

May 21, 2025

BSE Limited
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Phiroze Jeejeeboy Towers
Dalal Street, Fort,
Mumbai- 400 001
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National Stock Exchange of India Limited
Listing Department
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Mumbai- 400 051
SYMBOL: RBA

Sub.: Investor/ Analyst Call Transcript

Ref.: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations')

Dear Sir/ Madam,

Pursuant to the aforesaid SEBI Listing Regulations, please find enclosed the transcript of the Investor/ Analyst call held on May 19, 2025 at 05:30 p.m. IST w.r.t. the Audited Standalone and Consolidated Financial Results of the Company for the quarter and financial year ended March 31, 2025.

The same is being made available on the website of the Company viz. www.burgerking.in

You are requested to take note of the same and disseminate to all concerned.

Thanking You,

For Restaurant Brands Asia Limited
(Formerly Known as Burger King India Limited)

Shweta Mayekar
Company Secretary and Compliance Officer
(Membership No.: A23786)
Encl.: As above

restaurant brands asia limited

(Formerly known as Burger King India Limited)

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“Restaurant Brands Asia Limited Q4 & FY ‘2025 Earnings Conference Call”

May 19, 2025



**MANAGEMENT: MR. RAJEEV VARMAN – WHOLE-TIME DIRECTOR &
GROUP CHIEF EXECUTIVE OFFICER**

**MR. SUMIT ZAVERI – GROUP CHIEF FINANCIAL
OFFICER AND CHIEF BUSINESS OFFICER**

**MR. GAURAV AJJAN – HEAD, CORPORATE
DEVELOPMENT AND INVESTOR RELATIONS**

**MR. KAPIL GROVER – GROUP CHIEF MARKETING
OFFICER**

MR. SANDEEP DEY – BRAND PRESIDENT, INDONESIA

**MODERATOR: MR. NAVEEN TRIVEDI – MOTILAL OSWAL FINANCIAL
SERVICE LIMITED**

Moderator: Ladies and gentlemen, welcome to the Restaurant Brands Asia Limited Q4 FY '25 Earnings Conference Call, hosted by Motilal Oswal Financial Service Limited.

As a reminder, all participant lines will be in listen-only mode. And there will be an opportunity for you to ask questions at the end of today's presentation. 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 would now like to hand the conference over to Mr. Naveen Trivedi from Motilal Oswal Financial Service Limited. Thank you, and over to you, sir.

Naveen Trivedi: Yes, thank you. Good evening, everyone. On behalf of Motilal Oswal, I am Naveen Trivedi, would like to welcome you all to the Restaurant Brands Asia's 4Q FY '25 Earnings Conference Call.

From the management, today we have Mr. Rajeev Varman – Whole-Time Director and Group CEO; Mr. Sumit Zaveri – Group CFO and Chief Business Officer; Mr. Gaurav Ajjan – Head Corporate Development and IR; Mr. Kapil Grover – Group CMO; Mr. Sandeep Dey – Brand President, Indonesia; and Ms. Cicily Thomas – Brand President, India.

I would now hand over the call to the Management for the Opening Remarks. Over to you, sir.

Rajeev Varman: Good evening to everyone. Thank you for joining the call. We will make this call very quick so that you have enough time for Q&A. I just will take a couple of minutes to walk you through the priorities of Burger King business here in India and then what are our priorities for the business in Indonesia.

So, as we have been speaking in the last few calls, our priorities did not change, and they kind of continue in the steadfast in our way to get more traffic into our restaurants. So, the first pillar that we talk about every time is about traffic, traffic, traffic. And this year that we just ended was no different than the previous year, as we continue to drive more traffic into our restaurants. And that has been one of the key focuses is to get more people into the restaurant. And as we are seeing, more and more people are coming back into the restaurants to actually experience the brand within the four walls.

So, we saw dine-in traffic growth of about 9%, this is on top of our value campaign that we have started. So, the previous year we had done a value campaign on the Rs. 99 combo or the meal, Crispy Veg Meal. And then this last year we did a two for Rs. 79 and two for Rs. 99 Crispy Veg and Crispy Chicken. So, the first campaign which is Rs. 99 value combo, we drove about 5.2% traffic into our restaurants in dine-in. And then this last year, with the two-for campaign, we drove another 9% on top of the 5.2%. So, that continues to work well.

We also continue to build our Cafe pillar. In fact, today we have 90% of our restaurants at cafes, that's up from where we were in the previous year at 77%. So, we have pretty much put cafe into every restaurant that we wanted to put Cafe. So that's continuing to build that pillar as well. The third pillar that you will see that we have been actually doing for the last couple of years, but you will see an additional focus, a rigorous focus in this coming year is on the innovation. And we will continue to build that pillar as well for the next few years driving through value, driving through our Cafe business, and then driving for innovation.

The second pillar which is a Digital First Brand, this is a pillar where we continue to digitize both consumer facing as well as employee facing all processes into digitization. So, 90% of our restaurants now have self-ordering kiosks and table ordering. So, literally everywhere that this was possible to do, we have completed doing that, and all future restaurants will continue to have self-ordering kiosks. So that's a very speedy implementation of the self-ordering kiosks.

Also, the app business that we started a few years ago, now this will be the third year in the running we have started building on it. The number of transactions that we are doing on the app is 3x what we were doing in the previous year. So that one has moved really well, and we really believe that this is a strong business for us in the future. So that's the second item in the Digital First Brand.

And then last time I told you about profitability focus, that is to be fully focused on profitability on delivery business, that we have moved that profitability by 1% in this year over FY '24, and we continue to kind of drive that piece this year as well and you will see those initiatives come through this year.

The second piece that we wanted to and we have communicated to you in the past is about efficiency and our P&L efficiency driving more EBITDA out of our restaurants. We have done that as well. So if you just take the restaurants that we have opened last couple of years, which really do not have history behind them or basically new restaurants and look at all the restaurants, we have prior to that which is FY '23 and before, we moved the profitability of those restaurants by 1.7% on our P&L.

