Jubilant Foodworks Limited Q3 FY 2022 Earnings Conference Call Transcript

February 02, 2022

Moderator: Ladies and gentlemen, good day and welcome to the Q3FY22 Earnings Conference Call of Jubilant FoodWorks Limited. As a reminder, all participant lines will be in listen-mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I'll now hand the conference over to Mr. Deepak Jajodia. Thank you and over to you Mr. Deepak.

Deepak Jajodia: Welcome to Jubilant Foodworks Q3FY22 earning call for investor and analyst. We are joined today by senior members of the management team including our Chairman – Mr. Shyam S Bhartia; our Co-Chairman – Mr. Hari S Bhartia; Our CEO – Mr. Pratik Pota; our CFO – Mr. Ashish Goenka and our Group CFO – Mr. Arvind Chokhany.

We will commence with key thoughts from Mr. Hari Bhartia. Mr. Pratik Pota will follow him with his perspective on JFL's progress on the quarter end 31 December, 2021. After the opening remarks from the management, the forum will be open for the question and answers. A cautionary note, some of the statements made on today's call could be forward looking in nature, and the actual result could vary from the statement. A detailed statement in this regard is available in Jubilant FoodWorks Q3 FY'22 results released and ending presentation, both of which are available on the company's website under investor relations section.

I would now like to invite Mr. Hari S Bhartia to share his with views with you. Thank you and over Sir.

Hari S Bhartia: Thank you. Good evening, everyone and welcome to our earnings call. During Q3FY22, the on-ground COVID situation improved considerably compared to the previous period, even though restrictions remained on dine-in, which was capped at 50% capacity. The annual celebratory season in the last fortnight of December was also impacted due to the COVID led curbs in select markets. In spite of these restrictions, we delivered a strong system and like for like growth in this quarter. The Dine-in segment showed good signs of recovery and contributed to the year-on-year growth, delivery and takeaway channels also registered a healthy growth in comparison to the pre-pandemic levels of Q3FY20. As you would be aware, we continue to witness inflation across categories with input costs increasing sequentially, as well as on a year-on-year basis. Nevertheless, we delivered strong profitability with an increase in EBITDA margins, both sequentially and versus last year. This was driven by productivity and taking some pricing action in December.

It is important to know that even the price increase, Domino's remains the most affordable pizza by far and continues to deliver unmatched value for money to its customers. We opened the record 75 new Domino's restaurants in Quarter 3 in India. We also recently inaugurated the 1500th Domino's store in India and important landmark in our exciting journey in India. The company will continue to deliver on targets around new store openings and new town penetrations. We have developed the necessary business development competencies backed by data driven approach around site selection and have the wherewithal to drive rapid on ground execution.

During the quarter we concluded the acquisition of 35% stake in Thrive, the direct ordering platform. We will continue to make such strategic investment in relevant and early stage startups, which in turn and will help us acquire strong digital and other capabilities, essential for driving growth and further our transformation into a food tech play.

Turning to our international business in Sri Lanka, the company delivered its highest ever system sales in a quarter. Bangladesh, too experienced a healthy growth. The company concluded the reverse book building process and increased it share holding to 40.29% in DP Eurasia. Popeyes got off to an extremely promising start in Bangalore last month. We were encouraged to see strong and enthusiastic response from consumers despite the prevailing restrictions at that point. Our early experience has reinforced our conviction that Popeyes will be a strong, long term growth driver for JFL and we look forward to building a large and a profitable network of Popeyes.

Before I conclude, as you are aware, the Board also decided to split the shares, one is to five. I hope this will give larger participation from all stakeholders, especially the retail ones. Going forward, we will continue to focus us on delivering our long term priorities and we'll strive to achieve the goal of building a multi-brand and a multinational food business powered by technology and digital assets. With this thought, I invite our CEO, Pratik Pota to share his perspective and insights.

Pratik Pota: Thank you, Mr. Bhartia and good evening everyone. Thank you for joining the call today. We reported a very strong quarter today with double-digit revenue and EBITDA growth. Record profits and a strong underlying operating performance. Revenue from operations was at Rs. 11,935 million, up 12.9% versus the previous year. Like for like growth, which is the same store growth of non-split stores was at 7.5%. This is a much more relevant metric for a company as we continue to execute successfully on our fortressing strategy in existing cities and improving continually on our customer experience. Notably the ratio of split stores to the overall new stores open in the last seven quarters is as high as 46%. Hence, going forward LFL will be the key metric that we will be reporting to track same store growth.

We faced strong and broad base inflationary pressures across commodity and personal costs, during this quarter. Despite this, we did well to drive efficiencies and deliver strong EBITDA margins. EBITDA stood at Rs. 3,174 million up 13.9% versus Q3FY21 and EBITDA margin was at 26.6%, higher by 24 basis point versus the previous year and up 60 basis points versus the previous quarter. Profit after tax was at Rs. 1,373 million higher by 9.8% with a PAT margin of 11.5%.

We further entered into the space of new store openings in the first two quarters together as you're aware we open 75 Domino's stores. In the third quarter, we etched a new benchmark by opening 75 stores within the quarter itself. This is the highest number of restaurants ever opened in a quarter by any Domino's franchisee in any market across the world.

We also spread a footprint by entity 17 new towns in this period spread across 322 cities our Domino's store network stands at 1,495 stores at the end of the quarter, rather it stood at 1,495 stores, but as you're aware more recently, we reached a magical milestone of 1,500 stores and are absolutely confident of continuing our relentless network growth in the periods ahead.

Our fortressing strategy is also allowing us to shrink delivery areas and reduce drive time. As a result, a significant proportion of our delivery orders now get delivered in under 20 minutes, thus leading into a vastly improved customer experience.

This has directly translated into a significant increase in our customer satisfaction or NPS number. Our NPS is now by far the best-in-class in the QSR category. Domino's app installed during the quarter were at record 8.2 million, our own app sales continued to grow faster than the aggregators and a dominant share of our revenues continues to come from our own assets. On our emerging brand portfolio, we opened two new stores, one each for Dunkin and Hong's Kitchen. Our total store count for Dunkin is 29 and for Hong's Kitchen it stands at 14. Notably Hong's Kitchen has become one of a largest Chinese QSR chains in the Delhi NCR region.

In Sri Lanka, the company delivered a standout performance and digested its highest ever system sales in a quarter with a year-on-year growth of 95.9%. Bangladesh system sales also grew healthily at 39.5%. The company launched one new outlet each in Sri Lanka and Bangladesh, and the Domino's store count is 32 and 8 in Sri Lanka and Bangladesh respectively.

