Date: June 02, 2021

To

Listing Compliance & Legal Regulatory	Listing & Compliance
BSE Limited, P.J. Tower, Dalal Street Mumbai – 400 001 ***Scrip Code: 543283***	**National Stock Exchange of India Limited** Exchange Plaza', Bandra-Kurla Complex Bandra (East), Mumbai 400 051 ***Scrip Symbol: BARBEQUE***

Dear Sir/Madam,

Sub: Transcript of Earnings Conference Call held on Monday, May 24, 2021

Ref: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations")

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof), please find enclosed the transcript of the Earnings Conference Call held on Monday, May 24, 2021, post announcement of financial results of the Company for the quarter and financial year ended March 31, 2021. The audio recording of the Earnings call along with the Transcript has been uploaded on the Company's website https://www.barbequenation.com/stock-exchange-filings.

This is for your information and records.

Thanking you

Yours faithfully
For Barbeque-Nation Hospitality Limited

BARBEQUE-NATION HOSPITALITY LTD. Bengaluru

Nagamani C Y
Company Secretary and Compliance officer
M. No: A27475

Encl: As above.

Barbeque-Nation Hospitality Limited

Earnings Conference Call

Q4 and Full Year FY2021

May 24, 2021

Management:

Kayum Dhanani - Managing Director

Rahul Agrawal - Chief Executive Officer

Amit Betala - Chief Financial Officer

Kushal Budhia - Head of Strategy, IR, Business Development

Moderator:

Percy Panthaki - IIFL Securities Limited

Moderator: Ladies and gentlemen, good day and welcome to the Barbeque Nation Hospitality Q4 FY2021 Conference Call, hosted by IIFL Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Percy Panthaki from IIFL Securities Limited. Thank you and over to you, Sir!

Percy Panthaki: Good evening everyone and welcome to this maiden conference call of Barbeque Nation. It is my pleasure to host. On today's call, we have with us Mr. Kayum Dhanani, Managing Director, Mr. Rahul Agrawal, CEO, Mr. Amit Betala, CFO and Mr. Kushal Budhia, Head of Strategy, Investor Relations and Business Development. Mr. Dhanani will provide us with an overview of the performance and key events followed by detailed discussion on financial performance by Mr. Agrawal and then we will open the floor for Q&A session. I would like to hand over now to Mr. Dhanani for his remarks. Thank you and over to you, Sir!

Kayum Dhanani: Thank you very much. Good evening to all and welcome to the first earnings call of Barbeque Nation. Hope you and your family, loved ones are safe and healthy. As you all know, FY2021 was a challenging year, but also a year of lot of learning's, resilience and strength.

Barbeque Nation had a difficult start to the year due to pandemic-related nationwide lockdowns, in fact multiple lockdowns in multiple cities. As you are aware that for a significant part of Q1 FY2021 literally all economic activities including restaurants were completely closed followed by a gradual reopening of the business.

At the beginning of FY2021, our business model was predominantly dine-in and delivery sales were very limited, which had an impact on our cash flows and liquidity position. However, the strength of our brand and resilience of our team ensured a robust recovery for the business.

Now, we are pleased to announce that in the last quarter of the financial year, we recorded a revenue growth of 19% on year-on-year basis. During the year, we emphasised on adding delivery as a new line of business, a new channel of business on top of our dine-in business, the focus on product menu and delivery experience.

We pioneered in launching of yet another innovative product, Barbeque in a Box to cater to the growing delivery segment and the initial response for the Barbeque-in-a-Box has been very encouraging and it is in continuation to our brand ethos of value, variety and celebration. We had been able to enhance our growth prospects by creating new channel and increasing our digital reach to enable our consumers to consume our offerings to multiple mediums.

Launch of Barbeque in a Box and offering deliveries through our own app has been some of the initiatives taken by our teams. The organization had also demonstrated agility in managing its cost, which is paramount in such testing times and were successful in cost optimization across many levels, a long-term relationship with our landlords, and vendors have led to obtaining rental waivers in restructuring of vendor contracts to compensate for the slowdown in the general business sentiments and I must say that everyone has been very cooperative because of our longstanding relationship with all the vendors. The recovery in dine-in business coupled with our focus on growing delivery business enabled us to restrict operating losses for the year to only 5 Crores. We are happy that despite the challenging external operating environment, we were successful in completing a capital raise of Rs.330 Crores and are thankful to our investors for their trust and belief in the brand and our organization.

Our strategic focus in growing the delivery channel and strong balance sheet will help us overcome the short-term challenges posed by the second wave of the pandemic. We are ensuring that our employees are safe and are also closely working towards vaccinating all our employees as an organization. This was an unexpected, unusual year and we had to close three restaurants in the first half of the year, which was the first in the history of Barbeque Nation in India; however, we opened three restaurants during the year and as a result our store count remained unchanged at 164 restaurants. Various strategic initiatives undertaken during the year coupled with our stronger positioning compared to the last year give us the confidence to continue our growth momentum. We plan to open 20 new restaurants during FY2022 and further enhance our footprint.