So, these focus, focus on delivery profitability, running a profitable delivery business, more profitable delivery business, and then also trying bringing an efficiencies on our P&L, these will continue as well. So, growing traffic in the restaurant through the value leadership, Cafe and innovation, Digital First Brand, through digital SOKs and table ordering, QR code ordering, and then through our app that we are building up, and then profitability focus on profitability within the restaurant which is a four walls efficiency that we bring into a P&L, and our delivery profitability.

So just coming to the Indonesia business, and Sandeep will talk more about that business. By the way, right after my two minutes, I am going to transfer it over to Sumit Zaveri who will walk

you through all the numbers. I am not sharing a lot of numbers because he's going to share those numbers with you.

Now, on the Indonesia business, we spoke about three things, right, three buckets that we had. One was to bring in sales, right, to grow back sales post the geopolitical headwinds, and bring more business back into our restaurants. We have seen some good recent, if you look at our business from November till April, we have pushed up our dine-in ADS by 10%, so things are changing there. And it's not just the Burger King business, if you look at the competition over there, the market in general is now turning, I think the bottom is over and everyone's on the climb back to what numbers they used to have pre-geopolitical issues there.

So good green shoots. Very early time. There's a long road ahead, so I don't want people to jump to conclusions, but we have now seen a turnaround as we saw this dine-in ADS come back into our business.

The second piece that we keep talking about is rationalizing our restaurant portfolio there. We continue to do that. We had closed 24 restaurants previous, now we have closed another eight. So, there's a total of 36 restaurants that we have rationalized. And maybe this year we will look at a few more that are on a pipeline to potentially close. If we are not able to get some good deals on leases and so forth on those, we will look at rationalizing those as well. So that was the second bucket wherein we are rationalizing cleaning up the portfolio.

And the last piece is really the corporate overheads. You have not seen a lot on the P&L in this today's upload that you saw for FY '25 and you have seen very little in FY '24 as well, because even though we have rationalized the G&A and brought down the overheads, there have been closing costs of restaurants as well as severances that have kind of addressed on the P&L for those years. But the run rate, just to give an example of we were over Rs. 65 crores in G&A, as we have taken over the business, today we have brought that down to a run rate of Rs. 40 crores, so about Rs. 25 crores reduction. And then we are further looking at another Rs. 4 crores to Rs. 5 crores of reduction in this coming year.

So that rationalization bringing down optimizing our overheads, optimizing our restaurant base, which is to close down non-performing restaurants, and then revitalizing and getting sales into our restaurants, for which we have seen some initial good results, that's basically the same plan that you and I outlined to you last time. We will continue to work that plan as we move forward.

With that said, I am going to turn it over to Sumit Zaveri, who is going to walk us through the numbers. Over to you, Sumit.

Sumit Zaveri:

Thank you, Raj. So, I will just kind of talk you through the highlights of our financial performance for the quarter and for the full year.

From the percentage of growth, we ended the year at a total store count of 513. For the full year, we grew by 58 stores. For the quarter, it was at three stores, because a substantial part of our growth we achieved towards the end of December itself. So that's why this is a small incremental growth of three stores in the quarter fourth.

As far as revenue is concerned, good growth led by SSSG of 5.1%. For the quarter, we achieved revenue of Rs. 489 crores for the full year and 11.5% year-on-year growth. And if you really look at it in terms of translation of that into company-level EBITDA, we achieved Rs. 26.6 crores of company-level EBITDA, higher from Rs. 10.6 crores that we had done in the same quarter last year. So, there is almost like a 2.5x growth in company-level EBITDA over last year.

I would really like to touch upon one more line which we have been talking about as one of the levers of our efficiency translation is gross margins. If you look at it from the quarter perspective or your perspective, our gross margins was in the region of 67.7%, 67.8%. If you look at the trajectory that we have been taking consistently on Slide No. 10, you will realize that we have been growing at that pace on a year-on-year basis 0.5% to 0.7% year-on-year basis over the last three years consistently.

If we go back and when Gaurav talks about it, you will realize that we would continue the same trajectory as far as gross margin improvement is concerned. Even going forward, over the next three to four years, to our target to get closer to 69% to 70% over the next few years. So that's a strong margin improvement trajectory that you will see us continue to deliver as we go along in over next few years.

Coming quickly on to the full year numbers, just a highlight as far as full year is concerned. We got to a revenue of Rs. 1,968 crores for the full year, a very similar growth to what we achieved in quarter four, 11.8% year-on-year growth and a positive full year SSSG of 1.1%, led by a strong traffic growth that Raj was talking about in early part when he was talking about our overall performance. With company-level EBITDA showing a 32% growth over previous year to Rs. 99.4 crores for the entire year.

Quickly looking at Indonesia part of the business. I will just kind of talk broad numbers here again. As far as BK is concerned, we have been talking about rationalizing the portfolio, which we have kind of done. On a full year basis, we came down by eight stores, in quarter four stores ended the year on Burger King at 143 stores with an ADS of 18.5 million. And as far as Popeyes is concerned, 25 stores with an ADS of 14.1 million, total revenue of 269.3 billion for the full year.

We are really kind of wanting to take you through, and you will see in subsequent slides as well. But Burger King, we did report a positive 2% SSSG for the full year. When Sandeep talks about it from the recent trends, you will be happy to see that the overall SSSG is now starting to see positive at 5% overall and 10% on dine-in basis as well. But Sandeep will take you through those. But we are starting to see signs of recovery, I would not say that we kind of something

called out of the challenges that we have been facing in Indonesia, but we continue to make improvements as far as Indonesia business is concerned.

So, just since I have already spoken about the broad numbers, I am not taking you through the financial performance slides that are already available in Slide 13 to 15, rather hand it over to Kapil to take you through the marketing initiative.

Kapil Grover:

Good evening, everyone, and thank you, Sumit. Let me outline the marketing strategy that helped us deliver a very strong quarter. First and foremost, there's always a consistent value strategy across three pillars of price point, digital app coupons, and a shareable value meals platform. These platforms of two for Rs. 79 and Rs. 99, the crazy app deals available on the app led by 99 Meals, which is growing every quarter, and the thematic shareable meal bundle helped us deliver great value to our guests across different occasions and across different price points.

