SPECIALITY
RESTAURANTS LIMITED

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August 12, 2024

To,

General Manager,
Listing Operations,
BSE Limited,
P.J. Tower, Dalal Street,
Mumbai - 400 001.

Scrip Code : 534425

Vice President,
Listing Compliance Department,
National Stock Exchange of India Limited,
'Exchange Plaza', Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051.

Scrip Code : SPECIALITY

Dear Sir/ Madam,

Sub: Transcript of Conference Call held for presenting the results for Q1FY25 Results Conference Call.

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Conference Call held for presenting the results for Q1FY25 Results Conference Call.

This will also be hosted on Company's website at www.speciality.co.in.

We request you to kindly take the above on record.

Yours sincerely,

For **Speciality Restaurants Limited**

AVINASH MADHUKAR KINHIKAR
Digitally signed by AVINASH MADHUKAR KINHIKAR
Date: 2024.08.12 11:46:32 +05'30'

Authorized Signatory

Name: **Avinash Kinhikar**
Designation: **Company Secretary and Legal Head**

"Speciality Restaurants Limited

Q1 FY'25 Results Conference Call"

August 07, 2024

MANAGEMENT: **MR. ANJAN CHATTERJEE – CHAIRMAN AND MANAGING DIRECTOR – SPECIALITY RESTAURANTS LIMITED**
MR. AVIK CHATTERJEE – WHOLE TIME DIRECTOR – SPECIALITY RESTAURANTS LIMITED
MR. RAJESH KUMAR MOHTA – EXECUTIVE DIRECTOR, FINANCE AND CHIEF FINANCIAL OFFICER – SPECIALITY RESTAURANTS LIMITED

MODERATOR: **MR. KARAN BHUWANIA – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to Speciality Restaurants Q1 FY25 Results Conference Call hosted by ICICI Securities. 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 star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Karan Bhuwania from ICICI Securities. Thank you and over to you, Mr. Bhuwania.

Karan Bhuwania: Thank you, Shlok. Good afternoon, everyone. It's our pleasure at ISEC to host Q1 FY25 Results Conference Call of Speciality Restaurants. On the management, we have Mr. Anjan Chatterjee, Chairman and Managing Director, Mr. Avik Chatterjee, Whole-time Director, and Mr. Rajesh Kumar Mohta, Executive Director, Finance and CFO. I would like to hand over the call to Mr. Anjan Chatterjee for his opening remarks now and then we can open for Q&A post-back. Thank you.

Anjan Chatterjee: Thank you so very much. A very good evening to all the ladies and gentlemen. Thank you for being on the call. I'm sure you've seen the results, so I'm not elaborating any details about the numbers which have been given to you and I'm sure it's already on the website. Just to tell you the macro picture, the quarter depressed numbers compared to what we should have done. Of course, year-on-year, quarter-wise, we are slightly more, nothing significant, but we have not been able to reach the number because of the reason that we had opened three stores in this particular, by the time they have had operational ability during this particular quarter.

As all of you know that our company over a period of time has actually gone through a cycle in which we have understood that within the brand market, the Asian part, that's the Chinese part, Mainland China and Mainland China Asia Kitchen, is the growth engine now. While Asia Kitchen will be in malls, most of the places, and Mainland China continues to be the gothic standalone.

Now, with that in mind, we have already surged ahead, we've done three, and all the EBITDAs if you see that there's a little coming down from the expected levels is because of the fact that these restaurants have opened and they take anywhere between 9 to 12 months to break even. So that's one, as you know that with every opening and the growth, there is some hurt on the short-term and mid-term profitability, which gets covered over a period of time because we need the top line to grow. That's been one thing.

Inflation also hurt us, although we've tried our best to do device mechanisms to get cash discounts from people. We have suppliers who've been with us, but this time they were actually against the wall, so we had to adjust and accommodate them. So that has been a food cost component which has gone up.

There have been hiccups during this period of time, which is not directly happening every year or every time. For example, there were elections this time, so many places like Bangalore, etc., where food and beverage both, wherever you have a bar, you have to shut it. So all restaurants were shut for on an average of three to four days, with the results coming and counting, as you all know.

So this has also fallen in June. So during that period of time between May and June, so that's also been an effect. Weekends also have been affected, two, three, because as you know, the weekends are prime business for us. And these are the reasons, I'm not wanting to give too many reasons saying that, what we have done is the best, we could have done better.