I will now hand over for more details to Rahul, who will take you through the performance of Q4 FY2021. Over to you, Rahul!

Rahul Agrawal: Thank you, Kayum. Good evening all. I hope you and your family are safe and healthy. With the reopening of economic activities and easing of restrictions in H2 of the financial year, we have seen robust revival of our operating performance.

In addition, improvement in customer confidence helped us to restore month-on-month increase in sales from both dine-in and delivery channels.

Our consolidated revenue from operations was 226 Crores in Q4 FY2021, an increase of 18.5% over Q4 in the previous year. Delivery channel has grown at approximately 6x in Q4 versus previous year. The delivery channel continued to grow even after the recovery of our dine-in business, which was very encouraging. We continued to focus on further growing the delivery business and plan to grow it to 2x in FY2022.

Our consolidated gross margins were 66.6% for Q4 FY2021, an improvement of 100 basis points compared to the previous quarter. This improvement was driven by recovery in the dine-in business and increased efficiency, leading to reduction in food wastages. Our consolidated restaurant operating margins increased from 9.7% in Q4 last year to 20.5% in Q4 this year. The improvement was an account of strong sales recovery, higher gross margin and various other cost optimization measures undertaken by the company.

Our international business has stabilized now and has reported double-digits operating EBITDA margins in Q4 FY2021. This is without Ind-AS 116 impact. Toscano also continues to deliver double-digit operating EBITDA margins again without Ind-AS 116 impact. The reported EBITDA was 56.1 Crores in Q4 FY2021 versus 24.6 Crores in Q4 FY2020. The operating EBITDA without the impact of Ind-AS 116 was 31.3 Crores in Q4 versus Rs.2.1 Crores in Q4 of the previous year thereby reporting a strong growth. We reported adjusted profit after tax of 9.2 Crores in Q4 FY2021. Cash flow from operation continues to be strong in Q4 and with the capital raise in April 2021 and repayment of debt the drag on cash profits from interest expense is reduced.

We continue to remain focused on investments in our own digital platform covering reservation, delivery and loyalty. The share of business coming from our own digital platforms increased from 20.1% in Q4 FY2020 to 24.7% as on Q4 FY2021. Our loyalty program SMILES has grown significant acceptance and traction from our customers. With the onset of second wave of COVID-19, subsequent lockdowns and temporary store closures our dine-in channel in the current ongoing quarter has been impacted; however, we remain optimistic of a strong and positive recovery in subsequent quarters. We also remain committed to undeterred focus on guests and employee safety. We will continue to focus on our cost optimization, growing our delivery channel and further enhancing the core Barbeque brand with 20 new store openings in FY2022.

With that, I hand over this to the moderator for questions and answers. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Manoj Menon from ICICI Securities. Please go ahead.

Manoj Menon: It has been great to listen to your presentation. Congratulations on a good IPO and it is great to reconnect after a longtime. I have only couple of questions to begin with; one maybe I missed the first minute or two if at all sorry for that, just wanted to understand a little more about the BBQ-in-a-Box concept, which has been an absolute stunner as a consumer, let us say, what is you medium term thought process on that if I take three, five-year view where it could kind of stabilize and what are the good and bad part of BBQ-in-a-Box? So that is one. The second aspect is when I think about the margins say in the medium term one mathematic question is the way you look at it, what is the minimum SSG needed to ensure that your margins are stable?

Rahul Agrawal: The concept of Barbeque in a Box is very similar to Barbeque Nation's concept of providing value, variety and experience. Barbeque in a Box is an assembly of good set of starters, desserts, main course, biryani and we still strive to cater to the celebration segment of our consumer needs in the delivery segment and we have seen that they have done pretty similar to our dine-in business. So, overall that business contributes to almost 60% to 70% of our revenues from our delivery business and as we try and increase our presence across the country these sales point will also grow. They are also exploring whether we can take this outside of our core Barbeque Nation brand with some extension kitchens and further increase that. Delivery also is a larger market and right now I think we have just entered it very recently and the growth numbers that we at least expect in this is going to be very good. In terms of your question on margin profile, you see that over last three years we have been opening almost 25 to 28 outlets every year, which is approximately 25% of our existing base and these stores mature pretty much in two to three years and so if you look at FY2019-2020, these stores are still maturing, they were putting some pressure on our margins and then subsequently the COVID event happened. On a normalized basis, I expect that our margins at store level should be 22% to 23% and the backend cost drag should not be more than 5% to 6% and overall increasing the margin profile from current around 13.5% to 14% to at least 15% should not be a challenge and if you look at our cohort of older stores, they continue to report that margin profile. Also, delivery is incremental to us. Delivery business does not cannibalize our existing dine-in business. We have not seen that over the last some many months now and we expect that everything beyond gross margin and contribution margin there is a lot of variable costs including your packaging and your commissions that you pay to aggregators plus your own delivery fleet, but even apart from that the margins are accretive there. With that at least we expect it to be the margins overall to increase by at least 100 to 150 BPS going forward and this is obviously in a normalized state, right now you will also see a lot of noise around because of COVID shutdown, lockdowns, multiple things still being there.

