Jubilant FoodWorks Q1 FY19 Earnings Conference Call
July 25, 2018

Call Duration : 01 hour 29 mins

Management Speakers : Mr. Shyam S Bhartia, Chairman & Director of Jubilant FoodWorks
Mr. Hari S Bhartia, Co-Chairman & Director
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
Manoj Menon - Deutsche Bank
Nillai Shah - Morgan Stanley
Nitin Gosar - Invesco Mutual Fund
Prasad Deshmukh - Bank of America
Pritesh Chhedda - Lucky Investment
Raj Mohan - Individual investor
Sahil Chotalia - M3 Investments
Vaibhav Goyal - SBI Life
Vishal Gutka – Phillip Capital
Vivek Maheshwari - CLSA

Moderator: Ladies and gentlemen, good day and welcome to the Jubilant FoodWorks' Q1 FY19 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Siddharth Rangnekar from CDR India. Thank you and over to you, sir.

Siddharth Rangnekar: Thank you, and welcome to Jubilant FoodWorks' Q1 FY19 Conference Call for Investors and Analysts. 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 view 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 the question and answer session.

A Cautionary Note:

Certain statements that may be made on today's call could be forward-looking statements and actual results may vary significantly from those statements. A detailed statement in this regard is available in JFL's Q1 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 Bhartia: Thank you. I welcome you all to the Jubilant FoodWorks' Q1 FY19 earnings conference call. I am glad to share that we have started the year on a strong note with encouraging top line growth of 26%, powered by same-store sales growth of 25.9%. More importantly, I am pleased to share that we have carried forward the momentum from the previous financial year to deliver a robust performance in the first quarter of this year.

Our strong performance was driven by several initiatives that we rolled out during the quarter. As you may be aware, our 'Everyday Value Offer' was a transformational change at Domino's last year and we had extended the EDV on regular pizzas starting at Rs. 99 in Q4 to target smaller groups. This initiative has helped us to drive entry of new customers into the Domino's franchise and also helped increase frequency.

We also continued our focus on driving digital revenues with online sales now contributing to 65% of delivery sales. Our new, significantly improved app was rolled out in June and we expect that it will further strengthen and accelerate our digital revenue stream. With healthy progress in almost all areas, we have also started to put a lot of focus towards opening of new stores. While we have almost doubled our store openings from last quarter, we feel we need to accelerate new setting up of stores in new locations. We may also need to split some of our stores in the existing markets. I must tell you that management is working hard to increase the funnel of new locations, so that we can increase our opening in the coming quarters.

Coming to Dunkin' Donuts, we are doing all the right things to achieve breakeven towards the end of the current financial year, from focus on simple foods like donuts and beverages to shut down of unprofitable stores and control on costs with focus on smaller format stores. Results of all these actions are playing out as expected and I am very pleased with the progress.

From our industry perspective, we believe the food service industry landscape is looking promising and the lower GST of 5% on restaurants has given a positive boost to the industry. We are pleased with the start to the new year and I am confident about our prospects for the future.

I would now 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 Q1 performance.

We have commenced the new fiscal year on a strong note. Revenues improved by 26% driven by a solid 25.9% same-store sales growth in Domino's pizza. EBITDA for Q1 was Rs. 1,421 million, an increase of 78.5% over the last year and at 16.6% of net revenue. Profit after tax during the period stood at Rs. 747 million, an increase of 213.2% and 8.7% of net revenue. Mr. Prakash Bisht will share details with you shortly.

During the quarter, we opened 13 Domino's restaurants and closed 3, thereby taking our restaurants count to 1,144 in 268 cities. We expect to accelerate our restaurant expansion in the balance of the year. In Dunkin' Donuts, we opened 1 store and closed 1, thereby taking the count to 37 restaurants across 10 cities.

Let me now briefly share some of the quarter's key initiatives and the results. The 'Everyday Value Offer' on regular pizzas as Mr. Bhartia mentioned is working well for us and it helped drive the Q1 growth. This was supported aggressively towards advertising presence on IPL broadcast as also through sponsorship of Royal Challengers Bangalore. The growth was based on a strong increase in orders especially in delivery. The quarter saw healthy improvements both in new customer acquisitions as also growth in frequency of existing customers. Online sales remain strong and online now contributes 65% of delivery sales. We have completely revamped our Domino's app towards the end of the quarter, the impact of which would be visible in the periods ahead.

The Dunkin' Donuts business saw strong growth in Q1 on the back of growth in donuts and beverage category and we are on track to achieve breakeven as we exit the current financial year.

Overall, we are pleased with the Q1 performance and remain confident about driving profitable growth in the future.

Just to reiterate, our strategy for growth launched last year is working well and will remain unchanged. We will continue to focus on driving innovations and product quality, delivering value for money, providing our customers with seamless experience, leveraging technology even as we maintain a tight control on costs.

I will now request our CFO, Mr. Prakash Bisht, to share with you the financial details for Q1. Prakash, over to you.

Prakash Bisht: Thank you, Pratik. Good Afternoon, everyone. I will take you through the financial performance of the Company during the first quarter of fiscal year 2019.

Let me share that all financial reporting and discussion has been done in accordance with the standalone IND AS financial statements of the Company. During Q1 FY19, the operating revenue stood at Rs. 8,551 million, higher by 26% Y-o-Y. This was driven by robust same-store sales growth of 25.9%. Total expenditure during the quarter came in at Rs. 7,130 million, up 19% compared to the same period last year. Increase in expenditure was largely due to volume growth and higher marketing spend. EBITDA stood at Rs. 1,421 million, a growth of 78.5% Y-o-Y, translating into EBITDA margin of 16.6%, an increase of 490 basis points over Q1 of last year. Profit After Tax was at Rs. 747 million as compared to Rs. 238 million in Q1 FY18, representing a growth of 213.2%. Net profit margin stood at 8.7% in the period under review. In Q1 FY19, the total CAPEX stood at Rs. 260 million, mainly towards opening of new stores and maintenance CAPEX.

That concludes my remarks. I would now hand the call back to the moderator for question-and-answer.