Moving to Slide No. 18. As Raj mentioned, a menu innovation continues to be driven by consumer insight and need gaps. Last year, we had innovations across burgers, the relaunch of a Mutton Whopper in the junior size, which makes it more affordable for our guests. A new Iced Latte and Americano that strengthens our cafe menu, and the Pizza Puff, which is a guest favorite.

Just to continue on the innovation conversation, I just wanted to share with the group that we recently launched a new range of Korean products on our menu, with the Korean Paneer Burger, Chicken Burger, Fried Chicken, Wings, and Fries. This is obviously inspired by a massive trend that we are all seeing on Korean culture, Korean music, drama. So we took out a leaf from the authentic Korean cuisine, and we innovated on the process. We dunked our patties and chicken snacks in this delicious Korean sauce to give a very authentic, very high quality Korean flavor in every bite. The burgers were launched with a premium Brioche Bun, we upgraded the product there as well. And we are getting fantastic reviews from Food Bloggers, Journalists, and Korean fans across the board. I will certainly have more to share on this in the next quarter call.

Moving on to BK Cafe. Our 100% Arabica bean-to-cup, great-quality coffee at a very affordable price. We now have 464 BK Cafes as of last quarter across the country, which is about 90% of our store base. We have clearly seen one of the fastest cafe expansion in Burger King system and in India in the recent years. And we continue to now build awareness. As Raj mentioned, the expansion part is done. We now are focusing on building awareness through social media, including the recent AI-based Coffee Fortunes activation done on New Year. We have got a great response. We have over 6,000 people participating and actually playing the whole program for reading their fortunes.

Now, I am on Slide No. 21. We continue our journey to build known diner sales via BK app. As I mentioned earlier, it's a way to give more value to the consumer through coupons and bill frequency. But it also is laying the foundation for our CRM scale-up in the future. Our

acquisitions continue to grow at a very healthy pace with app installs growing by over 28% over last year. We also saw a 2.5x growth in our app user base, and a 3x growth in orders via BK app.

That's all from my side. I will now hand over to Sandeep to share the Indonesia business update.

Sandeep Dey:

Thank you, Kapil. And a very good evening to all of you. Yes, there were geopolitical challenges, there were external challenges, but then we have always focused on things which are within our control. We stayed laser-sharp focused on controlling cost. As Raj mentioned, we kept on driving efficiencies, and at the same time, focused on getting back traffic into our restaurants.

Burger King as a brand here in this market, we have a competitive advantage of having a twin engine, twin engine of burgers and chicken. And we continue to work on our strategic pillars of retaining our leadership in burgers and also continue to work on building credibility in chicken by offering great taste, by offering innovation and strong value proposition to our guests across the menu layers and across the channels. And as a result, yes, early days, green shoots, we are seeing some great positive momentum in our business.

Now, that takes me to my next slide. Now, this is a bit of an eye chart, but I want you to focus on two things. First, we are delivering almost about 1 million higher sales for the last five, six months. And secondly, as we speak of a normalized business period, which is the main month, without having any impact of seasonality, we have reached almost 98% of the pre-boycott level sales of October 2023. So that's the good news. And we are confident of maintaining this momentum.

As far as Popeyes is concerned, we will continue to play to our chicken destination strength because we know that we not only win on taste, but we as a brand have the maximum variety of menu as far as chicken offerings are concerned. We have Fried Chicken, we have Grilled Chicken, we have multiple flavors in Wings and Boneless Popcorns. We also have Fried Chicken Sandwich, Grilled Chicken Sandwich. So, we win on taste, and we win on variety.

The one thing which we have done recently is actually we have elevated our services by providing guests a very casual dine-in experience through table ordering, through table servicing, through serving the food in a particular sequence, serving the food in cutlery and so on and so forth. It's currently in a test phase and we are gathering all the learnings and then subsequently we will scale it up across the restaurant.

So that's broadly from the Indonesia side, and I hand it over to Gaurav to share the overall outlook.

Rajeev Varman:

Yes. This is Raj here. I will hand it over to Gaurav in a minute. Guys, sorry, we uploaded the results a little late. We will try to do that much sooner next time. But I just wanted to highlight, if you have not seen the results or not yet downloaded the deck, just the highlights for India.

Again, just reiterating this, as of 31st March 2025, the year that ended, we added 58 restaurants year-over-year to reach 513 restaurants on that date. Additionally, 11.8% year-over-year increase in revenues at Rs. 1,968 crores of sales, that's 11.8% increase in year-over-year. Average daily sales, SSSG, as we call it, the same store sales increase was 1.1% for the entire year and 5.1% for the quarter four. Our gross margin, which ended last year at 67%, went from 67% to 67.7%, that's a 0.7% improvement year-over-year.

Our four-wall EBITDA or restaurant-level EBITDA went to Rs. 206 crores, Rs. 206.8, so almost Rs. 207 crores, that's up 21.2% year-over-year. And the final number I am going to share with you is the company EBITDA number, which last year was about Rs. 76 crores. That went up to Rs. 99.4 crores, and that's a 32% year-over-year increase in our company-level EBITDA.

So, I just wanted to reiterate those because some of you might be just downloading the deck. Over to you, Gaurav.

Gaurav Ajjan:

Thanks, Raj. Good evening, everyone. Once again, sorry for the slight delay in uploading the results and investor presentation. We will make sure that from next quarter onwards, there is a sufficient time gap.

I am there on Slide No. 28 titled, The Way Forward India Operations. So, our restaurant count at the end of financial year '25 stood at 513. If you recall, our previous guidance was reaching 700 restaurants by FY '27, we have revised that to a more longer-term guidance. We are looking to open 60 to 80 new restaurants every year for the next four years. This will take us to about 800 restaurants by FY '29.

On the gross profit margin side, the gross profit margin for FY '25 was 67.7%. As Sumit mentioned on Slide No. 10, that we have increased the gross profit margin every single year that we have been there in the country. And we want to continue on this journey of increasing our margins. We are targeting an annual increase of 0.5% to 0.7% over the next four years. And this will take us closer to a number of about 70% by FY '29.