Manoj Menon: Understood and one followup on that last one and I will come back in the queue, about the Barbeque in a Box concept, which has been an asset and it is an absolute stunner as an analyst or as a consumer when I think about it, I really thought a few years back there is a possibly of something like this. The only thing which to the extent you may be able to comment in a public call given the competitive sensitive nature, but I still go ahead and ask this question, I leave the option of responding or not responding to you, what I am trying to understand is the sort of cohorts or the consumers who have would have used the Barbeque in a Box concept in the last let us say in a year, what proportion of them would be your current set of consumers, what I am just trying to understand is there a genuine case awareness rather than availability, which is driving growth or how do you look at this?

Rahul Agrawal: It is very difficult to answer that question because some of our deliveries also happen through aggregators and there is data marking there, but in general our empirical belief is that most of the consumers who have tried us are our loyal customers, they have also seen increasing orders coming from our own app on our delivery platform as more and more people are getting aware of that. I think awareness is one which obviously is slowly improving, but the other thing also is distribution point, so if you look at metro markets like Mumbai or Delhi, this is also restricted because of the fact that we only have between 15 and 17 outlets in the city and we have a delivery point and we are trying to also ensure that some of the lager markets like metro markets how can we further add more Point of Sales and add extension kitchens, which will help in getting that growth that should come in, otherwise I think while the numbers are growing well I still see that the delivery market is pretty big and also most importantly the Indian cuisine delivery market is among the largest and we operate in that so going forward at least we are excited to tap this opportunity here.

Kayum Dhanani: Just one more point Rahul the Barbeque in a Box is also addressing one more point for us is the acquisition of a customer. If you have experienced Barbeque in a Box if you would have noticed typically families order Barbeque in a Box where a family of six people will order only three boxes because the food is so abundant in that box that the cost per person becomes quite viable, so the people who generally are also not able to come to restaurants because it is expensive it works for us a consumer acquisition. So, people then they will start consuming Barbeque Nation products and they will start coming to the restaurant, so it will create a good pipeline of new consumer for us. It works for us that way as well.

Manoj Menon: Very clear. I will come back in this.

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

Avi Mehta: I just had two questions. First, is initially one of the strengths that we have is the ability to get interesting feedback through the dine-in or the post followups, how do you replicate this in the delivery-in-a-box while I kind of agree that it is a great concept, it kind of brings us another leg for growth. I just wanted to understand how do you look at that aspect? Second was essentially on the 20 store restaurant additions that you are planning, could you give us some more colour on, a) Whether it is in existing or new cities or b) are you kind of rethinking on the store? That is all from me. Thank you.

Kayum Dhanani: Sorry, I missed something did you ask that how do you collect feedback on delivery?

Avi Mehta: Yes, I mean, you have a lot of work on that right, I just wanted to know how does the call center get used or how do you use that strength to sustain or spread that one of the thing is you have a lot of word of mouth spread that happens, how does that work in the box concept and how do you kind of get the feedback to ensure that it kind of generates positive feedback for you going forward as well?

Kayum Dhanani: It is evolving and if you look at it, it is pretty young product, not even one year old and the organizational DNA has been always dine-in, right and the delivery business is slightly different and we are ensuring that on a daily basis we work towards that to improve on the experience of our customer be it in terms of value, variety, quality and everything, and in terms of the feedback like I said a substantial portion of these businesses now also been driven from our own app, which gives us access to immediate feedback, which gives us even in those orders we are now doing almost 50% of calls to those customers so that we get as much variety of feedback as possible. You would remember that we only do 20% of transaction calls in our dine-in business, but as of now in this business we are doing 50% of the calls and as and when we are giving more and more feedback across the country, we are incorporating that in our daily operations. That was one. In terms of new store expansions like we have always maintained for us timing a restaurant the way in which the right central is more important than just ensuring that we have to be in that markets, work with that strategy. As of now, like we have also discussed in the past, we believe that our penetration in metro markets is still very low in a place like NCR, Delhi, Mumbai, Bengaluru, we still are only in early double-digits numbers between 13 and 15 to 17 stores and some of the markets, which are already there which we were not gone in the past, because of substantially our rentals, right now we are seeing that at least these rental deals are softening and given that the restaurant industry in particular has suffered a lot, a lot of landlords are also very reasonable in their expectations, which helps us to give and look at certainly these markets, so I have to put a number and this will be completely off because it also depends on what set of final negotiations we do, but my feeling is that out of 20 new stores that we are looking to open at least 50% to 60% of these will come in metro markets and the balance will come in Tier 1, Tier 2 markets.