Moderator: Thank you very much, Sir. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: My first question is on Domino's. So, last three quarters, very strong SSG. My question is in terms of capacity utilization - what have you done in terms of augmenting? Currently, what would be the capacity utilization in terms of how much more you can go on the existing stores, are you hitting the ceiling or any timeframe where you will start hitting and so you are actively planning in terms of augmenting?

Pratik Pota: Thank you, Abneesh. If I can respond the question in two parts, the capacity at the back end and the capacity in the stores. As far as the back end is concerned, you are aware that we just recently commissioned the brand new facility in Greater Noida, which has the capacity and the capability of being able to support far larger number of volumes and stores than what we have currently. Wherever required in other commissaries, we are doing tactical CAPEX to debottleneck capacity. So, capacity at the backend is not a constraint. As far as the stores are concerned, seeing the growth in orders, what we did very planfully was, increase the infrastructure in many of our stores by putting more ovens where required, increase the number of bikes. That said, there are some stores where there is a need to hit capacity barriers especially in peak time and as Mr. Bhartia said in his opening remarks, these are the stores that we will be splitting and opening more locations and therefore being able to service the same geography much more reliably and continue to support growth in those markets. But in a large number of stores, we still have not hit those capacity barriers, so we still have headroom to drive growth in many of these stores.

Abneesh Roy: Are you quantifying the number of stores where the issue has been in terms of hitting the ceiling?

Pratik Pota: No, we are not quantifying that, but I think it would be fair to say that wherever we are seeing those capacity constraints, there is a very-very urgent work stream on in that expanding our stores to bring them and splitting the stores.

Abneesh Roy: You said the acceleration will be there in terms of expansion. So, this quarter you added 10 net and 3 closures. So, what does that acceleration means for the full year, how much do you plan? In terms of the three closures, could you take us which cities and what are the reasons?

Pratik Pota: Sure, let me answer your first question, first. We had said in the last earnings call that we were targeting to open 75 stores in this year. We are absolutely committed to that number and we will see an acceleration in store expansions from this quarter (Q2) onwards. That is the first part. We shut three stores. All these stores were challenged from profitability for different reasons; one store was in Delhi, one store was in Vadodara and one store was in Pimpri, in Pune.

Moderator: Thank you. The next question is from the line of Latika Chopra from JP Morgan. Please go ahead.

Latika Chopra: My first question was on the demand environment. We have seen a very healthy SSG number coming through. If you could comment on how is the demand shaping up at the industry level and is there more confidence in a sustained recovery in demand?

Pratik Pota: Latika, we are seeing some positive demand movements from about 3-4 months back and that is coming on the back of GST being reduced. We are seeing therefore a reasonably sustained tailwinds and that is one of the reasons why you are seeing SSG numbers being healthy. That said, we also believe very strongly that our SSG has been driven by our initiatives, and our activities, specifically 'Everyday Value' and our activation of the IPL and therefore we believe that we have outgrown the market and added market share.

Latika Chopra: Alright and secondly, on your expense front, the other expense line has moved up sharply. Is it on account of more marketing spends we have done?

Pratik Pota: Latika, that is right. If you look at a sequential number, our marketing spends have gone up and that is showing up in the numbers on manufacturing and other expenses.

Latika Chopra: So, this will normalize as we move into subsequent quarters?

Pratik Pota: Latika, absolutely right, this was the Q1 investment that we have made very planfully and deliberately, and it will get normalized in the remaining part of the year.

Latika Chopra: Lastly, on raw material inflation, what is the sense you are getting now, and do you think with this 'Everyday Value' share and your overall sales improving, does it anyway reduce the scope of price hikes for you or pricing growth for you?

Pratik Pota: As far as the inflation on raw material is concerned, right now we are seeing a benign cost environment especially on dairy and we expect that to hold up in the foreseeable future. As far as pricing is concerned, are we limited by 'Everyday Value'? No, there are several ways by which we could still explore pricing, were it to be necessary, without vacating the platform of 'Everyday Value' which is very powerful, very strategic and working well for us.

Moderator: Thank you. We move to the next question from the line of Arnab Mitra from Credit Suisse. Please go ahead.

Arnab Mitra: My first question is on margins. Now, in this business, we know that there is high operating leverage and as long as your SSG is higher than your cost, margins can continue to go up, now your margins already are at around 16.5%-17% levels which is kind of getting close to where the peak margins were. So, how do you look at the situation – does margins keep going up if SSG keeps beating the cost or as the management do you take an approach of reinvesting or such kind of capping it at a certain range, I just wanted to understand your thought process on that?

Pratik Pota: Thank you, Arnab. Let me respond to that in two parts. I think our margins that you see in this quarter has come on account of two primary drivers; one is of course operating leverage that we have got on account of strong volume growth, but equally it has come on account of very disciplined cost management during the quarter. Your question about how far can the margins go up or not. I think you need to keep in mind that profitability while it's important, there is a trade-off between increased margins and providing customers value for money. In a category like ours, which is low penetration, which is low frequency, which is very value conscious and value driven, we have to continue to strive giving value for money and therefore the balance has to be right. Now, obviously we would not be able to give prognosis on what the margins could be like, but this is a trade-off that we manage in our business on daily basis.

Arnab Mitra: So, what I am hearing you say is that if there is a growth issue you would reinvest in growth, but my question was more that if the growth does remain very strong, does it mean that margins keep going up sequentially as the operating leverage kicks in or is there a band in which you do not want it to exceed or something of that sort?

Pratik Pota: There is no band that we can talk about, but the fact is that even as growth goes up and even as we try and control the cost, there will always be inflationary pressure that will play out. So, every cost pressure, every productivity, every value for money needs to be driven, all of those will play out and lead to margins as to what this margin is going to be and in what band, cannot tell now but this is the trade-off that we are working with.

Arnab Mitra: Just a last question on employee cost. You had a 5% increase. So, with this kind of a high SSG, there is obviously some wage inflation in the economy. How long can you hold your employee cost back at this low kind of level of inflation and what is really driving the very low inflation compared to the growth in orders?