In January, our first ever Popeyes restaurant, the flagship restaurant in Koramangala, Bangalore got up to a strong start. Popeyes mastered entry in the fast growing and large chicken category. Our early experience has strengthened the confidence that consumers in India will love the strong Cajun flavours that has made Popeyes an iconic brand in the US and across the world. I'm pleased to share with you that the entire India menu for Popeyes has no MSG. The chicken is antibiotics free. Popeyes built has built its own in-house delivery fleet with 100% of use of eBikes, enabling a zero emission delivery experience.

As we speak, we are living through and hopefully seeing off the sharp third COVID wave. Our well proven playbook developed over the last two years, ensure that we focus on employee and customer safety. Even as we continue to operate our business, serve our customers and even grow our network. We are really proud of the indomitable spirit and resilience of our food soldiers that has kept us going. On that positive note, I would like to call upon the moderator to initiate the Q&A session. Thank you.

Moderator: Thank you very much. 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 the store addition in Hongs and Ekdum! So it's at a four quarter low with just one store addition while I see, Domino's quarterly addition at an all-time high and breaking many records. So why this discrepancy, why this different nature of trend is there? This is a new business while Domino's is a very mature business, so why not accelerate in Hongs and Ekdum! also.?

Pratik Pota: No, thank you, Abneesh. Thank you for the question. And I think your observation is spot on in terms of the piece of store opening. I think on Hong's Kitchen, let me share with you and update. Actually, we've made good progress in Hongs on multiple fronts. Our quality of food, our menu overall has been accepted really well. Our pricing is seen to offer very strong value for money. Our in store operations have been streamlined. There is greater consistency. We also are now moving and working closely with a central manufacturing kitchen and using a lot of our stocks coming from there and products coming from there to, ease operational complexity in the stores.

In Hongs we see that we are in a good place and you will see us expand our network more so in the coming periods. I think on Ekdum! given the fact that we launched it, well after Hongs there is a lot of work going on in refining the overall Ekdum! model. And you will see Ekdum! scale-up only with a phase like after Hong's Kitchen.

Abneesh Roy: One follow up on Hong's. You mentioned in opening remark that this is the largest QSR chain in Chinese in NCR. What metric are you seeing here? Is it number of stores or is it any other metric in terms of revenue or any other if you can share?

Pratik Pota: Abneesh given the fact that credible and reliable estimates on revenue or other financial measures are hard to combine. My remark was hinted to the number of stores and the size of the network.

Abneesh Roy: Yes, my second question is on store closures. So I'm coming to Domino's. So 15 stores closed in Domino's. So now what we are seeing is Dine-in not just Domino's, across retail format, as in the store footfalls are seeing a spectacular recovery. So if you see multiplex numbers came out in Q3, they have reported much better than expectation – initial expectation. So now when you have been closing stores, so when recovery happens in dine-in, so would you be at some disadvantage because your store close lot of the stores from a dine in perspective or your store openings are taking care of that? If you could elaborate on that?

Pratik Pota: Sure Abneesh, I think the store closures that we had in the last quarter were very specific and very targeted. And a lot of the stores that we closed were in tech parks or in travel and transport locations, like Metro stations, more railway stations and some closures of regular high street stores for very specific reasons, local reasons, and local issues. The number of closures in malls that we had were marginal, just two stores out of the 15 that we closed, were in malls. I think given the mix that we have right now of stores, which are in high street locations and which are in delivery, carry out format and which are in the more traditional dine-in friendly format or locations like malls, etc. We have a good portfolio and we are absolutely confident of being able participate in their full dine-in recovery when it happens. Even in the last quarter, we saw a very encouraging dine-in recovery intra quarter, of course, which was which was interrupted by the restrictions, which came in the second half of December. But we feel good about the fact that the assortment of stores that we have, the portfolio stores that we have and the formats and locations, which they are in, we are well placed to participate in the strong delivery growth as also participate and drive the strong dine-in recovery. So I do not think there will be -- there's any question of us missing any opportunity, these are very considered and very deliberate closures that we made. And as you can imagine, 15 closures over the last three quarters on network of our size, that's a very small number.

Abneesh Roy: So last question and essentially a follow up on Domino's only. So when I see customer clearly requiring instant gratification, we have seen Swiggy scale up, for example, 10 minute delivery. You also spoke regarding the 20 delivery, which is scoring well on NPS and all that. Also, you said going forward, you'll share the LFL data and not share the FSD data. So when I see the 75 store addition, which is a record breaker how important a reason is the 20 minute delivery for this? And if it is important, will the record breaking spree or very high store that is now a fact of life. So essentially you would need to be much closer to the customer, so you will need to expand much faster.

Pratik Pota: So Abneesh, as we've said -- both in the earlier investor calls as also opening remarks now, driving faster delivery, making sure we reach our customers, in the lowest possible time, that is a very deliberate and a very important part of our overall strategy. We made very good progress over the last two quarters. And as I mentioned earlier, more than 60% of our orders now, a majority of our orders in delivery now we delivered in under 20 minutes. So it's a very encouraging and very robust progress that we made on the 20 minutes. And that has led to, as I mentioned in my remarks a significant improvement in customer satisfaction scores. One big driver therefore fortressing strategy and our store-split strategy is we need to shrink the delivery areas and get to our customers faster. So you will see us maintaining this approach and this strategy as we go ahead. You will see us fortressing markets, but you'll also see us enter new towns. You'll also see us enter virgin areas in the existing markets and grow the network in that manner as well.

Abneesh Roy: Sure. That's all from my side. Thanks a lot.

Pratik Pota: Thank you.

Moderator: Thank you. The next question is from the line of Vivek Maheshwari from Jeffrey, please go ahead.

Vivek Maheshwari: Hi, good evening everyone. My first question again is SSG could you just -- so while you mentioned, but you know -- I mean after reporting SSG number for so long, what drove this change. Why did you think about, you know, moving from SSS to LFL, if you can clarify that position?

Pratik Pota: No, sure. Vivek, I think that's a fair question. And let me attempt to answer it and of course happy to take any follow up questions, if you have any. I think the inherent logic for reporting LFL and believing very strongly, that LFL is a more appropriate and relevant measure, comes from the fact that as a very deliberate part of our strategy, we are fortressing our markets, we are splitting our stores. In other words, we are looking to carve out areas of existing mother-stores and open up new stores to allow us to serve our customers faster. So there will, obviously, be a pressure on mother store revenues and mother store growth in the short term as these new stores play out. And these plates, as I mentioned earlier are done to reduce the delivery time and ensure that we get closer to ambition of delivering 20 minutes across the country. LFL therefore is a much, much more appropriate and accurate measure of the real underlying growth in the business. Because it takes out the impact of the store split that's number one, number two, I think just to reassure everyone the base of stores on which we report LFL, like for like versus same store growth, the base is not very different. So for instance, in the last quarter, just to give you the numbers and to illustrate our LFL number was reported on a base of as much as 1,052 stores it's not a small number, it's a very large number and had to be reported SSG it'd been reported on a base, which was only about 100 stores higher. So it's a very significant base of store on which we report LFL. That's my second point. And the third point is that, that dispersion and the difference between LFL and SSG is not large. It's a small difference. I think the reason, however, why we are reporting LFL and not SSG, it's a more conceptual reason because we believe very strongly that it's important to take out the split store impact, which is a very deliberate strategy that we are embarking on, to take out that impact and to be able to show what the real underlying growth of the business is. And that gets captured best by the metric of like for like growth, removing the noise of the split stores.