There's been one headwind from the market, which is the last thing I want to express, that the revenge eating, which used to be there, if you see the, I'm not saying that just because the others have not done so well, we should have also not done well, but it's an overall headwind, which has gone into the market, whether it's a QSR, or a dining restaurant, any one of them, any listed chain or unlisted also have gone through a kind of a phase in the first quarter, which is not the best. So hence, all of us have felt the pressure. And going forward, fingers crossed with the number of restaurants that we intend opening till the end of fiscal 25.

We are looking at between six to eight restaurants, which are under fit outs, three, four of them almost, some by Durga Pooja in Calcutta, some in terms of, you know, Borivali, Oberoi Mall, we have two, three restaurants, three restaurants there. And the ones which are also happening in Bandra, and the one which has happened just now in Thane. So the growth engine continues to be the Oriental.

And the one which Avik, my son, who's on the call, had started, which is called the Episode One, which is the wetland one, which is existing in Powai, which is going to be starting off this month itself in Thane, Viviana Mall, and the third one is coming in Bombay, Bandra. So this is the overview. And we are extremely happy on one thing that we've got a runway back, we've got a track back, a brand rationalization in terms of the brand basket has been very clear.

And one thing I forgot that in during this period of, we had one restaurant called Haka, which is again Oriental in Calcutta, was shut for three months because of renovation, because renovations is one thing we have to do because over a period of 10 years, we've not been able to refresh our restaurants completely. Like we've done the Andheri West, we've done the ICC in Pune. The Powai restaurants also become new because we've shifted the location.

So that's another part which will continue to be having a hindrance of two to three months. Like for example, today, as we talk Malad Infinity, which is a Mainland China, we are going to be changing it to Asia Kitchen by Mainland China. The good news is that wherever we have done renovations, whenever we have done this, and where you know, we can put the bar in line of sight, we've seen a surge in the liquor business, which gives us better margins in a fine dining restaurant.

And also additionally, that any refreshed look, because with God's grace, Benichara continues to be having all pillars intact in terms of brand standards, but the interiors were not, matching because 10 years is a long time that we dragged ourselves. But just before pandemic, we were supposed to renovate. By the time pandemic came in, it got delayed.

So now we are absolutely, one mode is expansion with rationalized brands, the ones which have the right store matrix. And the other one, which is from a point of view, renovating and giving them fresh lease of life and look, feel, make it slightly more modern, contemporary, which actually any customer wants, but today's customer is more and more demanding, as you know. So that I think is the overview.

Now, I would like any other questions to be asked or anything specific. Avik, do you want to add to anything that I have missed out or Mr. Mota?

Management: I think very well put together. So just to summarize what you said, the three growth engines would be Asian expansion brands like Asia Kitchen by Mainland China and Mainland China. Wet Lead, which we call it liquor driven food supported, which would be Episode One. And the third one would be the delivery wing, because we're very strong in deliveries with having one of the industry's highest AOVs, which is average order volumes, we would be spending money on the marketing and grab new market shares. And that should hopefully also grow.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Deepan Sankara Narayanan from Trustline PMS. Please go ahead.

Deepan Narayanan: Good evening, everyone. And thanks a lot for the opportunity. So firstly, how has been the response of newly renovated outlets during the quarter? So what kind of incremental growth we are able to see from these renovated stores?

Avik Chatterjee: So hi, thank you for the question. So wherever we have undergone a renovation and introduced a new menu, new branding, new bar, we have seen anywhere between a 15 to 25 percent growth in the dine-in revenue, whereas our delivery revenue has also grown because of the new additions and the new brand refresh.

Deepan Narayanan: Okay, okay. And what is the kind of contribution of liquor business in terms of sales? And where do you see this contribution increasing over the next three years?

Anjan Chatterjee: So initially, before renovation, it used to be between six to seven percent. Post renovation, this has doubled. And we're also hoping for a rise from here.

Deepan Narayanan: Okay, So are we expecting the contribution to double over the next three years?

Anjan Chatterjee: Yes, absolutely.

Deepan Narayanan: Okay, okay. And during the quarter, we have seen that you opened a new QSR brand, Walter's Burger. So how do you see this brand shaping up and any plans of scaling up on this brand?

And how is it different from our other brands in terms of revenue per store or EBITDA metrics?

Anjan Chatterjee: Sure. So Walter's Burgers has started off as a delivery only service. So currently, we are sweating our assets wherever we have restaurants, kitchen manpower, the same manpower would be utilized to be manufacturing these products and delivered via aggregators.

We have tried this in three units as of now in Mumbai City. And very soon, this would be PAN India through all our kitchens. And the profit margins are very high in this because we are not adding any cost. And this becomes an entire new product division. Also, we have plans to make this a hybrid model. For example, in Borivali Mall in Mumbai, we'd be putting up our first Walter's Burger shop. This is going to be 1000 square feet or 900 square feet approximately sized QSR model, which would be serving fresh gourmet burgers to clienteles along with some sides, shakes, etc. This would be our burger QSR going forward.