Prakash Bisht: Arnab, yes as compared to the Q4, you would observe increase in the employee cost, but our last year's average employee cost was about Rs. 151 crore for quarter because the overall cost for the whole year was Rs. 604 crore and in this quarter, our cost is Rs. 154 crore. So, the cost will continue to go up because there will be always inflation but if you see the operating leverage has started kicking in and if you would compare with Q1 last year where the employee cost was 21.7% of the turnover, it has now come down to 18.1% of turnover, thereby the operating leverage is almost about 3.6%. So, partly it has come because of the growth in volumes and partly also it has come because we have brought in the efficiencies in the manpower utilization. So, we will continue even going forward also, we will try to get the operating leverage as well as we will also try to bring in the efficiency in the utilization of manpower.

Moderator: Thank you. The next question is from the line of Amit Sinha from Macquarie. Please go ahead.

Amit Sinha: Firstly a follow-up on the earlier question. Basically, the gross margin has remained steady despite EDV in regular pizza. Now, is this happening solely on account of raw material deflation which we are observing or are there any other cost savings initiatives especially in the input cost side?

Pratik Pota: Amit, the gross margin holding up is largely driven by the commodity cost and input cost being under control. There are some minor mix impact playing out but the large reason for that is a fairly controlled inflation environment on commodities.

Amit Sinha: When you say a mix impact, do you mean more core pizza rather than the other categories, right?

Pratik Pota: Amit, yes, given the initiatives that we have in Q1, core pizza is what drove our growth and therefore in that sense, yes, you are right.

Amit Sinha: Secondly, on the overall delivery growth and you have indicated that delivery has grown faster this quarter. So, if I have to take a long term maybe next five years kind of a view, do you see the mix which used to be 50-50, shifting significantly in favor of delivery, let's say in the next five years?

Pratik Pota: Amit, if I have to pull back and without talking about the mix, talk about the trend that we are seeing in the market, we are certainly seeing a far higher tailwind in delivery across the category than what we are seeing in dine in. That will obviously over time lead to a mix and the category mix and the QSR mix moving in favor of delivery and that is going to happen. Of course, as you can imagine it will be playing it to us since we are Domino's, and therefore we are happy with that direction.

Amit Sinha: Lastly on the online contribution to the delivery sales, now it has gone up significantly in last one year. Do you think 65% is kind of an optimum level for a country like us or do you see this number going up significantly from the current levels?

Pratik Pota: Amit, given the momentum that we are seeing in the digital space, I would be extremely surprised if the number did not go up. The way the consumer is moving online, we expect growth in online to be significantly higher than the growth in offline.

Moderator: Thank you. We will take the next question from the line of Vishal Gutka from Philllip Capital. Please go ahead.

Vishal Gutka: I wanted to know on the app side, what exactly have we done and how is the traction that you are seeing on that, post re-launch of your app?

Pratik Pota: So, we have done 3-4 things on the app: The first one is that we have completely rebuilt the app from scratch. The app is a much smaller app, the android app which used to be much larger and much, much heavier app earlier, it is now down to about 13 MB and that therefore works better on most android smartphones, so that is the first one.

The second one is we introduced some very user-friendly features about being able to customize your pizza, able to reorder your last order, to be able to reorder your favorite pizza, the favorite order. We have also got a very intuitive UI which is obviously built into the app and we have also built in a unique feature which will be on the app of IRCTC ordering or railways ordering which will allow you to place an order while you are traveling on your train from the app itself and it is much, much faster and it is much more optimized. So, it is a generation leap versus the older app.

Vishal Gutka: Two book-keeping questions; one with regard to number of employees because this time you have not stated in your presentation? Secondly what impact Dunkin' Donuts have to the Domino's margins in terms of losses?

Pratik Pota: To answer your second question first, Vishal, the Dunkin' Donuts impact on JFL EBITDA is 55 basis points for Q1, that is down from 106 bps in Q4 of last year and 143 basis points in Q1 of last year. The number of employees is 30,608.

Vishal Gutka: You had received an investigative report from anti-profiteering agency. So, have they mentioned any kind of fine or penalty on that report, would you like to quantity that although you filed an appeal against it?

Prakash Bisht: The way the anti-profiteering investigation works out is that the Director of anti-profiteering has to conduct an investigation. The final adjudicating authority is national anti-profiteering authority or the NAA. So, Director of anti-profiteering has to submit their report to NAA. On receipt of a report from Director of anti-profiteering, the NAA has to do a hearing and finally decide whether there is an anti-profiteering or not. In our case, it is still work-in progress whereas the Director of anti-profiteering has completed his investigation, this matter is still pending before NAA. So, that is where it is at this point of time.

Moderator: Thank you. We will take the next question from the line of Avi Mehta from IIFL. Please go ahead.

Avi Mehta: Just on the online bit, I can see a clear focus on the digital side, we have seen across the space. Just wanted to get your thoughts, a) Our online sales, how much of it is through our own channel or through our own app and through other channels, if you can give any number on that?

Pratik Pota: Avi, I think your question was little unclear, but I presume you asked about online sales and how much of that is through our own assets, is it that what you asked? I think I want to reiterate what I mentioned in my earlier answer that we have earlier this year or end of last quarter we completely revamped our app and built what we believe is a great new user experience and our strategy is going to be as we said several times to invest in technology and build digital infrastructure and digital assets. What spilt we have vis-à-vis other channels, we will not be able to share but it is important to underline the fact that technology and building our own assets will be a key priority for us as we go forward.

Avi Mehta: While I understand the numbers could not be shared, would you be able to say majority, minority from your own app?

Pratik Pota: The answer is very clear, the majority of the revenue and the growth is coming from our own platform, there is no ambiguity about that and that is why it is important for us to stay invested and keep building a superior customer experience on our platform.

Avi Mehta: The second question is you highlighted very clearly delivery has grown stronger in this quarter, you also highlighted that EDV has driven a lot of sales especially the regular where you are seeing traction. So, I just want to reconfirm whether that EDV-99 or the EDV regular has been the key reason for the pick up in delivery or has it been from other drivers and if there is a margin impact that you see because of this?

Pratik Pota: We believe that EDV-99 and our marketing activation on IPL have both led to delivery growth.

Moderator: Thank you. We will take the next question from the line of Raj Mohan, an individual investor. Please go ahead.