Vivek Maheshwari: I see. Okay. And just a follow up Pratik, because there have been lot of investor worries about the change in this reporting. Could you not have given both the numbers as you have been doing in the past and is there some sort of worry that SSS number will not look good in the foreseeable future, maybe for a few quarters? And that is the reason what I mean, the timing is something that a lot of investors are questioning to be honest. So any color again would be useful.

Pratik Pota: Yes, no, no. I appreciate the question. And thank you for asking that question. Look, I think, like I said earlier the reason why we are reporting LFL and we have stopped reporting SSG is a very conceptual reason that this is a much better indicator of our real underlying revenue growth, number one, that said, however, Vivek, I want to repeat what I said just a little while ago, which was the difference between the two numbers is not substantive. It's a small minor difference. So if there's a concern that is being done so that, you know, to not show SSG number, I think that concern is misplaced. I think our numbers remain stronger, numbers remain robust, but the LFL number is a far better indicator, a far better measure of the real revenue growth and the real underlying growth, which is I guess showcasing that in this.

Vivek Maheshwari: Got it. And last follow up on this and I'll get back in the queue, which is basically, do you also envisage as you are accelerating and let's say adding more number of stores in the medium term, do you anticipate the cannibalization, which is far higher than what it was in the history?

Pratik Pota: So that's again a very good question, Vivek. So let me give you some comfort and some clarity on this. I think the real really encouraging part of our fortressing strategy is the fact that our performance of both the mother stores that we split and the new stores that we open in these areas remains very strong and very encouraging. So our new stores that we open actually, both in the split areas, in the fortressing markets as also in new markets, virgin markets, our stores pay back in under three years. In some cases in a split-store situation, well, under three years, number one. Number two, the mother store that we split gets back to its old revenue pre-split again in well under three years, in some cases in under two years, the mother store and the new store in its area, the split store, together and as you can imagine have a significantly higher revenue, a significantly higher EBITDA and significantly improved customer experience, significantly improved delivery times. And to make the whole model virtuous and a win-win-win model, our operating costs go down, our network effect kicks in, our delivery costs -- cost per delivery goes down. Our logistics cost, supply chain costs go down. So think about the situation where we have our stronger revenue growth, a stronger EBITDA growth, a stronger customer experience and more efficiencies and lower cost. That's a complete virtual cycle that kicks in as a result of a fortressing strategy. And that's what we are working on.

Vivek Maheshwari: Got it, Pratik. Thank you all the very best.

Pratik Pota: Thank you, Vivek.

Moderator: Thank you. The next question is from the line of Percy Panthaki from IIFL. Please go ahead.

Percy Panthaki: Hi team, good evening. My first question is on the pace of the recovery. So if we see Q2, versus two years ago, I think the total sales growth was somewhere in the region of about 11% or so. Q3 versus two years ago, it's about 13%. So there really hasn't been any further, sort of, incremental recovery versus Q2 or a very, very minor recovery versus Q2. And in the past we've held that as dine-in opens up that will sort of add sales without taking away from delivery. But what we've seen happening in Q2 versus Q3 is that while dine-in has recovered not fully, but versus what we had seen in Q2, there is a recovery there, but it is not adding to the overall sort of, picture because versus the recovery that we had seen in Q2 in the delivery, that number has come off. So it's become, sort of a zero sum game between these two portions. So some thoughts on this topic, whatever you think.

Pratik Pota: Well, thank you, Percy. Let me first respond to your question about recovery in dine-in and overall recovery. I think the Q3 performance and the recovery needs to be seen in the context of operating constraints on the ground. The operational hours that our stores were allowed to operate for in the third quarter, but as much as 5% lower than the previous periods, because of various restrictions, and I'll talk about more of that in just a minute. So we had actually lower operating hours on the ground than in the past, number one. Number two, dine-in capacity restriction, dine-in being kept at 50% continue during the quarter. Number three in the second half of December, there were far more restrictions that were enforced, again to illustrate, there was a dine-in closure and a curfew in Maharashtra from 9:00 PM onwards. There was a dine-in closure and curfew from 10:00 PM onwards in Delhi and Bangalore and across a large number of markets there was a night curfew imposed, either from 10:00 PM or 11:00 PM. Now when curfew gets imposed at 9:00 PM or 10:00 PM, people plan their consumption in a way that allows them to get back home by 10:00 PM. So we saw a very big hit, both in dine-in and in take away, in these key period, key days of December, is the key day part of dinner. Now, despite these restrictions, we saw a robust dine-in recovery during the quarter. And as you know, I think it's important to recognize that the dine-in recovery was proceeding intra-quarter very well, but saw some moderation and saw some pressure in the second half of December. So if I had to split open the quarter by October, November, December, the recovery was very robust until the second half of December then, because of the constraints that I just called out, we saw the pull back on recovery. So that's number one. Number two, is that on delivery, I think it's important to recognize that in the third quarter delivery grew well versus both the pre-COVID period and versus the same time last year. And within delivery, like I mentioned in my opening remarks, our own assets grew significantly faster. So, we do not see a pressure between delivery and dine-in. I think there is certainly some play on the ground between dine-in and take away because sometimes consumers are not comfortable dining out. They switch to take away. So, there is some interaction there. Again the numbers capture some of that interaction. But it is not a trade-off between delivery and dine-in. And we are very confident that – and we saw that happening, we saw it happened last quarter. But as restrictions were revoked or whenever restrictions are not there, we saw a strong resurgence in all channels, especially in dine-in. So what we have seen in quarter three and what you are seeing get captured in the numbers, is a direct result of operating restrictions and supply restrictions, not a reflection of the demand, either in dine-in or in delivery.

Percy Panthaki: Just a follow-up question on this. If I look at the operating hours for Q3, that is the December quarter this year, and compare it to the September quarter of this year, the immediately preceding quarter, would you say that there is a reduction in the December quarter in the operating hours versus the September quarter?

Pratik Pota: No, I think sequentially quarter-to-quarter there wasn't a reduction. But I think both year-on-year and within the quarter sharply towards the last part of the quarter, yes, there was a reduction most certainly.