Avi Mehta: If I may, Rahul one just one bit is we are essentially very uncertain from a demand point of view, I would love to get your point of view and how you look at it, but how do you look at restaurant openings now, the point I was trying to get to is understand the margin trajectory a little more because you will have to do it differently across the stores so what is the underlying thought on cost control versus reopening, how do you work on that balance and what is the margin trajectory that you would kind of aim for as we go forward if you could give us some sense on that? That is all from my side. Thank you.

Kayum Dhanani: Look short-term is going to be extremely challenging and uncertain because it is very difficult for anybody to predict how the lockdowns will reopen in various states and now the nature of lockdown has been more district wise and state wise, so it is actually very difficult to plan, but we have done that in the previous years and two major costs that you have to look at is your lease cost and your manpower cost and we have a very close eye on this and we are trying to also optimize that and looking it as much variable as possible in the current year also like we did in last year right and like we saw in the last year quarter one, quarter two, margin percentage numbers are actually not meaningful to talk about, but what we are trying to see is that as the business tried to shape up in H2 of last year be it Q3 and by February last year, we had actually crossed 8% of what we did in February previous year despite the fact that this year February was one day less, which is almost 3% of your total February topline, so we are hopeful that this should happen even this year and post I think Q1 and hopefully if by June end cases go down and selectively some of the states are opening up and give us permission to start our dine-in business, I think that that recovery should us to build in, but in nutshell it is very difficult to predict short-term.

Avi Mehta: Fair enough. Thank you very much, Sir. Thanks a lot.

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

Percy Panthaki: Rahul, just wanted you to address one of the concerns in the investment community regarding cannibalization between dine-in and your delivery business, so if you can just give some data to sort of your, how the dine-in versus the delivery sort of business has trended over the last couple of quarters like this quarter you did 28.5 Crores of delivery, how much was that number in Q3 if you can us an idea and then sort of, the purpose of this question is to just figure out that as the dine-in proportion have increased and all the restrictions have gone away and in Q4 you are close to normal in terms of dine-in, did the delivery business go down as people sort of went to the restaurant and therefore they did not need to get the home delivery?

Rahul Agrawal: We have not seen any sort of cannibalization between dine-in and delivery business. Between Q3 and Q4 obviously our dine-in business has grown and so as our delivery business and fundamentally my view is that it is for Barbeque Nation, dine-in Barbeque Nation is a very experiential concept, you come and have obviously great value, you do not consume it alone, you come and celebrate something and I think whatever you might say a lot of our consumers and guests they want to celebrate it in Barbeque Nation because of the overall experience that they get, be it from the live, update from the live counters or be it unlimited option that they get and obviously service that they get and that I do not think can be compensated by delivery business. Delivery serves a different need, which is convenience and that is what we have been now trying to tap and if you look at our growth at the levels that we are in I think the base is pretty small as compared to what the market has to offer. So, I am not particularly worried about any cannibalization happening between the two businesses. In f act, as we are discussing in the earlier part of the call, we are now seeing how to increase our presence in the market so that we can tap this opportunity more, which is what the focus would be.

Avi Mehta: So, Rahul, for Q4 your delivery was about 12% to 13% of your sales, so in a normal situation going ahead let us say assuming no restrictions on dine-in etc., once COVID is over, where do you expect this percentage to stabilize, your delivery as a percentage of your total sales?

Rahul Agrawal: Frankly, we do not look at that way. What we look at is delivery is a big market and like we have also mentioned and Kayum also just mentioned we will target to grow delivery business almost 2x at least this year. Dine-in business still not recovered to obviously it is pre-COVID level and that is how the lockdown relax, but in long-term what we are seeing is how can we increase the ADS, which is average daily sales per restaurant from the delivery business, so we actually do not look at this percentage. This percentage if you look at Q1 was almost 80%, then Q3 this number came to around 15%, Q4 because of recovery in delivery business, dine-in business it went up to around 13%, but what is important is that this segment should continue to grow and my belief is that given that the base is still lower this will grow on an annual basis at least definitely more than the dine-in business.

Avi Mehta: Right, so you mentioned ADS and I am also coming from the same perspective so how we analysts look at it is total sales per restaurant on a yearly basis, which pre-COVID would have been somewhere close to 6 Crores not exactly, but somewhere in that region may be little lower than 6 Crores, now if I add this 12% to 14% contribution from delivery as an extra assuming that there is no cannibalization from dine-in, then we would reach closer to 7 Crores per restaurant, so is this thought process in the correct direction I mean logically speaking what I am saying does it make sense?

Rahul Agrawal: Yes, so if you are only taking it 15% to 16% on a stabilized basis I think we should be able to do that. We have done that in the previous quarters also, yes, that is a right thought.

Avi Mehta: That is all from me. Thanks.