Deepan Narayanan: Okay, all the best.

Moderator: Thank you. The next question is from the line of Nitya Shah from KamayaKya Wealth Management. Please go ahead.

Nitya Shah: Hi, thanks for the opportunity. I wanted to first understand what was the percentage of top line from, delivery-based revenue.

Anjan Chatterjee: Yeah, so that was 26%.

Nitya Shah 26%. Okay. And secondly, I wanted to understand that I saw that a certain amount of warrants have been forfeited. So what would be the cash balance left with the company after these warrants have been forfeited?

Rajesh Mohta: Post the forfeiture, the amount which has come is INR52 crores from the warrants issue. We currently are having those invested part of the money which has been invested into mutual funds, and partly being utilized for the objects in the issue of renovation and the new restaurants.

Nitya Shah: Right, sir. And currently, are there any plans of, you had mentioned in the last phone call that some announcements would be made, regarding some inorganic kind of acquisition at the moment, but considering that the other income is a very large part of our profitability, which also in turn ends up suppressing the return on equity due to the high cash balance. So what are the plans to utilize this cash to reward the shareholders?

Rajesh Mohta: Sir, acquisition opportunities, etc. If you yourself can update, sir.

Nitya Shah: Yeah, so frankly speaking, we have had money on the balance sheet. We know treasury has been slightly heavier than it should have been. Pandemic ruined one and a half years. We were almost through with an international brand. The brand itself went back. They're not coming to India, an oriental brand.

So they've deferred their plans. They've gone back to, you know, UAE, etc. Now, the most important point is that if we want to do anything inorganic, it's extremely important to see that the ones which are coming in in the market necessarily have to have a positive EBITDA and a potential.

But without a potential or an EBITDA, if somebody is trying to ask for heaven and earth, I don't think it's worthwhile. There was like this one which was coming international, which was a very good oriental brand. I don't want to name it. They've deferred their plans. In fact, they're coming maybe in next year or a year and a half. We've been in conversation with them.

So we have kept absolute money about to take that over. Just around the pandemic, they deferred. But the kind of, the players which are there, I mean, there's just one handful of players who are making money in this business.

We are not in QSR. So even QSR, one of the burger brands which we were talking about growing very fast, but they were unable to actually get into a level of profitability in next three years, four years. So if my throughput now with the number of restaurants that we're going to be opening is going to be more, you will see over a period of time that, what we are wanting to build and the number of stores, like, as we talk, I'm just coming back from Powai. So we've just locked in three spaces in Powai. Now, I think that Powai is gold for us. It's very difficult to get any space, but we've been able to lock in some good spaces just now.

As we talk, we are getting the right real estate. We are marrying it. So I think that the return on on our investments going forward would be much higher. So if there is an opportunity at any given point of time, we'll take it. But we've done so many mistakes earlier, you know, getting into expansion mode, hitting ourselves, spreading ourselves too fast, cannibalization. So we don't want to get into any of those modes.

And that includes the inorganic acquisition wherein we are, unless otherwise we find it suitable enough to be loaded on our balance sheet, we will not. For example, you asked me a pertinent question, Chourangi, the international franchise, the one which is co-owned by the company, s a business partner of ours there. So we have a setup in London, which can actually expand it to the US.

So if that comes into, we have in and around INR10, INR12 crores to be paid only to do that. And if you see the kind of returns on that particular unit itself, there's been a very, very optimistic levels of coming up. So we have so many opportunities now that things have opened up, accepting a bit of a global trouble, which is going on beyond our control. I think there'll be many more opportunities and you will see this in particular, money getting depleted in, you know, in no time. And you'll be very happy that we'll be able to get equities, the fund will be, you know, we'll get many, much more return on the equity.

Nitya Shah: Got it, sir. Thank you. That was quite helpful. So I'm quite heavily invested in a company since a couple of quarters. So the reason, I had seen the presentation which showed the roadmap, you know, next four to five years, you want to double your revenue and triple it in the next six years. So without any inorganic expansion, do you see yourself continuing to fulfill that target of tripling your revenue in the next five to six years?

Management See, I'm quite confident of the fact that the way we are going, the kind of return on investment, the kind of real estate we have been able to sign in short midterm, I think we will be able to, Our target would be that. I don't know where we'll be 100% reaching there, but we are very confident of the fact that, but then an inorganic acquisition, even if we don't touch the milestone or we are unable to do it by 10, 15, 20%, it's not the right thing to get into an acquisition just to prove it to my investors that I am going in and I'm doing inorganic and I'm putting this money and then losing that money and eventually loading our balance sheet, which has been by and large, shaping up very nicely. So I wouldn't like to do that, but Inshallah, everything goes well. I think we are speeding up our growth at a very fast pace.