Percy Panthaki: Okay. So, what I'm trying to understand, and I'm sorry for digging deep here, if I don't have enough time, I'll restrict myself to one question only. But what I'm trying to understand is across different consumption segments, Q3 has been a little more robust compared to Q2 on overall sales. We might debate on the sort of mix of the channels etc. but because of the reopening trade, etc. Q3 has been a little more robust. But what we are seeing for Domino's is that, that's not really the case. The two year growth for Q2 was 11%, the two year growth for Q3 was 13%, so very, very small, kind of increase. If I look at even the sort of sales per store on a two year basis, I think that average number of stores added over two years is about 11% - 12%, the sales growth is 13%. So it's only 1% to 2% growth in the sales per store across a 24 month period. So, it seems that the recovery which we saw in Q2, and that was a robust recovery, but it has more or less stagnated at that level and there is not much further recovery going ahead. So, what do you think like going ahead, of course, Q1, I mean, Q4 will be impacted by COVID, but assuming that by March end COVID is out of the way. Do you think that the sales per store still has some amount of sort of catching up to do or some amount of leeway to grow versus what we've seen right now?

Pratik Pota: Percy, let me answer the question in two parts. The first point that I think is important to underline is that, for the restaurant industry and the foodservice industry, December is a huge month. And the second half of December is when sales and orders spike. In this largest peak period in the year, we had very strong operating constraints put in. And therefore, the impact of that 10 days, 12 days closure or restriction was disproportionate. It wasn't just linear. It wasn't just a 12% of hours produced in that time. It was a far greater and a far more disproportionate impact, as you would imagine, given the nature, given the importance of consumption in those days for our category. And had we not had those restrictions headwinds, would have seen the performance would be significantly higher. And we saw the numbers in the month of December hitting very strongly and we saw the numbers get challenged the moment we had restrictions, the moment there was curfew imposed, the moment movement and mobility on the ground was restricted. We saw that across the country, especially in the peak metro that matter for us the most. So, I think it’s important for us to recognize and factor in. In other consumer companies and I won't speak on behalf of them, but I dare say maybe that relationship is not as it is for our industry, it is much more linear and much more evenly spread out. But I think our industry gets impacted disproportionately in December, and which is why I think it was a body blow for the entire industry and for us in the last couple of weeks of December. That's your first part. Percy second part of the question about sales per store, I'm sure you are factoring in the fact of store splits in our strategy. When you look at sales per store because we are, as I mentioned earlier, very deliberately embracing a split store, will obviously, the store will have a lower revenue at least for the first couple of years and before it will have a light pass back to recovery. So we are doing that as a part of a deliberate strategy. So I'm sure you're factoring that in when you look at the numbers. But we -- look we see growth, we do not see a demand challenge. I think we have struggled with operational challenges of the ground because of restrictions, operating hours constraints, curfew hours, etc. But we do not see a challenge on the demand front. Does that answer your question?

Percy Panthaki: Sure. So, yes, thank you. The last point on this is, if I were to remove the last 10, 15 days of the quarter, say take only the first 75, 80 days of the quarter, then on that basis, the 7.5% LFL, how much higher would it have been?

Pratik Pota: Look, Percy, all fairness, I wouldn't want to speculate a number, because that's hypothetical. But I can tell you the number would be significantly higher. You will not be fair on my part to give a number, because that's all hypothetical and subjective. But we saw a significant impact of the restrictions in that last fortnight of December, especially the last 10 days.

Percy Panthaki: Okay, okay. Yes, that's all from me, Pratik. Thanks, and all the best.

Pratik Pota: Thank you.

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

Manoj Menon: Hi, team. Just again two questions only. Just one again on the SSG LFL Pratik, So I'll just tell you and maybe Vivek was, I would say, had that question, so just following up on that. So, look, Pratik, the problem which I have is, look, there are definitions which are globally accepted. So that's point number one. Point number two, -- in retail industry or restaurant industry. The second aspect is, let's say, when I look at it, let's say an FMCG company, I know that I'm not asking a question, saying that look, what is your penetration led growth versus, let's say, per capita consumption growth. So when it comes to retail, SSG is obviously an element, which is needed for an absolute evaluation and also for a relative evaluation. The second aspect, actually, here is that, as I said, I'm not aware of any global such template. The most important point the way I see here is that, look, the smart investor, the way I understand, does not really care whether there is SSG or new store growth. SSG is only a hygiene element to actually evaluate saying that look, what is the core growth there. So, I would strongly request you and the Board to reconsider this and give LFL and SSG both.

Pratik Pota: Manoj, first of all, thank you so much for your feedback. I'd say couple of things, and of course, I think your feedback has been heard and we certainly heard it together and respond to it. But why do we do that? Let me just give you a couple of points.

Manoj Menon: Sure.

Pratik Pota: I think LFL Manoj is not an outlier metric. It is a metric that's also reported by the QSR industry and indeed by other Domino's franchisees across the world, most franchisees report LFL because LFL, like I mentioned earlier, is a far more accurate descriptor of the true underlying growth in the business after taking away the noise of a store that we've split deliberately and by design. So, I would say that if you look at the trend line on LFL, you will get a very good, very accurate and very appropriate measure of how the business is trending and performing. That said, we heard you Manoj, and thank you for your feedback.

Manoj Menon: Understood, sir. Sometimes we are just being messengers or journalist in that sense, right. I mean, kind of, so just because investors, many of them normally don't come on a call and convey this. They'll probably do it one on one. I'm sorry for that, actually. Thanks.

Pratik Pota: No, no. Appreciate it. Thank you.

Manoj Menon: Yes. Sir, the second thought is, just wanted to pick your brain on a longer term trend, which may be, thanks to COVID that may have happened actually, at least in some part of e-commerce, etc. I've been hearing this from them saying that look, now convenience is actually a far important vector for the consumers and that has fundamentally changed consumer behaviors, etc. The point I'm trying to understand is when you move from 30 minutes to 20 minute delivery, etc. is this also one of the things which you first of all agree that hypothesis that convenience. And to that extent you being the pioneer would need to now create newer benchmarks. That's just one question here. The second aspect is also -- is it also to do with, let's say, when I look at some of your competing brands, some of these listings etc., recently, is it also a case of likely relative competitive intensity increase, while respecting the fact that there is a huge opportunity for everybody to grow, but at the same time, there are competing brands which may have reached a certain threshold size, which biggest state. Thank you, sir.