Moderator: Thank you. The next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Thanks for the opportunity. My question is also slightly an extension of the earlier question, so like in many businesses we have seen in last year that many tactical measures led to structural insights and then perhaps really imagine the whole business again and you eluded also that DNA wise you are more of a dine-in organization than a delivery, so once things normalize, how do we plan to rationalize the bandwidth and capital both to chase or accommodate both the formats or it will be back to dine-in as a priority and delivery will be just add on measure of a growth?

Rahul Agrawal: That is not the way we are looking at it. Obviously, we are looking at a much detailed both in manned in bandwidth and time on the delivery business and that is also because our dine-in business is pretty stable have been around for 15 years, over the last 5 years we have added store count at a CAGR of almost 23% to 24%, so that is a business that we are very comfortable with. Obviously, it has short-term challenges because of COVID, but we do not get I think the market opportunity is still large and we will continue to focus on that. On top of that our store network almost 150 in this country today is also an added advantage right now and that is what we want to leverage more to add on delivery opportunity. So, the question is will the focus go away? No, absolutely not. This particular business, we have been able to add without practically zero capital investment and it is incremental to us both in terms of asset turn and also in terms of incremental absolute EBITDA being added to the stores and also most probably the direction of the market also is moving towards that, so not to say that dine-in will not grow, but delivery is growing very well and given that we are one the leading players in this industry, we would like to capitalize on that and that is one of our strength also.

Tejas Shah: Second usually we have seen in dine-in outlets versus delivery that the catchment area of both the formats is slightly different. Obviously, delivery being higher or wider, so do it mean that our store expansion plan in light of this new capability that we are developing will be relooked and obviously again our store outlet or the layout the way we design or store size we need to actually recalibrate the same accommodating both delivery and dine-in options?

Rahul Agrawal: On the catchment side, pre-COVID we have experienced that our guests does not want to come to a restaurant if it is beyond 15 minutes of your driving time and the reason being they typically spend almost one-and-a-half hours in the restaurant and overall they do not want to spend more than two hours, be it our corporate clients, or be it our friends and family clients, so I think and these are pre-COVID scenarios with the going traffic we have seen that that the catchment area of our brand is approximately within 5 kilometers radius that is an accretion which means that if we sell in the metro markets you have much, much more opportunities coming on your phase 2 to expand and that continues obviously how things setup post-COVID, our expansion in that will continue in the same direction as previously. In terms of store layout obviously once you have to look at dine-in as that numbers are growing, we are making changes in our backend restaurant operations so that we have dedicated space for delivery, which is very convenient from the store operating team perspective. So those changes are already being done in few of the restaurants and have already been incorporated in the new design in all our future restaurants.

Tejas Shah: Great. Thanks and all the best.

Moderator: Thank you. The next question is from the line of Susmit Patodia from Motilal Oswal Asset Management Company. Please go ahead.

Susmit Patodia: Good evening everyone and congratulations on good quarter overall. Rahul, my first question is you have mentioned that your net debt is 11 Crores, sorry I did not understand that if you could explain that your net debt was 230 Crores is FY2020, you did 330 Crores raise if you could explain the debt numbers because I thought you should have been a net cash company by now?

Rahul Agrawal: Amit, do you want to take that?

Amit Betala: We have raised an IPO of around 180 Crores and we have raised another pre-IPO of 150 Crores, so total was 330 Crores, we had a debt of around 250 Crores on a consolidated basis as on March 2020, and with the 250 we are going to utilize I believe that we would pare down a large number of debt and would be left with a debt of around 35 Crores.

Rahul Agrawal: Sorry, Susmit, I think will try and explain it differently. Yes, we raised around 330 Crores odd out of that broadly there was issue expenditures also which would to the tune of around 15 Crores so that is around 315 Crores odd and then last year there was interest expenditures of approximately I think 30 Crores odd give or take couple of Crores so we should reduce that from this so it is 285 Crores. There was operating loss net of around 5 Crores, which was 280 Crores and then capex done previous year of approximately 15 Crores odd so that is around 265 Crores and we have reported as Amit said the number was 250 Crores as on March debt including our working capital lines that we have drawn post November so overall, that is for 12 Crores net number comes into the books.

Kushal Budhia: Just one more thing was that the IPO money, which was 180 Crores that had come in April and the number that you are looking at is the March 2021, so 150 Crores of pre-IPO was there which is sitting on March 31, 2021, and the remaining IPO.

Susmit Patodia: Okay, got it. Today, you would be a net cash company?

Kushal Budhia: Yes.

Susmit Patodia: Got it. Sorry, that is my mistake. The second question, Rahul is, you know, your operating cash flow after subtracting lease payments was a small positive of close to zero for FY2021, which is a topline of 500 Crores, so it that the new cash breakeven for the company?

Rahul Agrawal: It is very difficult to look at that in that manner because some of these also include some of the onetime waivers that we have received from our landlord partners and also on the employee cost there is some sort of lag effect in terms of when the restaurant gets shutdowns and when you could also change it to a viable sort of structure, so broadly if you ask me cumulatively for the full year, in dine-in business I will say and incremental delivery business that we were doing right now this should be positive at the overall level and we should not be losing any operating cash like we did in FY2021.