And that includes, you know, we are going to be inducting a CEO. Finally, we've been able to get somebody of choice. So maybe within this fiscal, by the end of the year, you will see somebody very competent who's coming in, to independently run the company and get us guided. And also we'll be reporting to the board directly. And I think a very checkered career, somebody who's proven and turned around the companies that he has worked with, beverage, food, etc, etc. So there are lots of good things that are happening. And I'm quite confident that we will be able to reach our targets, if not by falling short by even if 10, 15%, but profitable growth.

Nitya Shah: Okay, so if my understanding is correct, you said that in the next five to six years, what you had mentioned in your presentations earlier. will be achievable even without an organic growth. So you are quite confident of growing organically itself to reach those numbers. Because within the INR400 crores top line range since quite a few years in that sense. Like we've not been able to scale up to say a INR500 crores or INR600 crores annual top line.

Anjan Chatterjee: I'll tell you in pure Hindi that this time it is Atal Bihari. Avik is come, we have got Mr. Mohta's two, three assistants. So our bandwidth is very tight and good at present. And also going forward, our kind of expansion, for example, Delhi is blank. I'm just giving you the potential. Yeah, it's the speed at which we actually churn out. Chandigarh, we had to withdraw out during pandemic. So there is so much potential, which we see. And actually, we were there earlier on, we had to shut those because of pandemic primarily.

So I see no reason that we will not be able to run faster. And as I said, the good news is that we're getting a very competent CEO who will be able to guide the company better and qualitatively. So you'll see that obviously, he has his own objectives. So I'm confident of the fact that we will be able to completely churn more number of profitable stores, and much faster. I can't say that we will be 100% doubling, we may be falling short by 10-15%. But I'm confident that we will be doing that, not for the heck of it, not to prove it to the investors, but to ensure that the company has robust bottom line and is going in the right direction.

Nitya Shah: Sir, just to clarify, you mentioned that the new CEO would be coming in by the end of this calendar year or financial year?

Anjan Chatterjee: Maximum by the financial year. We are looking at the calendar year, but max would be within March, that is the fiscal year. Understood, sir.

Nitya Shah: Thank you so much and all the best. Thank you so very much.

Moderator: Thank you. A reminder to all the participants that you may press star and one to ask your questions. The next question is from the line of Kaushik Poddar from KB Capital. Please go ahead.

Kaushik Poddar: See, you are planning to double or treble your turnover in five or six years? You are planning to double or treble your turnover? I mean, I did not get it. In the next six years or something? See, we had planned to have inorganic acquisitions, which were in the pipeline. So in the absence of that, I can't say that it will be 100% double. But we can confidently tell you that the number of stores that we are opening and the kind of volumes which will come in, from there, we are already adding six to eight in this, by the time March or April, max March ends. And six for sure. So they're all underfit outs. And they eventually bring almost, you know, INR48 to INR52 crores on our top line.

Furthermore, we are continuing to do it. We're talking about a horizon of five years. So in that case, if we don't do inorganic, with inorganic, we have said that we will be able to double our turnover effortlessly. Because if we get a top line of INR200 crores, which is actually an inorganic acquisition, we automatically go towards that. But this time on, we don't have too many of them which are profitable and good enough, excepting the one which is the international one, which may come in a year, year and a half now. They've deferred their plans, Oriental brand.

But if everything goes well, in five years time, you will see if we open eight to nine restaurants on an average every year. For example, I just said that we are primarily Calcutta, Bombay, Bangalore, primarily. So we have the whole of Delhi, the north region, including Punjab, it's vacant.

With a brand like a Mainland China, which used to be there, pandemic actually forced us to shut. There's no reason we can't walk through that. The biggest advantage is that the brand is relevant. The brand is giving us better SSG wherever we are renovating. So we're very bullish about the fact that we will be able to, by and large, reach there. I can't just make a statement that without any inorganic, we'll be able to reach 100%, but we should be in and around that.

Kaushik Poddar: So you're basically looking at around 12% to 14% growth every year, right? Yes. Okay. And do you see an expansion in margin?

Anjan Chatterjee: Yeah, because what happens is that as we are talking about that we've been trying to, if you see the year before last fiscal, we've been maintaining around sometimes 16%, 18% of EBITDA, which was very good because of course we had the tailwind. So as the efficiency is better, corporate costs go down. We ensure that we have more capability in the business of Oriental because that's the main growth engine where the food cost is controlled. We have the expertise. Things become easier. These chefs get divided. So I'm sure of the fact that the margins will improve.