Pratik Pota: So, Manojji, let me respond to the question in two parts. I think you made a passing reference to the fact that cream is becoming a much bigger driver in multiple categories. I think the exciting part about a category is that the home consumption, the home delivery market is growing, driven by convenience, driven by the need to break boredom, to find some relief from homemade food, and a much greater acceptance of the lower gatekeeper barriers of non-homemade food. But even as that plays out, I think the relevance of on-premise occasions, relevance of dining occasions remains very high, because that's an occasion to celebrate, to socialize, to get together with your friends and get together and live it up. And of course, that's constrained right now because of COVID. But when things normalize, you will see a strong resurgence of dine-in even as the home delivery consumption, habit, holds up, and indeed grows. I think that's an important point to keep in mind in our category that we are in a good place from point of view of category growth and category formation. that’s number one. To the second part of the question about the delivery speed, I think, 25 years back we pioneered the concept of home delivery. And for the last 25 years, we've always been the defining benchmark in this category. The consumer has looked at us as delivery experts and as people who provide the best in class delivery experience. We have decided to challenge ourselves and delight the consumers and surprise the consumers by reaching them even faster. We know that time is the enemy of food, the faster the food comes to you, the better it will taste, all as the equal, the better will be your experience. And therefore we are challenging ourselves to really get to a customer much faster and give a much better customer experience. I think we do not navigate our decisions by what's happening in the competitive space, which are guided by the consumer and how we can delight him or her. So that's been the primary driver, to be honest, offer effort to go from 30 to 20 minutes in delivery timing. And like I mentioned earlier, it's something that's working for us. We are seeing it translate initially to greater customer satisfaction. And we believe that this will become now the new definitions for good delivery and great delivery in Indian marketplace. Look, we have to challenge ourselves. Nobody will challenge us. We have to challenge ourselves and give a ways or bar by ourselves and that's what we are doing on this.

Manoj Menon: Absolutely, Pratik. Completely understood, because -- thank you, sir.

Hari Bhartia: If I can add, Pratik, to what your remarks. And I think all of you have seen that we have added in the last three, four years, the new design, Ace design for our stores with the belief, with a very strong belief that dine-in as a segment is still continuing to be very attractive for customers who would like to come to the store, watch the pizza being made. That's why our stores are opened. Pizza is considered as a theater. And our new design is very attractive for people to be visiting the store. So that's the belief and that's why all our new stores wherever we open, whether in India, Sri Lanka or Bangladesh have really designed for dine-in or take carry out experience. And the other thing on the delivery point of view on 20 minutes, I just want to really remind everyone that we start making the pizza the time you order and then we deliver within 20 minutes. So it's not a packaged or pre-prepared food in any manner that some of the cloud kitchens do deliver. So I just wanted to say that achieving 20 minutes with a freshly made pizza after ordering requires a lot of effort and this is what we are pioneering in India.

Manoj Menon: Thank you, sir. Truly appreciate actually. In fact, we at ISEC had visited one of those open kitchen stores two years back and written about it as well. So, really excited. Thank you. Appreciate.

Hari Bhartia: Thank you, Manoj.

Moderator: Thank you. The next question is from the line of Jay Kumar Doshi from Kotak. Please go ahead.

Jaykumar Doshi: Yes. Hi, thanks for the opportunity. My first question is, when I look at your revenues versus December ‘19, it's up 13%. When I look at employee cost, it's down 3% and when I look at other expenses, it's up 27% versus December ‘19. So, is there any change in the mix in terms of -- are you handling larger volumes of delivery through third-party logistics providers and that cost is not getting captured in employee cost? Can you explain this part please?

Pratik Pota: Sure. I’ll request Ashish to chip in here and respond please. And I’ll add to that.

Ashish Goenka: Yes, sure. Thanks Jaykumar for your question. I think, yes, you are right. We have, as you know, very consciously being variable using our costs to give a better flex to our P&L. And part of the reason you see a reduction in employee costs is because of the variablisation of cost and that cost getting reported under manufacturing and other expenses. But even if we were to normalize for that, Jaykumar, I think it's a, I would like to highlight that, even if we were to normalize for that, we have seen a reduction in our employee cost both sequentially and versus prior period, because of the fact that we have also been driving productivity and reducing wastages across our coastline, especially on manpower. And also we have been getting benefits of operating leverage. So it's a combination of all three.

Jaykumar Doshi: Understood. What percentage of your delivery volumes are currently being handled by third-party and what was that number pre-pandemic?

Pratik Pota: So we don't deliver through third-party.

Hari Bhartia: Ashish, you should say that.

Ashish Goenka: Yes, yea. To clarify, we still have our own delivery fleet, just that the -- when I say variablisation of manpower instead of fixed service contracts, now we have variable contracts with the same employee where we have various models in terms of flexi working hours, pay per delivery, but it is not third-party delivery that we are using, but the deliveries are happening from our own.

Jaykumar Doshi: But is it captured in employee expenses or does it get captured in other expenses?

Ashish Goenka: It gets captured in other expenses, because technically speaking they are no longer employees, and therefore, as per accounting norms, they get clubbed under manufacturing and variance cost.

Jaykumar Doshi: I see that's helpful. Second is this from a definition perspective, how do you sort of define splits store in terms of, in what radius of an existing store, if you open a new store, you consider that as a split store? And when does that split store again come back, both the mother store and split store split store come back into the network for LFL calculation?

Pratik Pota: Ashish, you want to take that.

Ashish Goenka: Yes. So, I'll answer the second part first Jaykumar. So, the -- we believe that a store takes about 24 months to maturity, and we allow that period for the store to then come back to the days in terms of the calculation of LFL. So, all stores which have opened up to say 31st March of 2020 are taken into account and in terms of calculating our LFL.

Jaykumar Doshi: Right. No, no, and in terms of definition, if you are opening a store within half a kilometer radius, one kilometer radius, how do you sort of define that a store as a new store or a split store?

Pratik Pota: Yes. Any store Jaykumar that in the delivery area of the mother store and takes away orders and revenue is defined as a split store. And the extent of the split varies depending on where the store is located and in how much of the mother store areas it feeds into. But if it eats into the mother stores orders and revenue is defined as a split store.

Jaykumar Doshi: And sir right now in this quarter, you mentioned earlier that, 1,052 stores were considered for split LFL calculation, 100 stores were not considered, right. Now, when you get to let's say about 2,000 stores assuming you're at 200 stores for the next two to three years, will that gap widened significantly? Will this 1,000 versus 100 become maybe a 300, 400 store gap, 200, 300 store gap?

Pratik Pota: No, Jaykumar, the way that we work is that, as Ashish mentioned, stores that are opened or split before 1st of April 2020 would have got taken into calculations for this year. So, on a rolling basis, we will open more stores and we split some of them. So we don't expect this gap to widen, because already, as I mentioned in my opening remarks as well, split stores comprise a significant part of the overall stores that we got. So we don't expect that we should have changed significantly, because again, I mentioned in early my remarks I think to Vivek as well, which is that our opportunity is not just in doing fortresses, and going into existing markets, existing store areas, but also we have a large opportunity in opening new towns, which is why we opened in 17 towns this quarter given a large opportunity in looking at new virgin areas in existing markets. So the opportunity is tremendous across all of these markets, and therefore, we don't expect this gap in SSG and LFL to widen.