Susmit Patodia: My last question is you have a bold target of doubling delivery revenues this year. What would be drivers in your expansion, geography expansion what are the drivers here if you could just explain?

Rahul Agrawal: Right now, I think it is increasing penetration in the existing market itself, which is delivery from all our 50 channels. On a run rate basis, we have done in Q4 almost 30 Crores odd so that itself annualized is 120 Crores and we have already been saying 150 Crores, which is nothing, but 25% growth on the annualized number that we did in Q4 so that 25% growth is average daily sale from the existing market itself is doable, very well and then we are also exploring how we can further expand our Point of Sales for delivery business, which can be supported by the main Barbeque Nation outlet so with that I think we should be able to achieve what we are looking at.

Susmit Patodia: Got it. So, no minimum expansion we do it with this current offering to get to that 150 Crores?

Rahul Agrawal: Yes, I believe so and while we keep working on some of the deliveries, and in some cases we keep testing from some part of the country and not in pan India, so that is the continuous exercise so on the box product I think it has stabilized now and right now we are not looking at expanding that. It does not make sense, at this point we think where we want to grow in the existing offering itself, but on a daily basis actually various menu, research and it keeps going on, but as of now if you ask me I have not taken that into account for the target of 2x that we have come out and given the outlook for.

Susmit Patodia: Just my last question if I may, there is a cash inflow of 105 Crores as liabilities towards selling shareholder, so you can just explain that, please?

Rahul Agrawal: This is as on March, right?

Susmit Patodia: Yes.

Rahul Agrawal: Amit, go on.

Amit Betala: This is the money which was lying in our anchor account because we got the money from the public offer account, some interest came in, and so this is nothing but the selling shareholders money.

Susmit Patodia: Got it.

Rahul Agrawal: So, frankly we completed our IPO between the two financial years so that is why March 25, is slightly confusing maybe we should have given numbers for April 2021.

Susmit Patodia: Then you have given P&L, which would not have been great. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Prakash Kapadia from Anived Portfolio Managers. Please go ahead.

Prakash Kapadia: Thanks for taking my question. I had two questions. If I look at the employee cost they were down around 31% on financial year 2021, if you could give employee count, last year I think we had around 9500 employees, what is the count as on FY2021 and how to keep build some of these employee cost on fixed variable some metrics which you have introduced during the year because of pandemic? Secondly, you mentioned the potential about scaling the delivery business so by when can we have the extended delivery or some cloud kitchen kind of models especially in metros because I would get Barbeque in a Box would be more metro centric to sell and easier to target these customers. What are the action plans?

Rahul Agrawal: So, just continuing on the delivery stuff given that we were talking about that into the system also, these are still being evaluated and also given COVID the closure cycle getting a site is actually taking longer and this is a new concept so we want to be very sure about how we are launching it. The debate is still under discussion, but right now the focus is stabilizing this and that is why we are looking at a growth of almost 100% in a stable manner is what we are targeting. If this improves and we have to displays the extended kitchen concept that we are taking about we will sort of come back, but as of now it is very difficult for me to give you a firm timeline for that. On the employee cost, historically it had been approximately and we are talking about store level breakup between 21% and 21.5% of a topline and during pandemic last year when we did a lot of work towards optimizing the employee cost at the restaurants and also reduce the number of manpower almost 10%, we have seen that that number and this a core employee cost at the store level, we have seen it come down by approximately 1.5% point, so I think on a stable state having employee cost of between 18.5% and 19% of the topline for the core operating stores is what we are looking at and then in terms of employee costs there is an incremental cost for the backend employee cost so that is the way this will work out.

Prakash Kapadia: I am trying to understand historically we had a decent presence down south, so what is the demand scenario in the second wave of COVID, especially in South of India I was trying to understand that?

Rahul Agrawal: Frankly, I do not think that is a correct statement to make that we are larger in down south. Our presence in North and Central India is pretty much equal, but in terms of recovery during second wave in our delivery business we have not seen any particular regional increase or decrease in the country and dine-in business unfortunately it is still shut so it is very difficult to give you an estimate of the regional behavior of the dine-in business right now.

Prakash Kapadia: Lastly, on an ongoing business any plans of rejuvenating the Barbeque in a Box menu because after a point of time people will get tired and repeat purchases might be difficult?

Rahul Agrawal: It is early to say and like we have maintained that the freshness of brand in Barbeque Nation for the last 15 years in dine-in business I think whatever changes are required from the consumer perspective, from our guest perspective, we will keep doing that, so that is the nature of how we operate, any decision in Barbeque Nation are taken from the guest perspective, employee perspective and then get it right, so on that front this shows that if the feedback is that this is getting submitted and that needs to be changed or upgraded or refreshed, we will definitely do that.