Kaushik Poddar: And the fact that you're trying to do a fine dining along with also the fast foods QSR, I mean, doesn't it become a little difficult? How do you manage it? Because they require different kind of skills.

Anjan Chatterjee: Yes. So, I mean, we're not doing any QSR.

Kaushik Poddar: Burger Singh, isn't it a QSR?

Anjan Chatterjee: No, it is not a QSR. It's absolutely a dark kitchen. So the brand has been given birth, as Avik said. We have actually got our capacity utilized, unutilized in the kitchens of say, for example, Episode One, Bohoba, and another episode, which is in Thane and Bandra.

So what he has intelligently done is that, because you may be knowing that there are gourmet burgers, which have become a trend now. And there are two of them which are doing exceptionally well. So with that in mind, rather than doing a burger, he's done sliders, which is slightly more shareable, intelligently happened, because a burger becomes difficult to differentiate or die.

So I think that if you take any reviews of the burger, which we have test marketed, and proof of concept, which is settling down, or settle down now, we will see that this is expandable. There's no capital expenditure, there is no manpower, extra cost, we may have a commissary when we become very large. So this is not a QSR in the sense that you are physically having a QSR, it is just that you're making your own funds, which we are capable of.

And also the patties, which are self and going forward, we may, become a gourmet. Not I'm not even talking, I may not have the audacity to use McDonald's. But there could be a niche where we can carve as some other burgers, which are Louie burger or another burger, which Avik would know better, have already, shown a respectable turnover with good returns.

So that is the idea. It's not a physical QSR.

Moderator: Thank you. The next question is from the line of Rohan from Turtle Capital. Please go ahead.

Rohan: So like most of my questions, I just wanted a clarity on like, what kind of EBITDA margins do you target on different kinds of restaurant? Because you're are like year on year basis, there has been a big volatility in margins. But quarter on quarter in last five, six quarters, we are doing somewhere in the range of 15% to 22% or 21%. So I just wanted to get an idea on what kind of margins we can keep going forward, and what kind of margins your restaurants, different branded restaurants command.

Rajesh Mohta: Since the published numbers are there, and you have already analyzed the percentages of EBITDA. So the EBITDA basis, in these accounting, we are doing, let's say, for instance, in the current quarter, we have done an EBITDA, which has grown by 13.34%. So at this rate, the moment we start opening restaurants, like Mr. Anjan has explained for the breakeven, etc, we would target to be plus 20%, 22%, but in the range of 20% to 24% of EBITDA, sir.

Rohan: Okay. So can we expect this in FY25?

Rajesh Mohta: Which is with respect to the margins, which are better in the branch, like, it is the Oriental which has better EBITDAs, that is the reason why the company is focused towards Oriental brands.

Rohan: Okay. And how much time will it take you to like, have EBITDA margins in the range of 20 to 22%, like, can we expect in FY26? From 26 onwards?

Management: Yes, we have, we work towards it, we are working hard towards it before, that is the internal target for sure and we would be able to do that.

Rohan: Okay, okay. Okay, thanks. That works on my side. Thank you.

Moderator: The next question is from the line of Viraj Mahadevia, from MoneyGrow Asset Private Limited. Please go ahead.

Viraj Mahadevia: Hi, sir. Thanks for the opportunity. As I look at your P&L for the first quarter, I can see that the employee benefits expense has moved up from last year same time, as well as the lease rents have moved up both from Q4 FY24 and Q1 FY24. Because both these costs are incurred ahead of opening of new sites, can we take these as the costs for the next couple of quarters? So as your revenue throughput comes through, you would start to see meaning operating leverage?

Rajesh Mohta: I appreciate your question. Like, if I may, you have rightly hit the nail on the head, like, these are front end costs for the restaurants, which get opened. And when this kind of a percentage to revenue, we work hard towards improving that, that's the real reason where the operating leverage would get triggered.

Viraj Mahadevia: Fantastic. And with your existing stores, do you expect to increase the quarterly run rate by about 10 to 12% per quarter from here? On revenues?

Rajesh Mohta: If I may add on, sir, it's a difficult proposition to get into a double digit number, because the matured stores with the kind of covers which we do between the lunch and the dinner, and especially during weekends are very standardized now. Once the plateau has been achieved, it is the pricing which has a role to play rather than on cover. So there would be a margin which would be in single digit change.