Jaykumar Doshi: Understood. Thank you so much.

Pratik Pota: Thank you.

Moderator: Thank you. The next question is from the line of Arnab Mitra from Credit Suisse. Please go ahead.

Arnab Mitra: Yes, hi, team. My first question was on new stores. So, in the past, how we used to think of Domino's growth was there was an SSG numbers and there would be new stores and typically started at 70 - 75% in the first year itself. So if, let's say, you add 15% stores in the year, one would assume let's say 10% addition to the top line. So given that there's a lot more of splitting given this 20 minute target that you have, should we therefore be building lower contribution from new stores on the overall growth of the company? Of course, for the longer term, it increases the competitive advantage. But in terms of absolute sales that it generates incrementally for the system, it will be lower than what we have seen in the past.

Pratik Pota: Arnab, it's I think, let me just point to that by repeating what I said a little while ago, which is that, when we look at the performance of a new store that we are opening, the new store payback is well under three years and it is anything that's improved over the years. The recovery of the mother stores, again, the glide path to recovery has improved. And we are looking at recovery again well under three years. So if anything, the equation of same store versus existing stores that equation has improved. I think it was also kept in mind Arnab that there is also a lot of noise in the numbers on account of restrictions and the COVID-related issue that we spoke about earlier. And it's important to shift that apart by looking at your modeling and your projections. I think from our point of view, it's important for us to underline that our performance of new stores is very encouraging, very robust. Reopening 50 stores or 75 stores last quarter, we see them doing well and paying back in well under three years. We see the mother store wherever there's a split, doing well, recovering well under three years, much faster than three years. So, from our point of view, the performance of the new stores is very, very encouraging.

Arnab Mitra: Sure. My actually questions just as follow-up was that, incrementally let's say this year you've added 175, 180 stores. The percentage of new stores which are essentially cannibalizing some sales from earlier stores that has increased and will possibly increase given that you have the budget of lowering the delivery time. So, from that point of view, while I completely take what you're saying in terms of payback period that all is intact, but the incremental overall sales addition from new stores is at a slightly lower pace for the system average. Would that be a – like how you would also see it?

Pratik Pota: No, Arnab. I want to repeat again what I said that when we open new stores, the new store opening logic is not governed only by splitting existing stores or only by doing faster delivery. The logic for opening a new store is driven by three or four things. New town opening, a new town opportunity. We are present in 322 towns. India has more than 700 towns with more than 1 lakh population. So there is a huge runway for us to enter new markets. Go deeper in existing markets don't say we have one store, we can open the second one, if we have two, we can open a third one and so on and so forth. Number three, open more stores in areas, in existing towns. Even in large markets we have a large network, but we see the opportunity as being even more in virgin areas. We are seeing the urban sprawl grow in metro after metro with increasing urbanization. And therefore, there's an opportunity which comes up in these new emerging micro markets. And then, of course, there is room for us to split the store to do faster delivery. So, all of these are very important and different reasons for opening a new store. It's not just given by a split. So which is why we expect this delta between SSG LFL I just spoke about earlier, not too widen. There may be some noise quarter-on-quarter depending on the phasing of stores, but it will not be a democratic trend of widening, no, not for sure.

Arnab Mitra: Got it, Pratik. And my second, sure.

Ashish Goenka: If I may just add Pratik and to specific to your question, Arnab, the incremental sales or revenue that we see from a split store versus a new store in a new town and the buildup of revenue is actually not very different. So that I think answers, should answer your question. And secondly, the ratio of split to new that we're seeing in the past couple of quarters is not unlikely to be very different in future as well.

Arnab Mitra: Got it, got it. And my last question was on the inflation that you mentioned on food as well as QL, if you could just let us know in the pricing that we have taken does it kind of mostly cover for the incremental pressure that you're seeing on the cost side? And any kind of negative reaction you've seen from a consumer demand quantity after the price increases were take that would be the last question.

Pratik Pota: I'll take on that question, Arnab, thanks. So we did make a pricing intervention towards the latter half of December. So I think the pricing has gone in well. We are continuing to see headwinds on inflation in the current quarter as well. So we'll keep watching the space very closely. As you know the situation is quite dynamic. We are seeing the way crude has been moving up and the pressure on commodities are continuing. Right now we believe that the pricing intervention that we have taken towards the end of December should cover for a large part of the inflationary headwind that will face in quarter four. But we'll keep watching this space closely. However, we are committed to delivering us a very healthy level of margins.

Arnab Mitra: Okay. Thanks. That’s it from my side. All the best.

Pratik Pota: Thanks.

Moderator: Thank you. The next question is from the line of Avi Mehta from Macquarie Capital. Please go ahead.

Avi Mehta: Hi, sir. Sir, I just wanted to kind of, again, check on this SSS and LFL explanation. What I wanted to understand is that, the gap between overall revenue growth and LFL that has reduced over the years despite store additions as a percentage remaining more or less constant at around 10% - 11%. I wanted to just understand conceptually, is this reduction in gap more because of splitting? And the reason why I say is first quarter the difference between LFL and SSS was 6%, second quarter it was 3%. So, what number should we assume to be -- so that we can understand the new store performance?

Pratik Pota: Avi I’ll try and answer this question and admitting a repetition to you, but please bear with me. I think we are seeing tremendous opportunity in opening new stores. The new stores come with very good paybacks. Our mother stores that we split recover revenues very, very quickly. We also obviously are seeing the new stores give incremental system revenue growth. Now, I think there will be some noise quarter-on-quarter in terms of the gap between LFL and system growth. I think the underlying point to recognize is that we are seeing strong underlying growth of like for like of stores that we haven't split, bolted on and accompanied by growth coming from new stores that we opened, which do well, which pay back in under three years and that together means for system growth. There may be some dispersion and some difference quarter-on-quarter. But I think the larger point is that both are split stores and a new stores are doing exceedingly well.

Avi Mehta: Okay, sir. Okay. Well, I mean, the inherent reason was I asking this is just to understand this better, and so we can appreciate if it is split related as you rightly said. It will recover with the lag. But if it is new performance related, you would have like to understand what is the reason but I hear you.

Pratik Pota: And Avi just to sort of repeat what Ashish said a little while ago, I think in terms of the payback and the performance of both our new stores in new virgin areas, and also the performance of our split stores, both of them are very strong and very robust and not very dissimilar in terms of payback. I think sometimes you might see the numbers vary because of the timing of the store opening into a quarter depending on when we open in the quarter, we open in the first month of the quarter or the second month or the third month etc. that might be the nice thing because of that. But conceptually the larger point is that both our split stores and our new stores are doing exceedingly well and doing similarly.