Raj Mohan: In your presentation in June, Pratik, on food consumption in India and the outlook for Jubilant, you have indicated to organized QSR growing from 9,100 crore in 2016 to 24,700 crore in 2021. Our company had a substantial 28% share of the 2016 figures. Based on your understanding, do you see Jubilant garnering disproportionately higher share in this huge incremental markets that you are talking about driven by technological efficiencies as also having measured the pace of the markets more discerningly? Could you possibly share a figure that you aspire to achieve from the 28% share that you held in 2016 by 2021?

Pratik Pota: Raj Mohan, thanks for the question. Just to clarify the numbers that we had talked about in the past are NRAI numbers, based on their projections and their modeling. As to your question about how we see our share playing out, I think it is important to note that the market as it grows and as more players emerging as more depth happen in the market, you will see a lot more of fragmentation and a lot more players and a lot more innovation happening. Our endeavor as Domino's and Jubilant is going to be obviously to keep driving growth that is higher than the market growth and therefore gain market share. That will happen by doing several things; a) driving penetration; b) driving frequency of existing customers; c) driving innovation; d) driving technology; e) driving superior customer experience. Now all of these, how that will play out and what market share that will lead to, hard to tell but the attempt will be to drive profitable growth and that is higher than the market growth.

Raj Mohan: But from your position of strength that you have executed over the last one year, your possibility of gaining incremental market share stands more, right?

Pratik Pota: That will certainly be an attempt to keep gaining market share and to ensure that we continue to provide consumers' proposition that works for them and that delights them and that hasten coming back to us.

Raj Mohan: In the Domino's US call, they had indicated to seeing a potential for increasing their score count from 5,650 to 8,000 in 10-years. Considering India's demographics, population and geography, is there any internal assessment on the physical score count in say 10-years on a subjective basis, if you could talk in terms of store absorption capacity now and over 10-years in our country, there is a possibility of it growing 3x or 5x?

Pratik Pota: Raj Mohan, we certainly believe that Domino's franchise has tremendous potential and tremendous headroom for growth in India. We believe that both in existing markets where we have a footprint as also in markets where we have yet to make a presence, there is a lot of room for growth. We do not have a store number and a math number in mind, but we are working to make the markets wider and make the markets deeper for Domino's.

Raj Mohan: Did the World Cup Football have any rub off on our business in the context did the second half of the World Cup which will fall in our third quarter had more propensity to consume with palpably more excitement from the knock out stages?

Pratik Pota: Raj Mohan, the FIFA impact on our sales was not significant, given the timing of most of the matches, there was a very small impact, but not significant. The only timings have some impact was in the final. But if I take that aside, the impact was not significant.

Moderator: Thank you. We will take the next question from the line of Manoj Menon from Deutsche Bank. Please go ahead.

Manoj Menon: The first question is on the cost side. As I recall in April 2016, I remember the management spoke about setting up a business excellence team essentially to just look at costs and then in the same year November '16 there was an announcement about AT Kearney being appointed as a consultant. My question is if you could just help us understand the work what these teams have done possibly some examples in terms of where are we on the cost saving agenda, essentially how much more to come directionally, if you could just maybe not a configuration, even some examples and qualitative feel would be extremely helpful?

Pratik Pota: Manoj, yes, we had a very disciplined effort going on inside the organization aimed at managing cost and driving productivity. A couple of examples that I would like to talk about and highlight, #1 is rent. We had a very concerted effort since last year. We went back to landlords and we renegotiated rent in many stores and that helps us contain the rent inflation. In most cases, the rent inflation that we have as part of our contract was negated by productivity that we brought because of this work stream. That is one example. The other example that Prakash ji spoke about also in his earlier remarks were about manpower productivity and again there is a lot of work that the team did in the stores to drive efficiency and productivity of manpower, both fixed and variable. So, those are the two themes I am going to highlight and talk about, but there are as you can imagine many-many more work streams, that help us control our cost.

Manoj Menon: The question is also seen this in the context of the new Noida commissary. Would it be fair to say that there is material cost savings potential at least if you could quantify the Noida commissary benefits?

Pratik Pota: Yes, Manoj, we are not going to quantify the commissary savings, but the commissary did get operational in the preceding quarter. So, the impact and the benefit that we see in the new commissary are reflecting in the quarter Q1 P&L.

Manoj Menon: Second question is on the minimum wage increases which some states have already done - Delhi and Karnataka, just wanted your assessment of the context now given that these two states had actually seen material increases, at least from an internal budgeting/scenario point of view, over the next 6-months to 12-months what is your assessment of probability of minimum wage hikes which can be material?

Pratik Pota: We have several states which have hike in minimum wages and we expect a few more to happen in the second half of the year. As we did in the first quarter, there is a very clear work stream which is going on to help mitigate the impact of this inflation through productivity and through automation and through very sharp manpower management.

Manoj Menon: One question if I may but this is addressed to Mr. Bhartia, lot of investors continuously seek a comment on the promoter stake sale while you may not be able to comment about what exactly the pipeline, but any qualitative view would be helpful?

Hari Bhartia: No, even last time I was told that there were rumors in the market that promoters are selling but we made a clarification that there is no immediate intention for the promoters to sell their stake. Yes, we have I think stated that many times that even we have stayed in this company for almost now 10-years since it is public, and 20-years and we have a long-term interest going forward.

Moderator: Thank you. We will take the next question from the line of Aditya Soman from Goldman Sachs. Please go ahead.

Aditya Soman: My first question is on the difference between your system sales growth and same-store sales growth, that is only about 10 basis points. Should that not have been higher given that you had new stores that you have opened throughout the last year as well as some this year?

Prakash Bisht: Same-store growth is in respect of the stores that were operational at least for one year at the beginning of the year. To illustrate, whatever stores were operational as of 1st April 2017 would be considered for the purpose of same-store growth whereas the system growth is all stores taken together.

Pratik Pota: The other reason, Aditya, is that if you look at the last year opening as well, we have opened 24-stores in the full year and therefore the delta is only 10 basis points, you are absolutely right. We had also shut a fair number of stores in Dunkin' last year if you recall. So, the delta is 10 basis points between systems growth and same-store.

Aditya Soman: The other question was on I have increasingly seen that you are using third-party delivery vendors to delivery. So, where does that cost sit in – would it be one of the reasons why the other expenses going up and staff cost is relatively contained?