With that, I would request the moderator to please open up the floor for Q&A.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai:

Hi. Good afternoon, everyone, and congratulations for decent performance in a very challenging time. So, my first question is that, if I go back in time, since FY '22 we have added almost 250 to 270 stores. And stores which are older than two years are almost now 80% of the total store count. So, despite that, our ADS has remained in that range of 115 to 120. So why this dichotomy? And on top of that, you have also added almost 400 cafes, which has an additional 8,000 ADS. So, we are not seeing the increase in ADS despite stores maturing added in FY '22, '23, '24. So, some thoughts on that.

Rajeev Varman:

Yes. Thank you, Mr. Desai, for your question. Actually, if you take away the last two years that we have built about 60, 70 restaurants each, that's 140 out of 513, so the ratio is much smaller. But anyway, coming to your question. This last two years as you have seen, especially the last year, that the industry has run a negative SSSG. In that environment to kind of hold on to our previous year's sales, that was in itself a very big challenge. And we have done that. What's happening is we are seeing a more and more increase in traffic coming into our restaurant. So, we are driving that as our initiative to bring more people into the restaurant and experience the brand over there, very successfully as well, right?

And then we have also on the other hand, had this whole goal of optimizing delivery profitability, right? So, what we have done is, in the past there was a lot of discounts either coming from the aggregators or from the brands itself. And that drove a lot of traffic, but without a lot of profit. And the last two years, and especially this last year, we have started to focus on profitable sales. So, we have increased the profitability of that business by 1%. We continue to do that over this next year. So, the objective of there is not to just bring in the ADS over there, but also to bring in a profitable ADS over there. And we will continue to kind of walk through that path.

The final piece is the Cafe. So, the cafe just came in, right? So, it's brand new. It's got, if you look at the restaurant we opened two years ago, right, the FY '23, they have gone up in ADS by Rs. 2,000. If you look at the ones we opened in FY '24, they have gone up by Rs. 1,000. So, I think in this current year, right, so they are moving up about Rs. 1,000 per year. And the newer restaurants that just opened, they have, of course, a long way to go. But as we are seeing, these are moving about Rs. 1,000 at least. You will see that as our base becomes bigger, which is now that we are at 500 restaurants, we add more and more restaurants in the future. It will be a smaller percentage of the total base.

Also, one of the strategies that we have changed with development is, we used to open a whole bunch of restaurants in Q3. We are now kind of spreading it out and we will have openings in Q1, Q2, Q3, that will bring in a few more quarters of sales into those restaurants sooner than later. So, you should see, and we will see that kind of moving in the right direction and the ADS moving in the right direction. But that ADS movement is a big pillar for us, a big opportunity for us. And we are completely focused, as I said, on the three pillars, to drive that with those three pillars, one is to continue driving value, to continue driving our business through our cafes, and then finally through innovation. So, those will continue in addition to our digital that Kapil was outlining. I hope that answers your question.

Dhwanil Desai:

Yes. That's helpful, Raj. And also, one more question on the same line is that, we have done phenomenally well on driving traffic in our stores, right? So, in order for us to go to the next level of ADS, do we intend to move the APC values higher? What is the path towards that? What are the actions that we are taking on that front to increase our APC?

Rajeev Varman:

Yes, we have a very good strategic plan, you will see in the coming summer and beyond, to kind of address the business as you outlined it. But the traffic is the heartline of the business, we want

to continue bringing in more traffic. The traffic in most of the businesses in the industry have not reached pre-COVID levels yet. So, there is a lot of opportunity. Those people still exist, and they still want to experience the brand. So, the traffic will continue to be one of the big pillars for us to drive more people into our restaurants and bring them in. But yes, we have innovation, and you will see some of that coming in the summer and beyond. We shall address exactly what you said. Thank you.

Dhwanil Desai:

Got it. And one last question on Indonesia. I think before this geopolitical tensions when we were kind of climbing back, the idea was that around 21 million, 22 million will do the breakeven for the Indonesia business. And since then we have reduced a lot of cost. So, two questions. One, has our breakeven point come down? And since now we are near to that number, at least in May, and if that trajectory continues, do we see this year cash breakeven in Indonesia?

Rajeev Varman:

Yes. So, thank you again, Mr. Desai. That's a good question you asked. Again, we are positive for the first time in a given quarter. Q4, in Indonesia for Burger King business was positive 2%, right? So that's why I said. And then by the way, April and May has been also strong, so it is coming back. Has it come back to the level we want? No, by far, right? But it is starting to turn that way, we have started to see.

And most of the traffic that is coming in, most of the sales that is coming in is at the restaurant, it's not through delivery. We are doing the same thing in delivery over there. We are optimizing delivery to make sure delivery business is profitable over there. So, we are more focusing on bringing people back in the restaurant. And similar to India, in Indonesia also we see a lot of traffic coming back in the restaurant, as I said. In this last November through April, if you take this entire period, we pushed up the ADS of our dine-in business by 10%. So yes, we are moving in that direction.

Also, if you look at the closures, we have done the overheads that we have reduced, yes, they have brought down the breakeven point, and we are kind of working towards that. And when we reach that, we will be the first ones to kind of let you guys know. But yes, we are marching towards hitting those numbers and making sure that we stop-off the losses there. Good tailwinds now in the last quarter and a little more, so we hope that these tailwinds will continue, and people will come back. We have done a U&A which has got some very good information that we learned about how the people are coming back. And we will use that study to kind of start driving that business back into required pre-geopolitical headwind sales. So, we are working on it, Mr. Desai.

Dhwanil Desai:

Okay. Great. Wish you all the best. Thank you.

Rajeev Varman:

Thank you. Thank you so much.

Moderator:

Thank you. Next question is from the line of Pranay Roop Chatterjee from Burman Capital Management. Please go ahead.