Viraj Mahadevia: Understood. So that comes to my next last question. The revenue growth you have seen of about 10 odd percent, how much of that has come from volume versus pricing? And if you have not pulled pricing as a lever, when are you likely to pull pricing as a lever for growth?

Rajesh Mohta: So this is a very tactical move as far as pricing is concerned, because let's say for instance, like yourself referred to rental, there is an agreement like where you have 5% increase every year or 15% increase every year, inflationary pressure on raw materials, which we try to neutralize. But we are forced at times to increase tactically the prices across restaurants, which we do it during particular season, particular year.

So there is one amount of element which is from the price increase and cover increase, like Mr. Avik mentioned about the renovated restaurants, where there is a growth potential post the renovation, we have seen a surge in the covers, and as well as movement of higher liquor revenues to the total revenues.

Viraj Mahadevia: I understand that sir, but out of your 10% growth in revenue, again, how much has come from price versus volume?

Rajesh Mohta: Sorry, it would be difficult for me to say exactly as far as the differential between the both the two. But yes, primarily with volumes, more to do with volumes rather than on the price, but exact number would be I don't have to share, don't have to add this point of time.

Viraj Mahadevia: So the pricing lever is yet to play out, hopefully.

Rajesh Mohta: Correct. I understand where you're coming from, because if you go to any one of our restaurants, even in BKC, we continue to sell our, which is an invitation price of around 625 for a buffet, which is a full-fledged, which Barbecue Nation too can't give. Now the idea was to, BKC is a very dangerous place, because of the fact that we are in a recessed area, because we didn't want to create that kind of a rental of around 600 rupees per square feet. We are slightly on the back area, I don't know if anybody's seen it.

We are the area where you have the visa counter, the main visa counter where everybody goes, VFS. So hence we have to give an offer. And as we came up with that offer, now things are settling down, you will see all these introductory prices getting balanced.

So in the second quarter, we will have to go up by nothing less than not just an inflationary pressure. The price play and the lever has not been pressed as yet, because people do understand that good fixed costs and quality costs money, and they're ready to pay for it.

Viraj Mahadevia: Excellent. Thank you. All the very best. I hope to see the operating leverage come through.

Moderator: Thank you. The next question is from the line of Amit Upadhaye, which is an individual investor. Please go ahead.

Amit Upadhaye: Yeah, hi, good afternoon. Thank you for this opportunity. Most of my questions are answered by those who are asked by my colleagues in the call. But I have two questions. One, in your presentation, under the brands, I can see all the brands, but the Episode One, which we consider as a core brand, by when should we expect that brand to have their revenues mentioned separately?

Rajesh Mohta: If I may, since we have only one episode, one which is currently on in Mumbai, and as Mr. Anjan in his opening remarks mentioned about opening of Episode One in Mall Thane in current month itself, and with other two under the work in progress. So once we have at least three, four restaurants, where the throughput is very high, we would start showing separately, sir.

Amit Upadhaye: Okay. All right. That's it from my side and wish you all the best in the for the coming quarters.

Moderator: Thank you. Thank you. The next question is from the line of Zaki Nasar which is an individual investor. Please go ahead.

Zaki Nasar: Sir, congratulations on, I would say, a healthy set of numbers considering whatever happened in the quarters. Sir, as I understand our business as fine dining, but would we also be focusing on the delivery aspect of it? Let's not call it QSR, but also the delivery aspect of it, because that is turning out to be a big market, and also your Sweet Bengal. So would you just throw light or your thoughts on these three segments?

Avik Chatterjee: Sure, sir. Hello, sir. Thank you for the question. So basically, we are definitely focusing very, very strongly on the delivery component of the business. And how we do this is basically, we have four different kinds of Asian brands that get delivered out of each Asian kitchen. We also see that our manpower has been trained to deliver all four brands, so that does not add any extra costs.

Apart from this, we have also found out hub and spoke assembly models like the Walters Burger, which would also be added to this kitchen. Hence, our delivery model has worked out fantastically for us because we call ourselves a hybrid restaurant that also delivers from the back with the same rental, same equipment, same manpower, as well as we focus on serving the dine-in with the renovated stores. Hence, for us, keeping delivery in mind as well as dine-in, this is going to be a major growth element for us coming into the future.

Zaki Nasar: And what would be the percentage of delivery out of, let's say, what you did, INR100 crores this quarter, Mr. Avik? This would be 26% of delivery revenue. 26%. Also, right now if you see, the country is seeing a huge surge in the advent of a sweet retailer, if I may call it. You have a wonderful brand, you have some fantastic desserts. What are your thoughts on growing that beyond Mumbai and the surrounding regions?