Prakash Bisht: Yes, generally the outsourced manpower cost is included in manufacturing and other expenses, so that cost will be sitting there.

Aditya Soman: Any indication about how much that cost would be or for how much saving that has given on the wage cost?

Prakash Bisht: Generally, we do not give the breakup of the numbers.

Pratik Pota: Let me add to that response, so the question was simply posed on that. I do want to sort of say that going forward we intend to use our own delivery manpower for doing delivery and we intend to progressively kill using third-party manpower. The impact of this will stop becoming visible as we go forward. We intend to control our delivery experience and invest in it and we will therefore not be using third-party delivery providers over time.

Aditya Soman: Understand but that would then mean if you see the same level of same-store sales growth and that would also mean that your wage cost would go up?

Pratik Pota: That is right, absolutely. Again, going back to my earlier response, we will remain very-very focused on driving efficiencies and productivity using data, using automation, using analytics but we want to control the customer experience and make sure the delivery experience is superlative and we remain best-in-class.

Moderator: Thank you. We will take the next question from the line of Vivek Maheshwari from CLSA. Please go ahead.

Vivek Maheshwari: My first question is a follow up on this anti-profiteering issue. This issue is related to which pricing – is it from 1st July to 14th November or it is from 15th November till date?

Prakash Bisht: It is from 15th November.

Vivek Maheshwari: Second is, Pratik, the last few quarters you have done obviously very-very well with 'Everyday Value', the base was also on your side. As you look into second half of FY19, and I am not looking for a guidance, but the coms are getting tougher, you are going to accelerate stores, you are going to split the stores, is it that near-term margins have peaked at this level and there may not be margin expansion as we head into the second half of this year?

Pratik Pota: I do not want to comment, Vivek, on whether the expansion is there or not, but let me pull back and talk about the things that we have done and that are working for us. Our 'Everyday Value' proposition both new on the medium pizza last year and the regular pizza this year, they clearly are connecting with consumers and providing value for money and are helping us drive order growth and sales growth. All New Domino's upgrade that we did last year remains relevant and remains preferred and again we see that as a lever of growth for us. Technology and digital has worked for us last year, working for us this year and will be a source of focus in investment going forward.

Number 4, the customer experience, whether it is in delivery, whether it is in dine-in, will be an engine of growth for us. We are aware that as the growth increases, and we spoke earlier in the call, as the pressure on some stores increases, we will have to spilt some store and open new stores and in some cases spilt some stores to service the potential in the orders appropriately. We are also aware as you mentioned that we are beginning to lap quarters from last year which was stronger. Where those will pan out? I cannot say but we believe very strongly that we have a right strategy for growth and the right lever for value growth going forward. I am unable to comment on the numbers, either on growth or on EBITDA but we believe that what we have got is the right proposition and the right package for consumers.

Vivek Maheshwari: Sure, no doubt about that, but low hanging fruits would be in the bag now. So, incrementally from cost saving perspective, you see enough juice, or it would be hard to come by? My concerns are particularly because as I do my quarterly numbers in the second half, SSG is looking far lower compared to what it has been for the last few quarters, so my only worry is that are the margins at its peak at least for some time in the context of if you aggressively start to spilt the stores?

Pratik Pota: Vivek, let me respond to the first part of the question. I think it would be unfair and wrong to say that we are exploited and leveraged all avenues for driving productivity. Productivity and efficiencies as you imagine is an ongoing work stream and we will remain focused on making sure we cut down wastage, improve efficiencies and that will remain going forward. Given the kind of growth that we are seeing, and as you can imagine in our business that is very important, we expect the operating leverage to continue to play an important role and therefore our strategy very clearly focused on driving profitable growth.

Vivek Maheshwari: Any comments on splitting - would that be like quite aggressive or it would be, of the total 75 stores, it will be marginal?

Pratik Pota: It will not be the largest number, but there will be areas where we will be required to split to keep the customer experience going and to service the load in some of these stores. So, our 75 stores will be a combination of some of these split stores, also stores in new areas in existing towns and also some stores in new markets entirely.

Shyam S. Bhartia: This is Shyam Bhartia. Whenever we had split stores in part, we have seen that both the stores are doing well and really expands market by providing better service to the customers and that has been our past experience in this. So, we believe that it only increases the market through better service, through better dining facility available to the region, we only do it when there is a great opportunity to do it.

Moderator: Thank you. We will take the next question from the line of Kunal Vora from BNP Paribas. Please go ahead.

Kunal Vora: My first question is just wanted to get some sense on how big 'Everyday Value' offer is now in terms of sales contribution, any sense which you can provide on that?

Pratik Pota: I think we talked about the fact that 'Everyday Value' has been a big engine of growth for us both the medium pizza and on regular pizza. We would not be able to comment on how large that is and how significant that is but you heard us talk about how important role it has played in driving growth for us both last year and this quarter as well.

Kunal Vora: Any help in quantifying let us say would it be majority of sales like anything which you can provide on that?

Pratik Pota: No, Kunal, I am afraid I cannot.

Kunal Vora: Second is between new customers and increase in frequency of orders from existing customers, what has been the bigger growth driver over the last one year?

Pratik Pota: If I talk about the last one quarter, clearly I have mentioned in my remarks as well, the encouraging part about the contours of the growth that we delivered was that we got growth from both new customers and acceleration in new customer acquisition as also an increase in frequency of existing customer. So, both parts worked for us and helped us drive the growth in Q1.

Kunal Vora: There is no noticeable difference between the two, you are saying both have grown probably at a similar pace. Is that a right understanding?

Pratik Pota: Both have grown handsomely.

Kunal Vora: Lastly, any update on the Bangladesh joint venture?

Pratik Pota: So, Bangladesh joint venture as you are aware we announced in the month of March and we are right now in the process of finalizing the launch mix, whether it is food, whether it is the store location, the back end, we are also in the process of getting regulatory approvals from the authorities. As soon as there is more update on the Bangladesh plant, we will circle it back to you.

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

Pritesh Chheda: Sir, two questions; one on the operating leverage side, why it didn't flow on Q-o-Q basis and what resides in the other expense line?