Prakash Kapadia: I understood. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Anand Shah from Axis Capital. Please go ahead.

Anand Shah: Hello Rahul and team, thanks for the opportunity. Just a couple of questions, firstly if you can throw any colour on the dine-in recovery that we have seen especially in Q4 I mean corporates obviously have not come fully to that extent and you have lunch in corporate heavy, so any colour that you managed this robust recovery in dine-in and what is driving this.

Rahul Agrawal: Sorry to interrupt you, Anand you voice is breaking in between I could not understand your question.

Anand Shah: I was just asking on the colour of dine-in recovery essentially given that you have lunch is corporate heavy despite that you have recovered dine-in majorly in Q4, so what is driving this that is one and also if you can throw some colour on the metro Tier 1 trends and Tier 2, Tier 3 trends I mean this recovery all across or it is more partly driven from Tier 2, Tier 3?

Rahul Agrawal: In terms of our corporate business we saw at least mid corporates started to come back in Q4, large corporates they are still not operating, they are operating from home and that segment did not come back as much as it was earlier, but the friends and family segment started coming back in a larger form and in terms of Tier mix, I mean Tier 2 and Tier 3 came back much faster and the recovery in those markets have started seeing from September, October onwards and that continued till the end of last quarter before it all shut and metro markets they are also growing pretty much double digits basis in these cases, but yes, Tier 2, Tier 3 had done slightly better on that.

Anand Shah: Thanks and just one more question on your international business is that to profitability, how is that tracking any colour there?

Rahul Agrawal: Yes, so on the international business, I mean you were extremely disciplined to not look at any expansion for last two years and not that we are trying to do anything right now, we are focused on building back the customer demand and make sure that it becomes profitable. At the store level this has been profitable full year last year itself, but this year apart from H1, which also got impacted because of certain shutdowns in those places, H2 was highly profitable. We were doing double digits in a core operating EBITDA margin this is after the backend cost and this is on the back of very strong same store sales growth in that market, so now that business is not losing any money. The position is still higher so at PAT level there is marginal or a negative number there, but that also on a pure cash and cash basis that business is profitable and generating cash now. I think that is stabilized now and we are seeing that now on the core operating numbers when this is operational we have seen those performances for a continued period of almost four quarters now, so I do not expect any drag coming from that market.

Anand Shah: Thanks a lot.

Moderator: Thank you. The next question will be from the line of Shirish Pardeshi from Centrum Capital. Please go ahead.

Shirish Pardeshi: Good evening, Kayum and Rahul. Thanks for the opportunity and thanks for good set of numbers. I have digital question, the attempt what you have said, so you said that you have 2.6 million download and the question which I wanted to ask is that what is the increase if you look at December quarter versus March quarter and what is the increase in traffic in terms of converting these orders.

Rahul Agrawal: I think we have 2.2 million in the month of December 2020, which had gone to around 2.6 million and in terms of traffic increase what we have noticed is that in Q4 our dine-in recovery was stronger and we also saw that the average goods in dine-in business has slightly increased and in our experience some of the larger group clients they prefer to call our call center and book rather than booking it through digital platform, so that behavior, I think will change our time, but as the recovery happens people will tend to just call your call center so that is why we are seeing that on a dine-in business the contribution of our ad booking or ad reservation had slightly decreased in favor of our own call center reservation and on the delivery side we have seen that there is increased number of orders happening from our own app in Q4 versus Q3.

Shirish Pardeshi: That is a related question, which I wanted to ask, Barbeque-in-the-box through your own app and when you look at, are you also trying to do the food delivery contribution so what is the traffic growth we have seen, the reason why I am asking you mentioned that there is no cannibalization, so I just wanted to look from the data lens what is Q3 number and what is the Q4 number, if you can say that in terms of delivery and with the competition also?

Rahul Agrawal: So, we do not want to share that with that numbers and that is what we also refrained from giving that in the presentation.

Shirish Pardeshi: You can just confirm whether there is a growth and if you can quantify that growth number, I am not asking the absolute number?

Rahul Agrawal: So, there has been growth. I will not be able to quantify that growth number, but as I said there has been growth between the share of business in delivery that has come from our own app in Q3 and Q4.

Shirish Pardeshi: Alright. Just last question, in terms of in the current scenario price changes and other things and you have a big menu on your side, so given the scenario are you facing an inflationary cost pressure and the reason why I am asking you have a good on the margin front, so is that the steady state margin, which we can look at because broadly the cost lever what you have exercised last year would broadly remain for FY2022 also?