Pranay Roop Chatterjee: Good evening, sir. Thanks for the opportunity and good set of numbers. Sir, could you throw some color on the Indian demand scenario, right? And not just for Burger King, in general as well, because outside of QSR we have moderated the management team really committing that is a turnaround and demand etc. If you look within QSR, we have seen a range of results, right? You have one player who is reporting double-digit numbers of the last two quarters, you have a couple of district players who have reported flat numbers, and you have shown about 5%. So, what is the sense, is there enough indicators or evidence that there is a turnaround in SSSG in the QSR sector that you are seeing? Or is it company specific actions that you are taking that is driving some of these, and hence, it's still a wait-and-watch?

Rajeev Varman: Yes. Thank you for your question, Mr. Chatterjee. See, I will tell you, you have to have a balanced strategy which also starts from value. And strategy cannot be done overnight, right? You cannot suddenly implement something and then recognize the sales through it. So, this is a long-term strategy that we have worked from inception 2014. And we continue to kind of drive that strategy when the market gets a little weak. If you have a strong value proposition that people know of, they keep coming back. So, we continue to drive that whole portion of the business.

But also, it is just not just that value strategy, there are several pillars that I outlined, understanding the Cafe business and rolling that out in a speedy fashion. I mean, we took a little over two years to roll out the entire Cafe business, we think it's going to be a strong long-run strategy for us, right? So, that's another tool that we have put in our arsenal that continues to. You will find that we have been doing innovations. Kapil has been rolling out products for a while now, whether it was the Boneless Chicken or the High Fries, or the Chicken Nuggets and so forth. So, we have been doing this. But we have not been advertising or bringing it in the forefront because we are focused on other stuff like value.

Now, you will find as we move forward that there will be a 360-degrees approach to innovation. You saw the Korean campaign just this last month, and that was a 360-degree campaign that worked very well for the marketing and the operations team, that very well for the businesses. So, I think, if you ask me this question, I will just say reflect on the last two years. And I said, in did FY '24 we did a positive traffic of 5.2%. And on top of that 5.2%, we did another positive 9% in this last year on a dine-in business, right? So, the focus is about building that business out.

So, if you ask me, yes, doing a 5% and then a 9%, that's a 14% two-years' traffic increase on your portfolio. Are we looking at next year? Yes, our plan is to continue that route, and continue to build that traffic in the business. And then we have put in these new levers, whether it's the Cafe, all the cafes are done, whether it's the innovation piece that you will start seeing in there. But it's the digital piece where the couple who's talking about the coupons and the other ways that we kind of drive up our business.

So, you will see all these three things playing in and there will be other stuff that you will roll out and we will talk about in quarter three and quarter four. But a lot of things are in place, and

we are just steadfast on the same pillars. That's why we do not come on every call and give you new pillars, it's the same pillars, it's just more work and more hard work to continue driving those pillars.

I hope that answers your question.

Pranay Roop Chatterjee: Thank you, sir. I will interpret it as that, it's primarily strategies that you have executed over the last two years that is driving the growth, and you have not seen any demand uptake in the wider market. That's how I will interpret that.

My second question is on your cost control, right, and it's specifically for the India business. Now, while I know that there are several levers that you can use to expand your store margins, what I interestingly saw is that, in Q4 2025, the latest quarter, if I add up all your store costs across the stores, it comes to about Rs. 280 crores. And I am simply doing a revenue minus the store EBITDA of your business, so that's Rs. 280 crores. If I do the same math two quarters back, revenue minus disclosed store EBITDA, it's still Rs. 280 crores. But in the same period, you have added about 50 to 55 stores, right? So, you have added 50 stores over two quarters, but the total cost is flat.

So, which one is it? Is it option A that when new stores open up, there is a lag for when the total normalized per store cost actually comes into your P&L, and hence, we will see those incrementally coming for those 50 stores you have added? Or is it option B where you have basically those costs are fully ramped up, but you have reduced certain specific cost line items?

Rajeev Varman: The answer to this is non-linear. There are so many things we are doing, you are welcome to come join Gaurav separately, he will be very happy to walk you through this. See, there are a lot of initiatives that we are doing which are partially done, some of them only in certain markets yet, whether it's reducing the utility cost that we are working on that has been partially rolled out, whether it is about these SOKs, which just got done by finally in all the restaurants. But there are several initiatives that we are putting in. There are DCs that we are opening on an annual basis that brings down the cost in certain markets.

So, it is a lot of small simple things that we do that continues to drive costs overall, right? But those initiatives are not completely rolled out in all markets as we can quickly do that. So, as they get rolled out, you will find the cost coming down. The new restaurants when they open, it takes about two years for a restaurant to reach the average kind of top line ADS. So, they start off at lower kind of ADSs and then kind of climb up to the average. Those that are above average kind of sites, they kind of start off at their two-year low and then go up to much higher ADSs. So, you will see that there are multiple factors that work, whether it's our initiatives, whether it's the DCs we are opening which are driving our costs on the gross margin side, whether it's the volume of the restaurants we are opening, and so forth.

So, Gaurav will take this down, he has made a note for himself, please reach out to him and he will take the time to kind of walk you through this. It will take some time to explain how it's done. Yes?

Pranay Roop Chatterjee: Sure, sir. Thanks a lot, and all the best.

Rajeev Varman: Thank you so much.

Moderator: Thank you. Next question is from the line of Aliasgar Shakir from Motilal Oswal Mutual Fund. Please go ahead.

Aliasgar Shakir: Yes. Thanks a lot Raj and team. And roughly going those numbers in such a one-time market scenario is commendable. I have a couple of questions, first is on the India business. Now you did speak about the areas we have worked to improve our ADS and SSSG, and why we were not able to improve our ADS despite all the effort because of the significant growth that we have seen in the store addition. So, if you can just share some thoughts on how we see the future in the next probably three, four quarters?

In this quarter, we have seen a big improvement already. So, I mean, in terms of your SSSG, should we expect positive momentum to continue? And if you do the mid-single-digit kind of SSSG, then what is the room we have in terms of ADS and margin improvement from here? I am actually looking at comparing you with Westlife and despite you having much lower ADS, actually the margin gap is not such big. So that is why I am asking this question.