Prakash Bisht: Pritesh, let me handle the first part of the question on the operating leverage. Versus Q4, in the rent it is flowing, and in the manufacturing and other expenses it is not flowing because at the initial stage also we clarified that this quarter we did an investment in marketing expenses in IPL which will span out throughout the year. So, because of the higher investment in marketing, this quarter is not really visible.

Pritesh Chheda: Can you quantify that extra investment in marketing?

Prakash Bisht: Generally, as a process, we do not disclose line item wise, but yes, as compared to the regular spend, it is higher.

Pritesh Chheda: My second question is about the initial comments the management made on aggressive store expansion and there is a follow up question. How different will be the store expansion drive this time around vis-à-vis last time strategically because last time when we did the store expansion, it came at the cost of the overall company level margin because obviously new stores would open lower than system level sales and there would be a cost upfront and splitting of stores will also precisely do that? Second question, within that is in the current time when a new store opens, at what system level sales does it open?

Pratik Pota: Pritesh, on your first part, we have put in place a very rigorous database process, that screens different store locations and different store option and uses a very-very scientific and data-based algorithms to heave out the unpromising stores and to help us shortlist the ones that are most promising. So, process has become very strong and data backed. That is my first point.

The second difference that we are beginning to bear this time also we are looking at store opening by different channels, looking at store opening potentially in locations such as educational institutions, corporate parks, travel and transport locations. So, we are looking at more opening of stores in addition to the high street and a mall store that we have had in the past. So, that is the answer to your first part of the question as to whether the new store opens, typically opens about between 75-85% of an existing store when it starts off.

Pritesh Chheda: So, when it opens at 75% of the existing store, I am fair enough sure that it would not be generating EBITDA?

Pratik Pota: Typically, our new store payback is now between 2.5-3-years and that payback has not changed if anything is improving.

Pritesh Chheda: So, if it is 2.5-3-years, first year cash generation will be zero and the second and a half year it generates you he payback, that is how it should be?

Pratik Pota: Pritesh, it varies from store-to-store depending on the locality, depending on how ready the catchment is. So, hard to give a very specific answer to that and hard to generalize but like I said earlier we do have a store paying back in 2.5-3-years.

Pritesh Chheda: Just a follow up within that, when you give 75 new store guidance number, obviously you would have done the arithmetic at 75 stores let us say 80% of the system level opening, does this 75 stores which is 7.5% of the existing network that you have, anyway impact the operating margin of the company?

Hari Bhartia: Actually, what you say is right, that any increase in number of stores definitely gives us the operating advantage in G&A and other things, they don't go up proportionately high. So, there is definitely some operating advantage, we cannot quantify that.

Moderator: Thank you. We will take the next question from the line of Nitin Gosar from Invesco Mutual Fund. Please go ahead.

Nitin Gosar: Of the total 75 stores that we are talking about, how many of them had come into new cities?

Pratik Pota: We do not give that break-up and as I said earlier it will be combination of both existing markets carrying more stores as also a few more markets opening up new Domino's stores.

Hari Bhartia: We cannot give you exactly because the feasibility is analyzed definitely on a large number of stores, larger than 75 stores, sometimes space is not available, sometimes correct location is not available, so keeps on changing, so giving any idea will not have advantage because you will not get any clue.

Nitin Gosar: Just a second question is broadly trying to understand how is the split of stores right now between metro, Tier-1, Tier-2, Tier-3?

Pratik Pota: Given the way our network is evolved, it will be fair to say that about 60% of our stores are in the metro and Tier-1 towns.

Nitin Gosar: How is the demand shaping up amongst these four destinations, metro, Tier-1, Tier-2, Tier-3, which cluster you are seeing additional growth kicking in, in last two years?

Pratik Pota: I think the growth in the last quarter is that we have seen a strong growth across all Tier towns, all pop strata. Therefore, we are in a very-very demographic growth profile in the last quarter and we will certainly comment in the beginning quarter as well. So, we are happy to say that Tier-3 and Tier-4 towns are also performing very robustly.

Nitin Gosar: No, just trying to understand and correlating it with the mobile app pattern. Are you seeing an incremental ordering pattern coming higher from the mobile app and is the demand more skewed towards metro, Tier-1, Tier-2?

Pratik Pota: Like I said, the growth profile has been very well spread between all the pop strata towns. Yes, as you can imagine, our online contribution is a shed over index in the larger market as compared to the smaller town. But we have got growth coming from all pop-strata including online.

Moderator: Thank you. We will take the next question from the line of Manoj Gori from Equirus Securities. Please go ahead.

Manoj Gori: If we look at now we have been coming up with new drives like 'Everyday Value Offer', first on medium pizza, then on regular pizza. So, how do you see like what could be the other new strategies that could be implemented, and which could drive further strong SSG in the coming quarters and years?

Pratik Pota: Manoj, as we mentioned earlier, we believe that we have the right strategy for growth, that work for us in the last few quarters, that work for us in the last quarter specifically as well and therefore our focus will be to execute that strategy in a disciplined manner. How will each of those strategic pillars play out into specific activity? We do not like to comment on it right now. It would be fair to say that we have very clear plans linked to all our strategic pillars.

Manoj Gori: So, also on the product innovation side like now when we have already started EDV on regular pizza, a new segment has opened for you which would be more of value conscious consumers. So, going forward if we look at the product innovation, product launches, would it be more towards on the size or low-priced pizza like some sense like how the product innovation is going to pan out in next couple of years?

Pratik Pota: Manoj, the great part of the Domino's business and the franchise is that it is relevant to very different consumer cohorts, it is relevant to the entry level consumer, it is relevant to the consumer who is an evolved consumer and is able to and ready to spend more. So, our innovation is actually straddle these multiple consumer cohorts and different price points.

Hari Bhartia: We continue to work on innovating new products, etc., not necessarily only on the price.

Pratik Pota: Absolutely, so our innovation plan and the roadmap is addressing all the different consumer segments.

Moderator: Thank you. We will take the next question from the line of Abhishek R from Ambit Capital. Please go ahead.

Abhishek R: My question is on the same-store growth. So, I heard you say that same-store sales growth is calculated for stores older than one year. One thing which I want to ask is there is obviously a change in the method in which the same-store growth is being calculated. So, if I am correct, earlier stores older than eight quarters were where the same-store growth should be taken into account, and now basically older than four quarters is considered in same-store growth. So, this will basically bring in younger lot of stores into this calculation and most likely, inflate the SSG compared to the earlier method. So, why this change?