Avik Chatterjee: So, we are under works to set up our presence in other parts of India. But alongside that, we have also looked at FMCG partners who would be making and manufacturing sweets for our brand. And these are sweets with larger shelf life. So, by the end of this fiscal year, we should have the products ready, available at different stores, online retailers, and so on.

Zaki Nasar: Oh, that would be fantastic, sir. Looking forward to that. And a bookkeeping question for you, Rajeshji. Sir, we have forfeited some warrants. So, this amount, INR25 crores, would be treated as income in the current quarter, right? And our final equity capital would be INR48 crores and odd. Would that be correct, sir? And what is the cash on books we have after this activity, sir?

Rajesh Mohta: Sir, I would answer your question in three parts. First, this forfeited amount is not to be treated as an income, sir. It goes part of the net worth, one. And secondly, the share capital which you just now mentioned is absolutely correct, sir. This is because post allotment, it is going to be INR48.23 crores.

Zaki Nasar: That is the final, Rajesh ji?

Rajesh Mohta: Post the conversion of the warrants.

Zaki Nasar: After everything, that's fully diluted.

Rajesh Mohta: That's right. INR48.23 crores would be the capital.

Zaki Nasar: Sir. And what would our net cash on books be, sir?

Rajesh Mohta: Sir, as of 30th June, we have INR163.84 crores.

Zaki Nasar: Okay, sir. Best wishes to the entire team speciality, sir. And looking forward to a wonderful year from you. And I would say, Mr. Avik, please focus on Hyderabad a bit because it's a big market and you only have one restaurant here.

Avik Chatterjee: Absolutely, sir. We're in process to get two new properties in Hyderabad.

Zaki Nasar: Fantastic. Looking forward, sir.

Moderator: Thank you. The next question is from the line of Parth Dalal, which is an individual investor. Please go ahead.

Parth Dalal: Just a couple of questions. In the last quarter, I think we said that the break-even is usually six to eight months. What I hear in the opening remarks today, I think, sir said nine to 12 months.

Avik Chatterjee: Right. So these are actually location-based. Depending when we grab a newer market, which is a little nascent, it takes a little more time. For example, we came up in the new Phoenix Mall in Pune, Vakar. That mall is brand new. It's still taking time to have some footfalls like the kind of more potential malls in Bombay, where vicinities, crowds, residents, corporates are already in place. Hence, yes, in newer entry markets or nascent markets, it takes 12 months approximately on the higher side. But in already high footfall markets, it's six to eight months.

Parth Dalal: And one more thing. So in the press release, which we had, I think, yesterday, somewhere it was written three to four stores in coming quarters. Right. And again, I think in the opening remark, it was six to eight or something. So basically, in short, can you summarize, how are we looking at in this year till March 25?

Rajesh Mohta: So sorry, this three to four was quarter. So we were talking about one fiscal. I think there's a misunderstanding. So 25 end, we are looking at bare minimum of around seven to nine, depending on Borivali Mall, which can supply us because that's been delayed beyond our comprehension. So and another one, which is in Bangalore.

So it all depends on the real estate coming up. We are fully ready with everything. We are carrying the staff on getting to train them up. So we are looking at that kind of thing. So maybe there will be a bit of one, one and a half. But by and large, that's the kind of thing.

Parth Dalal: Sure. Got it. No, not an exact number, just a range. And I thought there is change in the guidance since yesterday. So I was just trying to confirm. After the seven to nine, any plans? I mean, how many will be like, Mainland? How many issues? How many episodes? Is there any plan or it will happen as we go ahead?

Rajesh Mohta: No, no, no, we have, you know, Asian, I can say that what is happening is that we are now everything is Asia kitchen. For example, in the city of Calcutta, I'll give an example. We have three Mainland China and one Asia kitchen.

So what we have done there is that we've got one Hakka, which is a similar kind of food, which is pure Chinese, the Hakka Tangra food, but it's not priced as an aspirational level of Mainland China, which is not fine, fine dining, it's more bistro-ish. So that we renovated and waited. So the number of restaurants which are coming in Calcutta city is that.

So Avik has come out with a slightly same food in a different format called Bizarre Asia, which is basically a street of Bangkok, we can tell you better. And it's going to be a fixed meal at say 1000 or 1100, where you get like a street moving around and you move around and pick up the food. This is same Asian form, but we can't load another Mainland China there. So we've done an Asian one, which is same thing, same stuff. Maybe we'll have a little more Asian touch to the whole thing. It's called Bizarre Asia. It's slightly more disruptive, young in age.