Rajeev Varman: Ali, thank you for your question. I hope you are doing well. Look, Ali, I mean, I outlined our traffic over the last two years. That is no different, we continue to drive in that direction. We spoke about having laser-focused on our last annual report on profitability, we continue to focus on that. Look, I do not want to make a forward-looking statement on what Gaurav gave you the two items on a forward basis, but I will share this with you. We have had a very strong April, and save a few days when we had this issue with the war, we have actually had a decent May as well. So, we continue on the track.

We want to completely focus on our pillars, which is driving traffic into our restaurants and continuing to focus on both delivery and restaurant-level profitability. And we have done that for the last two years. We have shown it. Quarter-after-quarter, we have come and shown you our numbers and we keep showing you positive numbers, improvements year-over-year. We do not think we will be able to show you anything different. We will continue in that march in a forward way. That's all I can share with you. I do not want to make any forward-looking statements other than that.

Aliasgar Shakir: Got it. Understood. This is very useful. Just one quick follow-up without giving me any forward-looking statements. Just from a potential point of view, that if you are able to do mid-single-digit

SSSG, do you have further room to improve your margin from both SSSG point of view and efficiency point of view? Or only it will be SSSG-led margin improvement?

Rajeev Varman:

No, Ali, you are absolutely right. If the top line goes even up by Rs. 10,000 over the next little while, you will find the leverage all through the P&L, completely all the way to company-EBITDA. See, the restaurant-level EBITDA is leveraged by several line items. The company-level EBITDA is leveraged by one-item, which is the overhead, which kind of is, in the long run, is believed to be more than anything but fixed, right? Slight inflationary increases on an annual basis. So, you will find those leverages coming all the way down to the company-level EBITDA.

Aliasgar Shakir:

Got it. This is very useful. Second and last question is on Indonesia. So while it's certainly commendable in terms of the reduction in the losses at the company level, but when I see your presentation Slide No. 14, the improvement has more come because of the corporate G&A coming down, whereas the restaurant-level pre-IndAS margins, in fact, on a Y-o-Y basis from positive has become negative. So, if you can throw some light in terms of what has happened here, despite having a 2% SSSG? And I mean, you have made this clear that you will be very strict on curbing the losses in Indonesia, otherwise you will probably move out of it. So, I mean, your thoughts on that.

Rajeev Varman:

Yes. Ali, thanks. Again, good observation. We have had some inflation in beef prices over there, and also some currency depletion over there. So, you have seen those two things happen simultaneously, literally in the same quarter. So, you did see some impact of that. However, the pricing has been taken. It's not just us, it's uniform across the market. The industry has taken pricing to cover the inflation, and you will find that kind of washout over the next couple of quarters and kind of fall in track.

Look, I think by reducing the overheads, you have now reduce, as I was telling to Mr. Chatterjee earlier, you have reduced the breakeven kind of ADS, and I think we are now seeing positive sales coming in. Look here, no amount of cost saving is going to help that business unless sales come back to where it used to be. And we are working on that, and obviously as a company we are astute on all options available to us to make sure the shareholders and the investors get the best bang for the buck on that decision. So, we will keep all those options open as we have just mentioned, but we are working very hard right now to kind of capitalize on this increase in sales.

Aliasgar Shakir:

Got it. So, is this like a two or three quarter time period in which we should see the improvement significantly coming through? Or is it something which will take a little longer?

Rajeev Varman:

Let's wait another quarter, let's see where it goes. We will have a chat post that, yes?

Aliasgar Shakir:

Sure. Thank you. Thank you so much.

Rajeev Varman:

Yes, thank you.

- Moderator:** Thank you. Next question is from the line of Gaurav Jogani from JM Financial. Please go ahead.
- Gaurav Jogani:** Hi, sir. Thank you for taking my question, and congratulations on excellent execution. Sir my first question is with regards to the CAPEX per store now. Given you have driven multiple cost initiatives, what would be the average store cost for us in India and then Indonesia?
- Rajeev Varman:** Yes. Indonesia, we are not building any restaurants right now, so we do not have any maintenance cost. But Sumit will share with you our cost here in India. And of course, we are putting in a cafe now, we have putting in a self-ordering kiosk in all our new restaurants, right? So, when the restaurant comes in now, they come in with self-ordering kiosk, they come in with the cafe already built in there. So, would you, Sumit, if you can take that question?
- Sumit Zaveri:** We have been kind of sharing these numbers on quarter basis. We still continue to spend roughly around Rs. 2.7 odd crores to set up a restaurant in India. And this is average cost of, obviously, not led by the format there. Depending on which format you concentrate on, the cost spend will be. But on an average, if you look at it across even from the perspective of balance sheet across gross block, store counts, you will realize that we have been spending around Rs. 2.7 crores.
- This is a number that is now consistent for almost three, four years, I would say. And I think able to kind of maintain this cost at these levels, in spite of the really adding cafes as part of our stores, or this year adding kiosks as part of the store, is because we have also brought in a lot of efficiencies on our CAPEX cost line. So, we have literally been able to offset the inflation impact on the CAPEX side, as well as add more into our stores, but still remain at an overall cost of Rs. 2.7 crores per store. So that's literally where we stand, Gaurav.
- As far as CAPEX portion India is concerned, we will continue to improve on this cost line going forward as well. We are working on several initiatives. I will not go into detailing our initiatives there. But we do believe that we should be able to further optimize these costs as we go along. As we keep achieving some of the milestones that we are working on, maybe going forward or in subsequent calls, we will start calling out the consumption on the CAPEX side that we are working on as well.
- Gaurav Jogani:** Sure. Sumit, just one follow-up. So, given that there is a guidance of 60 to 80 restaurants that will be needed to open in a year, and I am assuming there will be some refurbishment or some IT related CAPEX. So, what would be CAPEX guidance for at least '26-'27, if you can highlight?
- Sumit Zaveri:** So, on the CAPEX side, with respect to new stores, 60 to 80 restaurants that we are talking about, roughly Rs. 2.7 crores plus the deposit that we placed. So roughly including that will be around Rs. 3-odd crores. The large incremental CAPEX that we had and which was initiative-led, more or less a cycle of those initiative-led CAPEXes have now come to an end because we are working on cafes over the last two years. And then last year we also added the digital investments on the physical asset side in each of the stores. So those have now literally kind of come to an end. And

as we kind of went in to touch that a little bit of refurbishment required, we have kind of done that. So, beyond the new store CAPEX and maybe incremental CAPEX on the digital side to the tune of around maybe anywhere between Rs. 10 crores to Rs. 15 crores, we do not expect anything more on the CAPEX side over and beyond the new store CAPEX, at least in the coming financial year.