Pratik Pota: Abhishek, just want to clarify that there has been absolutely no change in the way we calculate same-store growth from earlier. I think the comments put was merely to clarify but I just want to reassert that there is zero change in the way we compute SSG.

Abhishek R: So, let me just get this clear, how would you compute SSG? I just heard you said older than one year, those are the stores, right?

Pratik Pota: So, any store which was operation at the beginning of the last financial year would come as a same-store, in other words, any store which was operational on 1st of April 2017, would be counted as a same-store in a math for this year. Any store opened last year would be counted not as a same-store number. So, the math has not changed as of now.

Prakash Bisht: Abhishek, it will remain same for the full year. So, when you will actually reach at Q4, you will find that this is eight quarters, we are at the first quarter, but this number will remain same throughout the year, it is not going to change and we have not changed it, over the years also we have been calculating absolutely in the same fashion.

Abhishek R: So, you said the fourth quarter will be eight quarters, but right it would be something else?

Prakash Bisht: Obviously because then it will be the stores which were operational on 1st April 2017.

Hari Bhartia: Any reason you bring younger stores, your same-store will get deflated, not inflated. So, if you bring younger stores, your same-store will actually get deflated, but the true thing is that there is no change in the way we have been calculating over the years the same-store growth.

Abhishek R: If I may just add here is if I just wanted to get your look at your Q4 presentation, and look at your current presentation, the language is conveying something else, it says that same-store sales growth, I am just reading it aloud here, “Same-store growth refers to the year-over-year growth in sales for restaurants in operations for two whole years. Right now when I read it out, it is obviously referring to something which is older than 366 days or more than 4 quarters. So, it definitely conveys something else.

Pratik Pota: That feedback is taken. We would examine the document once again. But I just want to once again say that there is no change in the math of same-store growth and the numbers are absolutely comparable from last year to this year and years earlier. We will revisit the language and clearly seems to have created some confusion and we will resolve that. But the take up that I want you to have is that there is no change.

Abhishek R: Also, if you could just help me understand the fall in rent and depreciation for this quarter over the March quarter?

Prakash Bisht: The fall in rent is obviously partly it is coming out of operating leverage and obviously because of the rent renegotiation that we keep on doing. With regard to depreciation, there is a small fall as compared to Q4, primarily in Q4 because whenever we close the store, we take accelerated depreciation during the quarter. As you are aware, that last year we were closing lot of Dunkin' restaurants, so, in Q4 there was accelerated depreciation in respect of the Dunkin' restaurants that we had closed during the quarter, therefore the rent numbers are slightly lower than the Q4 numbers.

Moderator: Thank you. We will take the next question from the line of Amit Sachdeva from HSBC. Please go ahead.

Amit Sachdeva: While my questions have been answered, just one small thing if I may sort of try and understand. If I look at the SSG that you mentioned that it is driven by new customers as well as frequency of the ordering has increased from the older customers. Can you give us little bit more color into the frequency of ordering because if I recall three, four years back, we used to hear that 50% of the all consumer base order only once a year. So, can you give some parallel statistics now that how frequency of ordering has changed in the last one year? Also, a little bit how much of that sales growth was driven by frequency?

Pratik Pota: Amit, we have not shared numbers on frequency in the recent past and therefore I am unable to amplify about the frequency numbers, but I just want to repeat what I said earlier that our growth was demographic in terms of coming from new customers and repeat customers increasing frequency, it was demographic by pop strata and by different customer classes. So, we have had a reasonably robust growth profile in the last quarter.

Amit Sachdeva: If I may just try to understand, the reason I am asking this is that how much really is the penetration that you reach to say your addressable market, for example, there is an addressable market of a certain number of people that who could consume pizza or at least can afford a pizza of this pricing, what is the number of unique consumers you sell to and what could be that sort of percentage of pops or something like that, just to get a sense of what could be my potential markets say 10-years from now or 5-years from now, how many unique consumers actually I am selling to, can you share some sort of number and that should help me make some sense of the size and potential of the market, that is the reason for asking this, not for any reason?

Pratik Pota: Let me pull back and address the rest of the questions that you are asking without getting to specifics of numbers. We talked about in the last call as well, the strategic rationale behind the 'Everyday Value 99' was that we operate in a low penetration category in a low frequency category. And as market leaders, it is incumbent upon us to drive market expansions to both increase penetration and higher frequency. That is the reason why this EDV 99. Again, as I said earlier, that strategy is working for us because we are getting more new customers to come in as also getting an increase in frequency of existing users. We believe that the potential of both getting new customer acquisitions as also increase in frequency remains very high and we are not anywhere close to reaching a phase where we can say we have reached a penetration of pizza even in core markets. The headroom remains large and promising. On both new customers and penetration as also on frequency.

Amit Sachdeva: Can you share like at least just a total number of customers do you serve?

Pratik Pota: Amit, I am sorry, I cannot share numbers, but the essence of what you asked is what I have just shared with you.

Moderator: Thank you. We will take the next question from the line of Nillai Shah from Morgan Stanley. Please go ahead.

Nillai Shah: The first question is just on general consumer sentiment. Any discerning change that you are witnessing over the last quarter or just generally in recent months?

Pratik Pota: We have seen some tailwind in consumer sentiment ever since the 5% GST rate settled down and we are seeing that reflect in increased growth in our dine-in environment.

Nillai Shah: Basically, the momentum has just been built on since November, December?

Pratik Pota: That is right. I said this as a response to even earlier that while we are seeing tailwind and while we are seeing sentiments improve, our own performance in the last quarter reflects both that sentiment till now as also our own strategic initiatives playing out in the market.

Nillai Shah: Was IPL a big driver for same-store sales growth in your view for Jubilant?

Pratik Pota: We are seeing both the combination of 'Everyday Value' as also activation on IPL being robust growth driver for Q1.

Nillai Shah: Second question is on the 'EDV 99'. As you build upon your initial success in this particular endeavor, would you expect the business to become less sensitive to macro changes, in the context of how Pizza Mania has fared in the past?

