that on the last earnings call, we had given estimate of opening 75 stores in this financial year, we remain committed to that number.
- Varun Singh:** And margins?
- Pratik Pota:** Margin, we do not give an estimate and guidance.
- Moderator:** Thank you. We take the next question from the line of Kunal Vora from BNP Paribas.
- Kunal Vora:** On Dunkin' Donuts, are we done with the shutdown of all the loss-making stores or there are more left and now that it has become very marginal part of the portfolio, would you look to shut it down?
- Pratik Pota:** On your first question, I think before we talk about closure of stores going forward, I think it is important to table that we got strong and robust growth back in the Dunkin' Donut's portfolio driven by the core of donuts and beverages. That is the first piece of good news and that is what is driven the reduction in losses by almost 71% versus the same time last year, reduction of the impact to 50 basis points, so that is the first point. I think how we will look at store shutdown in the future will be a function of individual stores and their P&L, we do not expect to shut down significantly more number of stores in Dunkin' anymore. I think we have got a large number of stores which are profitable and making money at the store level. So we do not expect this number to be significantly more in the future. I think our first priority on Dunkin' is to make sure we reach breakeven which we will do as we exit this year. Even as we do that we will be putting in place the contours of what will define and what will make for profitable and scalable business in Dunkin' Donuts going forward.
- Kunal Vora:** But can we have economies of scale with 32 stores, is that something which you think need to be scaled up or you are okay with this kind of number?
- Pratik Pota:** Kunal, I think it will be fair to say that our end goal is not to just merely breakeven, is to build a profitable and a vibrant and a growing business with Dunkin' Donuts. The first milestone in that was to halve our losses last year which we did and the

second important milestone is to breakeven as we exit this year. It is not just cost cutting that is leading to this as you can imagine, it is driving growth and driving growth through a core portfolio, which is what we have restored in the recent past. So as we get growth back, growth is a measure of consumer acceptance, is a measure of the right proposition and the right value. So as we get that back, we can then start looking ahead to driving the most sustainable and more profitable growth with Dunkin' in the future.

Kunal Vora: My second question is, the new stores which you are adding in top cities, are they expanding your reach to new customers or they are mostly taking the load of your existing stores?

Pratik Pota: It is a combination of both Kunal, there are some suburbs and unserved areas in metros where because of growth of new open clusters we are beginning to increase our reach, but right now to begin within the last quarter, there was a much larger share of stores where we split existing stores to be able to service to the increased demands through just new stores and a better infrastructure.

Kunal Vora: So these stores would not contribute much to incremental revenue, these are in areas in which you are already servicing customers?

Pratik Pota: No, Kunal, that is not correct. The split store with the new store, will add significantly more revenue compared to the old mother store. There is a very clear revenue upside as well, apart of course from the improvement in delivery and service KPI.

Kunal Vora: Last question is like Everyday Value offer has been around for like say 18-months in case of medium size and about six months for regular size. Are you seeing some fatigue may be coming in especially the medium size like if you compare growth between medium size and regular size, is medium size still growing at the same pace as regular size in which you just introduced Everyday Value?

Pratik Pota: Kunal, I think Everyday Value is a very fundamental platform for delivering sustained value to customer and for helping drive and build frequency of consumption. You are aware of the fact that this was a replacement to our earlier deep discounts which were done occasionally. So, on this platform going forward, we do not see any fatigue because this is the highly relevant platform for a market like ours, the frequency remained low and the category building task is to grow frequency. So this is by no means reaching anyway close to fatigue and we intend doubling down this platform going forward as well.

Moderator: Thank you. The next question is from the line of Nillai Shah from Morgan Stanley.

Nillai Shah: Just two quick questions from my side; first is on the Everyday Value offer. Just to understand on the Rs. 99 pizza, could you give us some details on how that is helping growth, new customer acquisitions, even bringing new customers into your fold, etc., whatever details you can provide to understand the long-term opportunities out here would be helpful?

Pratik Pota: Everyday Value expansion to the regular pizza segment has helped drive growth for us both in Q1 of this year and Q2 as well. One big element of that is to have recruited new customers. So EDV 99 is helping get us a whole new set of customers who were not trying pizzas earlier and are finding the Everyday Value platform a much more affordable way of entering the pizza category. So we are seeing a very healthy increase in new customer acquisition in the last two quarters. There has also been some upgrade from the value pizza mania platform that we have in play as customers move up and paid up and experienced the core pizza

which now going to EDV 99 is more affordable. So it would be fair to say that there is a large bias of growth coming from new customers.

Nillai Shah: The second question again has been discussed at some length in this call, but the other expenditure part in Q1 it was Rs. 257 crore, Q2 a similar number, last quarter you had mentioned that part of the increase was an account of the IPL spends, etc., and it sustained into this Quarter too. So what is the reason for that advertisement publicity - is it going back to your opening remarks on the increased competition?

Pratik Pota: Let me give you the cause of change if you will vis-à-vis Q1 the sequential cause of change. There were two or three trends which played out and the first one as you can imagine is that increase on account of the volume increase, the number of orders and number of pies that we deliver incrementally versus same time Q1. Whether it was in terms of power and fuel expenses or packaging or a freight or indeed our outsource manpower, we need to deploy more manpower, there was volume impact which played out. No. 2, there has been a significant inflation impact vis-à-vis last quarter. Again, specifically on power and fuel, freight, packaging, and some investments and expenditure on repairs and maintenance, that was compensated however partially, by reduction as you mentioned in advertising and marketing cost. As you recall, we had IPL last quarter in Q1 which of course we did not in Q2, so there has been some compensating impact of that downwards on account of reduction in advertising and marketing cost. Net-net, what you see is that increase of roughly about Rs. 2 crore or 0.2% or 20 basis points compared to what we had in Q1.

Moderator: Thank you very much. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for their closing comments.

Pratik Pota: Thank you everyone for joining us on the call today. I hope that we have been able to address your queries on the call and of course should there be any additional inputs or clarifications, please do feel free to reach out to us.

Before concluding, I want to reiterate that notwithstanding the greater competitive intensity and cost pressures, we have delivered a strong performance in Q2 and remain confident about driving profitable growth in the future. Thank you once again and have a good evening.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Jubilant FoodWorks, we conclude today's conference. Thank you all for joining us. You may now disconnect your lines now.