The incremental investment of CAPEX cycle literally has now, I would say, we have literally completed that across the entire portfolio. And we do not have any initiative that we would have on the CAPEX side, rather now we would start looking towards how do we optimize all these investments that we have done on the CAPEX side as well as the digital side. How do we really start optimizing on the business side and what our concentration would be there. Which is what, honestly, what Kapil in his presentation was also talking about or the initial slides what Raj spoke about, that our concentration now is going to be really optimizing the return on some of the other investments that we have done over last couple of years is what you will see us doing into this upcoming part of the financial year. And without really delving deep into overall strategy, you will see this literally evolving as we kind of go in into this year. Honestly, the way we look at it is, Korean was the first step into where we kind of start to establish our these credentials and you will see our strategy on a firstly evolving on the product as well as on the digital side over the next quarter or next few quarters.

Gaurav Jogani:

Sure. Thanks for a detailed answer, Sumit. And just last question from my end is, you have really shown how you have improved the gross margins over the couple of years, despite continuing on this value platform. So, assuming that given that you will be targeting the 70% gross margin, should we build incremental improvement on the EBITDA margin as well leverage? Or would it be largely to assume that in 40 bps, 50 bps improvement that you are targeting in the gross margin would reflect to the EBITDA margin front? Thank you, that's all from me.

Rajeev Varman:

Yes, Gaurav gave you and I will repeat that, our intention is to move that gross margin number to about close to 69% to 70% over the next few years, over the next three years, right? So that's the intention we will get it to that point, and that money really rolls down all the way to the store-level EBITDA, and actually, to be honest with you, all the way down to company-level EBITDA. So that's the intention with that number that line item. But there are additional line items that we are working on, whether it's utilities, whether it is rents that we are working on or total labor, now the SOKs are there, self-ordering kiosks are there in the restaurant. So, all these things kind of work hand in hand.

So, when you look at our P&L improvement, a 32% increase in company-level EBITDA year-over-year, it's coming from very small single initiative, it's not one big arrow, it's a lot of hard work. And I think this business really, I call it a business of pennies, and seconds, and grams, and degrees, it's for a reason. It's a lot of small things that you work hard on and it all contributes towards the EBITDA level.

Gaurav Jogani:

Thank you so much. Thank you. Thank you, Rajeev. Thank you.

Rajeev Varman: You are welcome.

Moderator: Thank you. Next question is from the line of Atul Mehra from Motilal Oswal Asset Management. Please go ahead.

Atul Mehra: Yes. Hi team. Sir, my question is, when we look at the India business' older cohorts, maybe 2022 cohort or 2023 cohort, what would be the kind of restaurant-level EBITDA margins these cohorts would be netting? I am asking this in the context of the general time it would take for a store to mature, so it could be reflective of steady-state profitability at the system level. So just maybe if you could share some insights on this.

Rajeev Varman: Yes. Mr. Mehra, I would advise that you spend some time with Gaurav, to kind of go into the very extensive answer that he will give you, because it's not linear again. See, number one is, we do not have mature stores, we have stores that were opened in 2014, which continue to grow. And you probably have stores in the industry that were opened 25 years ago, which are still growing. So, this is kind of a business that continues to grow in many parts of the world. I mean, I have been running this business for a very long time. So, it's not that we will mature and then come to a stagnation. There's always an inflationary increase, but there's also increase in traffic from new traffic coming in, new initiatives like we put the Cafe and so forth. So, that's the first part of the answer.

The cohorts are doing better. I will just give you a very simple example. We do not share cohort-level kind of gross margin and EBITDA-level information. But I gave you a small example just to let you know how the Cafe business, we just started three years ago, right? How the cafes that we first opened are up Rs. 2,000 over two years, and the cafes that were opened last year are up Rs. 1,000. So, they are growing at about Rs. 1,000 on the cafe side of the business. I am not promising that that would be the trend for the next five years, but that's what we have seen in the last two years, and that's all we can share with you what we have seen. But yes, the cohorts that are more, I would say, more mature, if you will, that will probably be a better way of defining it, are more mature than the younger restaurants and newer restaurants are doing higher ADSs. And if you do higher ADSs and if your rent is decent, you do gross margin and you do a restaurant-level profitability which is much higher.

But feel free to spend time with Gaurav, without kind of sharing any detailed insight, just some information that we got to keep for competitive reasons to ourselves. But he will show you how we work that platform out, he will help you understand it better.

Sumit Zaveri: Mr. Mehra, just to add to what Raj was saying and since we keep getting this question consistently on vintage, just want to highlight two data points from our presentation. One is, if you look at the year-on-year growth on restaurant EBITDA Slide 10, we saw 9.7% growing up to 10.5% which is the entire portfolio. At the same time, initial slides which Raj referred to, which is Slide 4 if you see, we did try to kind of reflect that the older restaurants grow at a faster

pace or a better pace in terms of EBITDA and we have reflected that the restaurants that opened in FY '23 on an annual basis grew at a pace of 1.7% on an EBITDA over previous years.

So, to your question, really while we are seeing the EBITDA, seeing the positive SSSG growth, we are also seeing a better improvement in the restaurants that were opened prior to FY '23. So, I am just, without delving into what the profitability is, just to still kind of give you a reflection of what's happening in our portfolio. And we are just highlighting these two data points which form part of our presentation on Slide 4 and Slide 10, Mr. Mehra.