Avi Mehta: Okay, sir, clear. Sir, the second bit was essentially on the -- as we reopen now while you've pointed towards operating restrictions, what you had highlighted in the last quarter is, there is an increase in promotional activity that you witness. In that context, a) Whether that is sustained? and b) with the price increase, have you seen any consumer push back? If you could kind of give us a sense of how that is happening? Thank you.

Pratik Pota: Avi, I think on your second part of the question, first, we implemented as you know, price increase in the month of December, it's been almost 45 days since then, we have not seen a pushback from customers on pricing acceptance. I think it's important to remember that even after the price increase, we remain the most affordable and, there I say the best pizza, and therefore the most value for money pizza offering in the market. We have been tracking our value for money scores very closely in the last 6 to 8 weeks. If anything, they've improved, and there'll be no pressure on value for money. So, we feel good about the way the market and the consumer has accepted price increase.

Avi Mehta: On the promotion point, sir, if you could just comment on that?

Pratik Pota: I think what has happened Avi, on the promotion intensity is that as inflation has hardened, and there's been very real cost pressures across the category, we've seen the promotion intensity across industry become a little bit moderated. And we expect that to continue also in Quarter 4. We are seeing brands become a little bit more selective about promotions, use a lot more of targeted promotions and targeted discounts rather than blanket across the board discounts. And our strategy is similar, we are using very targeted discounts based on discount affinity, based on the purchase propensity and responsiveness to discounts. And we're doing very, very focused discounts and promotions, to drive conversions without having an across-the-board discount been given out.

Avi Mehta: Okay, sir. Thank you.

Pratik Pota: And just to also underline what I said in the last call as well, we are competitors in our promotions, and we will remain competitive. Our promotions are obviously structured in a way that we incentivize customers ordering from our own assets. And therefore, the best promotion and the best pricing it's always able to customer on our own assets. And we see that translating into higher growth and higher stickiness for our own assets.

Avi Mehta: If I hear you correctly, you're saying relative price index, if I were to kind of put that that remains more or less similar to second quarter despite the price increase because of the change in promotion intensity. That's right feedback to take up here, right, sir?

Pratik Pota: No, I didn't say that. That was your interpretation, Avi.

Avi Mehta: Yes, that was my interpretation. But I just wanted to clarify, correct.

Pratik Pota: No. So, just to clarify, off course, promotions continue. But for the category as a whole, there'll be some moderation given the inflationary pressures. But our prices have been received well and it's gone down smoothly.

Avi Mehta: Okay, sir. Thank you very much, sir. Thanks a lot.

Pratik Pota: Thank you, Avi.

Moderator: Thank you. The next question is from the line of Gautam Rathi, from CWC Advisors. Please go ahead.

Nishit: Yes. Hi, this is Nishit. Thanks for the opportunity. And congratulations, Pratik for opening 75 stores, great achievement. Very, very happy to see that. Just wanted to understand on, I know you've already answered this question before, but just still, just trying to get a slightly better qualitative view, if you could share something more out there. Is the fact that you came out and said hyper growth is what you are looking to target. Right? And so, the question, I'm going to understand this with all the noise that was there in this quarter with the last 15-20 days seeing restrictions with you closing stores and all those things out there. Were you seeing hyper growth in the period that things had started to normalize? Right? As per your this thing or was that the big reason?

Pratik Pota: No. Thank you for the question, Nishit. I think short of using semantics, I think it's important to recognize that the operational constraints during the quarter, materially impacted the performance. And, of course, the constraints that were increased during the second half of December, aggravated that impact. I think our opening of 75 stores, underscores and points to our belief in the hyper growth potential of this category, in the period ahead. The fact that notwithstanding the restrictions, we have, if anything, increased the pace of new store opening, the fact that as I mentioned earlier, Nishit, we – our experience with new store remains very strong. Our split stores experience remains very strong. I think that points to the fundamental momentum in this category, it's hard to see that translate entirely into numbers because of the operating restrictions. But we feel good about the inherent and underlying momentum of this category.

Nishit: Sir, Pratik, just a follow up on that.

Pratik Pota: I think, if we were to recognize Nishit that and we discussed this last time -- sorry, sorry, let me just finish. Yes, sorry. I think it's important to remember that COVID and the pandemic is going to be a structural pivot point for this category. It is leading to one, it will lead to even more, the industry becoming a lot more organized, as consumers seek out and prefer the safety of known brand, established brands, with hygiene standards that can be taken as read. So, we will see the structural change happen and we are seeing already play out. You will see the formation and the growth of big brands within this category. All of these are the tailwinds. I think there are these often on headwinds that come from COVID and the restrictions that are imposed because of that. So, it's hard to pull apart the noise. But the fundamental belief that we had in the categories potential and the growth, two quarters back, one quarter back remains absolutely unchanged. If anything, we are even bigger believers.

Nishit: Pratik, just this one -- because the only point I'm trying to understand here is you mentioned December is a very important quarter. And if my understanding is right, December '19, the share of dine-in would have been much higher. Right? And so, if you see a massive de-growth in that category, which has not come up, so all the good work that would have been done, and the delivery and takeaway is kind of optically getting worse. Is that -- I'm just trying to understand -- trying to peel the layers of this 12%-13% number that is out there. Right? Is that fair to kind of -- because otherwise, this number would have been much better?

Pratik Pota: No. So, I think, like I said earlier, I think the impact on the ground that we had in December was material, and significant. And that happened because of restrictions coming in, in the most important period, the most important days of the month, and the most important days of the year. So, the answers is the affirmative. That yes, had we not had those restrictions, our performance and the numbers would have been significantly higher. Far to hazard a guess as to what they would have been, then I wouldn't want to go down that path. But yes, we were impacted materially by the restrictions in December. But it's important to remember also that there were restrictions on going even before that, now, especially on dine-in.

Nishit: No, that's fair. That's fair. And one last thing. You said you -- can you share your NPS number? Because you – that'd be great if you can get that number?

Pratik Pota: No, I mean, I think it's a fair question to ask. And look, we are maniacally focused on tracking NPS. And we feel really good about and very proud of the progress that we made and the team depending on the team that has driven it, I'm really proud of the work they've done. We have moved the needle on NPS significantly. And we have moved the needle despite the operating challenges on the ground in terms of COVID, in terms of restrictions and constraints. I think quarter on quarter over the last 2 years, our NPS scores have moved up, they're moved up in dine-in, they're moved up in delivery, they're moved up in takeaway. So, I mean, I would not be going to share the numbers, unfortunately. But I think the reality is that our numbers are absolutely right out there in terms of being best in class.

Nishit: Thanks a lot, Pratik. I'm very excited to be part of this journey.