Pratik Pota: I think hard to conjecture on that, Nillai but if I pull back and look at our category, even as we invest in driving the fundamentals of the business that we spoke about earlier, we operate in a category that is discretionary in nature, so there always will be some correlation between consumer sentiment and macros and the category performance. That said, within that category, Domino's has a very powerful business, a very powerful brand and we believe the right strategic levers in play, so we hope to outperform the market as we have done in the recent past.

Nillai Shah: Finally, Mr. Bhartia, did you mean that there is no immediate selling down of promoter shares that you are looking at when you made the earlier comment in context of what you released last quarter, but did you mean in that context or in the immediate future?

Hari Bhartia: We have no immediate plans to disinvest and as we have stated over many years, promoters are here for long-term in Jubilant FoodWorks and in this quarter we have no immediate plan to dispose-off any shares.

Moderator: Thank you. The next question is from the line of Vaibhav Goyal from SBI Life. Please go ahead.

Vaibhav Goyal: Two questions from me. If I heard it right, the Dunkin' Donuts losses you said on the EBITDA was 143 bps for the last year same quarter and 126 bps for the last quarter?

Prakash Bisht: 143 bps was for Q1 FY18 and 106 bps for Q4 FY18.

Vaibhav Goyal: Second part on the employee side for the last few quarters, we have been talking about number of employees per store coming down because of our more and more technology innovation and those things, this quarter there is a sudden change, the number of employees has increased to decent around 3,000 employees or 2 employees per store, so even if you take commissary and everything, still that number looks higher. So, anything has changed there?

Pratik Pota: All our store manpower is the combination of fixed manpower and a large chunk of variable manpower which is a function of the transactions and the order volume that we can generate. The last quarter that is played out, we saw very robust increase in orders and especially in delivery. In order to service that higher order and higher transaction, we had to add manpower in our stores. So, what you are seeing is a very clear correlation of that. Having said that, I want to underline the fact that we have made our manpower processing more efficient and we have got operating leverage even on the manpower line in the last quarter and we have driven productivity.

Vaibhav Goyal: Again coming back to Dunkin' part, so the quantum of losses have halved compared on Q-o-Q basis with only one store thing. So, what has been the underlying numbers there apart from this EBITDA number?

Pratik Pota: Our Dunkin' progress and reduction in losses have been driven by two or three initiatives: The first one is healthy growth in Dunkin' driven on the back of growth in the Donuts' category and the beverage category. That is the first big driver. The second one is a very disciplined and a very systematic effort of cutting our cost in Dunkin', the store operating cost to begin with, where we have tightened our manpower and labor cost to reduce wastage, to reduce and optimize our energy consumption cost. We have also given the shrinkage in the store network, we have also optimized our overhead and corporate G&A. And of course we closed some unprofitable stores in last quarter specifically one, but more in the preceding quarters. All of these have led to the Dunkin' losses reducing sharply and the drag on P&L reducing sharply. We remain focused on taking up with the Dunkin' business as we exit this financial year.

Moderator: Thank you. The next question is from the line of Prasad Deshmukh from Bank of America. Please go ahead.

Prasad Deshmukh: Is there any quantum that you can specify which has been contested in these anti-profiteering proceedings and how is that arrived if at all?

Prakash Bisht: As has been explained earlier also that this has not been decided because ultimately it is the National anti-profiteering authority which has to decide whether there is a profiteering or not. So, since this has not been decided at this point of time, so really there is no quantum at this point of time.

Prasad Deshmukh: At this moment qualitatively that is being…?

Prakash Bisht: The process which is on, but it is yet to be decided.

Moderator: Thank you. The next question is from the line of Sahil Chotalia from M3 Investments. Please go ahead.

Sahil Chotalia: My question is with regard to the EDV having a limitation on the price hike. You mentioned that you have a few tricks up your sleeve with regard to maintaining the gross margin. How exactly will you do this and I hope it is not at the cost of the quality or the quantity that we have seen improvement in the last one year.

Pratik Pota: Let me respond to the second part of your question first. There is absolutely no question of diluting product quality or compromising a product quality in a quest to improve margins or to substitute for pricing. We are very conscious of the fact that all new Domino's product upgrade have worked for us last year, the consumers love the products and comes back to us on account of the products. So, we will not let product standard fall.

Coming back to the first part of your question about how do we propose going about pricing. I do not want to preempt the pricing discussion and talk about what are the variables that we can work with, but I think I want to reassure you by saying that there are enough variables within the EDV construct and enough ways of branding pricing well to be required without breaking the EDV concept fundamentally.

Sahil Chotalia: The second question I have is that over the last one to one-and-a-half year, we have seen Dunkin' has consistently reduced number of stores. So, with all due respect to the management, can we now look back and say that okay, Dunkin' was a mistaken that going forward we would wind this business down to a point where it becomes absolutely insignificant for us in the whole Jubilant portfolio?

Pratik Pota: So, I think on Dunkin' there are two parts that I spoke about. The fact that we have cut down our losses on account of disciplined cost management, but also on account of a growth in the topline and a growth in the top line driven by the core of Donuts and beverages. Even as we speak, there are number of initiatives going on in Dunkin' in that driving innovations in the driving with the consumer trials and in that creating more locations for us both in dining and in delivery. The next couple of quarters would be about making some of the innovations land and work successfully. As we exit the year, we will breakeven, this will be our first milestone, but we would also have a line of sight to work for profitable scaling up model. The fundamental space of cafe plus bakery products proposition that space is very vibrant and is growing in the market and we believe there is a space for Dunkin' in that context.

Moderator: Thank you. Ladies and gentlemen this was the last question for today. I now hand the conference over to the management for their closing comments. Over to you, sir.

Pratik Pota: Thank you for joining us in the call today. Before concluding, I just want to reiterate that we are happy with the Q1 performance and we are confident about driving profitable growth in the future. I do hope that we have been able to address your queries in the call today and of course should there be any additional input or clarification, feel free to reach out to us. Thank you once again and have a good evening.

Moderator: Thank you very much, sir. Ladies and gentlemen on behalf of Jubilant FoodWorks that concludes this conference call. Thank you for joining us and you may now disconnect your lines.