Atul Mehra:

Got it, got it. Just one other question was on Indonesia front, while it's encouraging that we are seeing financial growth returning. In terms of kind of strategy level, what are in terms of deliverables from Indonesia for the company's financial year? And I ask that from the context that we have a large India business which is doing very well, when do we kind of take a call which is more strategic on Indonesia in the sense of divestment or just doubling down on efforts in India completely? I am not adding any kind of rest of the world distractions. So, when do we really take that call which is a more strategic long-term call on Indonesia in terms of any timeline or any thought process that you could share with us would be helpful? Thank you.

Rajeev Varman:

Without again making any forward-looking statements, which is what it would be if I did make it. Look here, we are looking at this very closely, right from all points of view, we want to do the best thing for our business over there in terms of our investors and our promoters, stakeholders, myself included in there. We want to do the right thing over there. It's seen some green shoots, that does not mean that we have closed other options, we are looking at all options. And we will make a good call very quickly. I was telling this earlier on in the last call that we are looking at the next two, three quarters very crucially and very closely, and we will do the right thing for the investors in that kind of timeframe.

Atul Mehra:

Thank you and all the best.

Rajeev Varman:

Last question, please, from whoever. Thanks, operator.

Moderator:

Thank you. Next question is from the line of Mr. Rishi Mody from Marcellus Investment Management. Please go ahead.

Rishi Mody:

Yes. So this is a quick bookkeeping one to start off and then you get on the operations front. So India store addition guidance you gave us 800 by FY '29. If I remember this correctly, we were supposed to add 700 by December '26, so has the agreement been amended with Restaurant Brands International?

Rajeev Varman:

Yes. We spoke about this I think a couple of quarters ago that, because of COVID we had rearranged an agreement with our franchisor. So, this guidance that you are seeing is reflective of that agreement that we changed with them.

Rishi Mody:

All right. I think on the operations front, on the India front just wanted to understand, we changed the strategy on the convenience channel, we are focusing more on profitability. So now I think we have done a bit on that, so just trying to understand now how are we going to ramp up the convenience channel? Plus, also are we facing any issues with, say, rider availability or rider pricing? Just wanted to get your view on that.

Rajeev Varman:

Yes. So yes, profitability, but profitability is the third pillar, the first pillar was about driving sales and driving traffic. And what we have seen in the last two years is that while we optimize our delivery business to make sure that it's only driving profitable traffic and so forth. We have seen a return of traffic back into the dine-in business, which is a strong point that we kind of hang our hats on moving forward, is a very strong dine-in business that's building slowly. And we have got all the tools, I think Kapil spoke about the app business that is driving a significant amount of people into our business, which is going to help them in CRM in the future and kind of continue to build on that traffic. That's a healthy traffic when 30% of your business is known on your app. So we will continue driving that piece of the traffic.

So for us, my primary goal is, and by the way, when you have a goal it does not mean you are not doing the other stuff. The primary goal is to make sure that more and more business drive into our four walls, into our restaurant, dine-in business. We want to focus on building that strong over the next five years. And we want to make sure that our delivery business grows, but grows profitably. It grows with a healthy margin, very similar to our dine-in business. So that's two really broad goals that we are working on. In addition to P&L optimization, making sure we are bringing efficiencies on there, innovation on the side, digitization, all that will continue. But these will be primary goals as to bring traffic back into our restaurants; and secondly, to drive delivery business on a profitable basis.

Rishi Mody:

Okay, got it. And a final question on the Indonesia piece, right? So you mentioned that Indonesia restaurant EBITDA margins declined between the beef inflation and some currency impact, but I am just trying to understand, because our gross margins have expanded in Indonesia, if I am not wrong, by about 180 bps on a Y-o-Y basis of Q4. But our EBITDA, the restaurant level EBITDA margin has declined by about 300 bps. So just trying to tie the two up, like, I mean, our restaurant OPEX has also increased in the last couple of quarters on a Y-o-Y basis, restaurant OPEX, post taking off.

Sumit Zaveri:

Yes, Mr. Mody, yes, absolutely, your observation is correct. What we have been doing over the last, I would say, over the last couple of quarters in order to kind of support the recovery of revenues in Indonesia, we have also parallelly been spending a little more on the marketing side as compared to what you would have seen in last year. Because last year we were literally at the middle of the geopolitical scenario that we were facing. But since the time the geopolitical scenario started to get ease up, the new government which we were talking about last year as well, as that was kind of getting ease up, we are working towards getting the sales back, which

is also the reflection that you are seeing in our ADS growth over the last, almost from mid-November to the first quartile of May.

So, there is that element of spends that we have in Indonesia in order to recover some part of those sales. It will settle down, rightly this will literally kind of settle down back to the 5% marketing investments that we otherwise would put in the market similar to what we have in India. It's just that some of these investments were kind of front-ended in order to get the sales back to the pre-COVID levels.

Rishi Mody: Sir, what was in terms of percentage of sales in the last two quarters A&P spends, like you said it will settle down 500 bps, so how much extra was it?

Sumit Zaveri: It was around 8% if I remember the numbers from the last two quarters ad spend that we did. But yes, you will see that slowly settling down, and you will see that settling down over the next couple of quarters as well as we continue to bring sales back as far as --

Rishi Mody: Okay. Got it. Thank you.

Rajeev Varman: Thanks guys, really appreciate it. Back to you, operator.

Moderator: Thank you. Ladies and gentlemen, that was the last question of the day. I now hand the conference over to management for closing comments.

Rajeev Varman: Yes. So thank you everyone again for joining in. I will just reiterate the few main performance KPIs that we delivered last year. Again, we are at 513 restaurants as of 31 March, 2025, with 58 new restaurants year-over-year. Our revenues grew by 11.8% which is Rs. 1,967.8 million, SSSG was up 1.1% for the whole year, 5.1% for the last quarter. Gross margin moved up from 67% to 67.7%, it's up 0.7%. Our restaurant-level EBITDA was up 21.2%, which is Rs. 206 crores. And then finally, our company-level EBITDA was Rs. 99.4 crores, which is up 32% over the last year.

So, with that said, thank you so much for your interest in the call today. Appreciate it. Have a wonderful evening. Thank you very much.

Moderator: Thank you. On behalf of Motilal Oswal Financial Service Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.

(This document has been edited for readability)