Pratik Pota: Thank you so much for your questions.

Moderator: Thank you. The next question is from the line of which Vishal Punmiya from Nirmal Bang. Please go ahead.

Vishal Punmiya: Yes. Thank you for the opportunity. And firstly, congratulations to the team for the launch of Popeyes in India. And really best of luck for that business. In terms of store additions, continuing from the previous question, with 16 net additions this quarter, are we revising the store opening target from 150, 175 for FY22.

Pratik Pota: Vishal, as you know, we've already opened 150 stores. So, it would be fair to say that the number that you'll be delivering would be higher than 160 to 175. It'll be closer to 200 store that we opened in this financial year. So that's what we are targeting. Of course, remember that there are challenges on the ground in terms of COVID and operating restrictions. So those are the on-ground challenges. And they would certainly impact the way the pace at which we opened the stores and the phasing of these stores. But our objective is to go after now or revise number of 200 stores.

Vishal Punmiya: Understood. Secondly, you mentioned that for the Popeyes business, there would be an in-house delivery fleet with 100% use of E-bikes. If you can also help us with the number of E-bikes that you use today in the domestic Domino's business? And is there any target in terms of E-bikes for the domestic Domino's business, in terms of the number of bikes, as well as in terms of the investment that would be put behind that? Thank you.

Pratik Pota: No. Thank you, Vishal. I think the Popeyes use of E-bikes, while we will call that out, the reality is that we have been moving a large part of a fleet in Domino's, to electric in the last couple of years. A dominant majority of our new bikes that we purchased are E-bikes. There are some delivery situations in which E-bikes become difficult, mountain, hilly areas etc. Other than that, in most other store locations, all the new flight that we -- the fleet that we buy, is E-bikes in nature. So, you will see us progressively increase the contribution of E-bikes in a Domino's system as well. And it'll become, it'll comprise a large in a dominant part of our overall fleet in the next 3 to 4 years.

Vishal Punmiya: So, would it be fair to assume that?

Pratik Pota: Yes, please go ahead, sorry.

Vishal Punmiya: Yes. So, would it be fair to assume that the mix of E-bikes would be more than 10% of the total number of bikes for the domestic Domino's business?

Pratik Pota: Vishal, we don't give a number out. But since you asked me for a very specific sort of thing, the answer is, yes. I mean, it would be significantly higher than that.

Vishal Punmiya: Okay. Thank you. Best of luck.

Pratik Pota: Thank you, Vishal.

Moderator: Thank you. We take one last question from the line of Chanchal Khandelwal from Aditya Birla Capital. Please go ahead.

Chanchal Khandelwal: Thanks. Can you hear me?

Pratik Pota: Yes, Chanchal.

Chanchal Khandelwal: Thanks, Pratik. Thanks for taking my question. Just one thing on your journey to become a food tech company. You are already 1,500 plus Domino's. Now if I look at all the other brands, put together you're less than 100 store. My thought is how fast you want to accelerate that it's time for you to accelerate competition is hitting up in this space. Why are you slow here? And how -- and I say if you take 3-year view, how many stores if you can give some guidance here, it will be useful?

Pratik Pota: Chanchal, just to make sure I've got the question, right. Your question is about the pace of expansion of the new brands, is it?

Chanchal Khandelwal: Yes, all the three band put together, Hong's Kitchen, Ekdum!, and Popeyes?

Pratik Pota: Got it. No. Thank you. Thank you, for the question. I think -- let me begin by underlining how excited we are with the prospect and the potential for all of these brands. Let me start with the newest brand that we have, which is Popeyes. The first store that we opened in January, met with a very, very strong, very strong consumer response. And just to update we have opened the second store today. And we expect to open the third store as well in the near future. So, the momentum is that we are seeing in Popeyes and the response that we are seeing from consumers is very positive. And we feel very good about being able to speed up the Popeye's network in the periods ahead. On Hong's Kitchen, we've had the learnings now from our experience on the ground, we have now become the largest QSR network as you've heard me say earlier in Delhi NCR and we are now fine tuning the model and we were looking to scale this up progressively outside of Delhi NCR in the periods to come.

Similarly on Dunkin as I mentioned in my last call, we are focusing the brand a lot more on coffee now. And that is the early feedback and early indicators are positive. And again, you will see us do more of that in the periods to come exam. Ekdum! like I said, it's still a phase behind Hong's. But again, there's a tremendous potential in the brand that we see. Biryani of course, is the large, the largest category and the fastest growing category. It is delivery friendly, it is sharing friendly, so it's a category that we intend to really double down on. So, we see again, growth potential there. So, between the portfolio of brands, we see our network expand significantly over the next 3 to 4 years. We do not have a number to give you right now. But as a portfolio between Domino's India and the momentum that we are seeing there, plus the potential of these new brands, I think we have a really exciting portfolio we're going to be building out.

Chanchal Khandelwal: Sure, Pratik. Thanks, that was useful. But tell me, Popeyes when you signed up, do you have any target in terms of number of stores, given to your parent? And also, I mean, I'm a little disappointed by seeing the Hong's Kitchen. Have you got the economics, right? Or you're still working on getting the economic before you scale it up?

Pratik Pota: So, Chanchal, on Hong's Kitchen first your question, I understand that there is a question on the pace of expansion. And like I said earlier, I think we're in a place, we are in a good place to be able to expand. Remember, we wouldn't be expanding even within Delhi NCR if you haven't got the economics right, right? So, there is a convergence of multiple tailwind here in Hong's, the food is working well. We have got the value for money credentials being underscored. We got the in-store operations piece refined, our delivery sales is very positive. And of course, the financials increasingly are falling in place. So, which is why we feel good about being able to expand next year on Hong's. On Popeyes, I want to take you back to our press release that we issued when we signed up with RBI for the Master franchise. We had talked about the potential for hundreds of Popeyes stores in the country. And again, whatever we are seeing makes us believe that the potential is if anything even more. So, we are very excited by Popeye's and you will see us scale the network up progressively in the period ahead.

Chanchal Khandelwal: Sure, thanks, Pratik and team, wish you all the best.

Pratik Pota: Thank you, Chanchal.

Moderator: Thank you. I would now like to hand the conference over to Mr. Pratik Pota, for closing comments. Over to you, sir.

Pratik Pota: Thank you, everyone, for joining us and for your time on the call today. I hope and trust that were able available to answer your questions. And of course, if you have any follow up questions that you believe that you want us to throw more light on something, please feel free to reach out to our Investor Relations team and to Lakshya. And we'll be happy to get back to you and respond to your queries. Thank you so much. Have a good evening and stay safe. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Jubilant FoodWorks Limited, that concludes this conference. We thank you all for joining us and you may now disconnect your lines.

Note: This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.