Similarly, we are also doing another Gong. Gong is already in Pune. There's another Gong being done in Pune, in 12 kilometers distance so that there is no question of cannibalization. So number of stores, Asian would be maximum, if I may just answer your question and sum it up, 70%, 75%, and the rest will be in the form of Episode, which one is just be starting in a month, in 15 days or 10 days. And the second one Bandra is being done.

And we're also looking at a terrace property, which is co-owned by us in Calcutta, which will become a terrazzo by episode, which is also under Frito.

Parth Dalal: Sure, sir. Got it. It's a mix of all our top brands. And again, coming back to the Walter's Burger, sir, I think Avik said that we will have a store already, I mean, 1000 square foot or something. And then you said that it's not going to be a QVQSR outlet or so. Can you clarify what exactly are the plans?

Anjan Chatterjee: I'm taking it up because, you know Borivali, Oberoi Mall, which is going to be one of the prime areas, captive malls, because like the Oberoi Mall here in Goregaon. We had a problem with taking one space for, we were losing a lot of space, because there was an outdoor, which they were giving, and we were not very happy with that. So it is at a very at a song, Vicky being a friend, and he's known me for a long time, Vikas give me that outside space and he insisted that we need to have a kind of a thing, because he's a big fan of Walter's.

So he loves Walter's from the time it has come, they sent him a sample that he's been getting it from the delivery orders of aggregators. So what has happened now is that, that extension area, now, is being we have Cafe Mezzuna, we are used to this kind of a food and format.

So in many malls, like Mall of Emirates, where we are, there's an outdoor and indoor. So because we have a space, because we have an area, we are utilizing it as Walters, because beyond a particular point that you are a cloud brand, which is an experimental thing, you will see that some kind of a brick and mortar, this is not totally brick and mortar, because it's absolutely an alfresco, when you have the display that becomes an advertisement for you. And this case, we got it at a song.

So hence, there is one display of that kind visibility, because Bombay is a prime focus at this point of time, and Borivali is going to have a huge footfall. Similarly, in Calcutta, with a brand, which we have called Grill, there may be a conversion of that to make a physical store, where a Grill delivery will continue, but we will have Walters written on the main road, like the airports, where people use it more for signage, visibility, than use anything else. Now, these are not necessarily going to be a brick and mortar model at all.

Avik Chatterjee: That's correct. It's more delivery focused, but this is just for branding purpose that we'd be placing us.

Anjan Chatterjee: Yeah, we'll do one in a city or one and a half to just display and say that, yes, we are there. Whenever we get a real estate, which is cheap and cheerful, wherever we have the facility where we can support it, because we have the whole of Mainland China, Asia Kitchen area, which is there, the same kitchen will make it, and then the commissary will supply the buns, and they will put it together. Of course, tea, coffee, etc., you have a margin.

Avik Chatterjee: Just to reconfirm, basically, this is an Asia Kitchen unit at the Borivali Mall. It's just because we have a small outdoor space, which is going to be branding Walters there, and just to sweat our assets, utilize the same staff, same kitchen, same rental, we'll be delivering Walters as well from the same kitchen.

Parth Dalal: Okay, got it. Now, I think you said Pan India, it could be, and I was just wondering how would be possible with something like Episode and delivering Walters burger out from that store.

Avik Chatterjee Just to clarify that, one, usually bars don't have a very strong delivery compared to restaurants or diners. Hence, to sweat the assets of the episode one kitchens, we use Walters burgers as a delivery format that could be brought out extra revenue from the same unit.

Parth Dalal: Okay, okay, interesting. And just a suggestion, I think one of the previous participants said Hyderabad, I think, as per our latest presentation, only two stores. So, I mean, a city like Hyderabad definitely can absorb a lot of our brands, more even the episode one. So, please consider that.

Avik Chatterjee Absolutely, we're actually on track to do that. And soon we'll share the good news.

Parth Dalal: Thank you very much. Thank you.

Moderator: Thank you. Thank you. The next question is from the line of Somil Gujarati, from which is an individual investor.

Somil Gujarati: Why are we not entering the Gujarat market? It is a very developing city.

Anjan Chatterjee: Oh, yes. Gujarat, yes. So, Gujarat is on the plan in the next three years expansion. Yes, absolutely. So, it is in our map for the next three years. Within the next three years, we should have two stores running.

Somil Gujarati: Okay, thank you.

Moderator: Thank you. Thank you very much. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Anjan Chatterjee: Dear investors, we are extremely thankful for your time and participating in this conference and getting an update on the company. And we are very thankful to the best wishes which have been conveyed by all the investors for going forward in the financial year. We look forward to meeting your aspirations. Thank you on behalf of Speciality Restaurants. We once again thank you for your time.

Moderator: Thank you on behalf of ICICI Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.