Rahul Agrawal: Yes, in normal scenario definitely. If you look at a gross margins it was pretty less in Q1 at 30%, but then the topline also was only 10 Crores so such a small gross margin, such a small topline there was an impact overall and as we have seen our business recovering dine-in business recovering and better efficiencies with the buffets that we made on, they is a natural advantage that comes to you in terms of gross margin and that is what we have sequentially seen in Q1, Q2, Q3 and Q4 and if you look at our normalized business, which is FY2019 or FY2020 without last quarter you will see that our gross margins have been pretty stable at around 66% and if you look at long-term may be last 5 to 6 years we will see that has grown from approximately 60% gross margin business to around 66%, there may be couple of more percentage point to extract here, but we are just staying conservative and say that let us maintain this and once this stabilize and lot of volume we do on the supply chain over a period of next three to four years we will try and extract may be a couple of percentage point more from here, that is a constant improvement gain that we will keep working on new business.

Shirish Pardeshi: Just last question from my side, on the loyalty program so how long this loyalty program you have been targeting and if you can share some quantifying details what is the loyalty program base or what is the growth, which you are seeing in FY2021 versus FY2020?

Rahul Agrawal: This was launched in January 2020, which is just before the pandemic and the way to recognize the customers or the guests is with his mobile number and in the app immediately post your booking or post your delivery orders the SMILES response will cater to you and we have not seen that approximately just closer to double-digit, low double digit number is what you are now seeing in terms of number of transactions the company which have got the SMILES points, so that has grown pretty well over last four to five quarters, so just when we launched this program COVID happened so despite that we are seeing a good traction. So, I am essentially a long-term believer of this program and most probably because this benefits to our guests and our customers.

Shirish Pardeshi: Alright. Thank you and all the best you and the team.

Moderator: Thank you. The next question is from the line of Manish Dhariwal from Fiducia Capital Advisors. Please go ahead.

Manish Dhariwal: Thank you for this opportunity. My question was basically, I wanted to understand about the delivery business, in the earlier part of this call you mentioned that the delivery business will be added on to the store revenue, is my understanding correct for the delivery business will be routed via somewhere between 164 Crores -175 Crores?

Rahul Agrawal: Yes, this is part of the store revenue.

Manish Dhariwal: But the delivery order personal and order required at the store level?

Rahul Agrawal: You mean the cost of doing the delivery is at a cost level?

Manish Dhariwal: Yes, that is my question.

Rahul Agrawal: Yes, obviously, so all the entire. If my delivery is done from the same store all the cost rate of delivery including any advertising, bearer commission, any food cost, any employee cost all are added to the same store level P&L.

Manish Dhariwal: Wonderful and going forward also each individual store right there in delivery business is that the way you are thinking about it?

Rahul Agrawal: Yes.

Manish Dhariwal: Thank you so much.

Moderator: Thank you. The next question is from the line of Ashish Kanodia from Ambit Capital. Please go ahead.

Ashish Kanodia: Hello Rahul and team. My first question is when you talk about adding incremental stores in the metro cities and also we talk about adding Point of Sales for the delivery business would you feel and make you add another commissioning because we have one more in Delhi so do you see that?

Rahul Agrawal: No, we do not need to add any more commissioning. We are anyway moving towards more and more standardization as the business is expanding and once we add more outlets in our existing metro markets those can be self-served from our existing vendors so at any point of time we are not planning to add anymore commissions in the country.

Ashish Kanodia: Sure and in the delivery side we had seen the delivery becoming an incremental part of restaurant revenue and especially tried incremental margins as well, so typically we have been launched the lunch in our dinner platform, but do you see a wide space in this matter well in the delivery business, so for example, there has been Barbeque in a Box you have Barbeque al-a-carte model, so do you see an increased in the day part of the business itself as to drive better revenue through and put a better margins at a store level?

Rahul Agrawal: We will evaluate that, but as I said earlier also in the earlier part that our delivery business is pretty young and also very small and the market opportunity is large, industry's bigger segment is lunch and dinner, so we would focus on optimizing that before we jump into any other segment, but like you said the subsidy is there and when you scale that this has now stabilized and this can be added, we will definitely work towards that, but if there is a possibility, yes, there is definitely a possibility.

Ashish Kanodia: Sure, last bit on, when we look at delivery business so how it has been in the metro cities, recovery in line with what we have seen in the metro market or some qualitative colour on that would be very helpful?

Rahul Agrawal: In terms of delivery growth we have not seen any remarkable difference between metro and non-metro, we are present across some 77 to 78 cities today and if you exclude those metro markets the average daily sale in these metro markets may be large higher than the non-metro markets on average, but in terms of growth numbers, it is pretty consistent, and across all these 78 cities I would not be able to flag out okay this market has done remarkably well, but there are some markets, which does very well, but not in terms of very outlier in the business.

Ashish Kanodia: Sure, that is very helpful. Thank you, Rahul.

Moderator: Thank you. Ladies and gentlemen, this was the last question for today. I would now like to hand the conference over to Mr. Kushal Budhia for closing comments.

Kushal Budhia: Thank you everyone for attending the call. We thank you for your time and we look forward to a good reopening once the lockdown is over and resuming our business. Thank you very much.

Moderator: Thank you. On behalf of IIFL Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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