

Operator

Ladies and gentlemen, good day, and welcome to the Speciality Restaurants 3Q FY 2014 Earnings Conference Call, hosted by Kotak Securities. As a reminder all participants' lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Please note that this conference is being recorded. I now hand the conference over to Mr. Anand Shah; thank you and over to you sir.

Anand Shah, Manager

Thanks, Chittarasu. Hi, everyone, and welcome to the 3Q FY '14 Speciality Restaurants Earnings Conference Call. I welcome you all on behalf Kotak Institutional Equities and joined my the senior management of Speciality Restaurants represented by Mr. Rajesh Mohta, the Executive Director, Finance and Mr. Firoze Sadri the Chief Operating Officer. I will now hand over the call to Mr. Rajesh Mohta to discuss the recently announced earnings. Thanks, and over to you, sir.

Rajesh Kumar Mohta, Chief Financial Officer

Thank you, Anand. Very good evening and good day to all the participants who have joined the call. We welcome you for this earnings call for quarter 3 Financial Year 2014. We had our board meeting and published that data yesterday to stock exchanges, which I presume some of you would have had the opportunity to have a look on the same. Just for the reminder purposes I would just brief the numbers, which we had in this particular quarter.

The income, total revenues in the quarter 3 increased from 61.15 crores to 72.20 crores registering an increase of 18.1% year-on-year basis with an increase in EBITDA from 12.64 crores to 13.67 crores registering an increase of 8.15% with PAT remaining flat at 6.70 crores vis-a-vis 6.67 crores year-on-year basis. The total revenues for the 9 months period had been 196.35 crores registering an increase of 16.5% with an EBITDA of 34.45 crores registering a de-growth of 1% year-on-year basis.

And a PAT of 15.46 crores with a de-growth of 14.4% year-on-year basis. Quarter 3 increase in PAT has been attributed primarily to a price increase, which we took in the month of end-November. The momentum of December revenues continues to be there in January. We were very skeptical from September 11 to take a price increase because we wanted to maintain footfalls in our restaurants, and post November, second fortnight price increase we find that footfalls continues to be same, resulting into a same store sales growth which has been very flat for quarters and even in quarter 3.

These are the highlights and now I request all the participants to throw questions so that we are able to answer to the satisfaction. Thank you.

Operator

Thank you.

Questions And Answers**Operator**

Thank you very much sir. We will now begin the question-and-answer session. First question from the line of Prakash Kapadia from ialpha Enterprises, please go ahead.

Prakash Kapadia, Analyst

Thanks for taking my question. Sir, if you could enlighten us, since the IPO over the last few quarters, we've tried and experimented

with some of the new formats and some of them are doing reasonably okay; so given the current environment, is the focus there what we had highlighted at the time of the IPO of Mainland China would continue to be biggest growth driver or because of lower footfalls or higher inflationary pressure, we have gained some insights and some decent confidence to scale other formats? That was my first question.

Secondly, if you could give us some color on the recent JV in Doha. So is that part of derisking India, given the current environment or it's again, part of an international expansion? So what kind of contribution you see from international markets over the medium term?

And thirdly, we've seen a decent sales growth of almost 19% in year-to-date in nine month result. So despite that because of higher raw material cost and obviously front ending of employee cost, we've seen a margin decline. So from here on, given the current environment, what is our sense on margins? Broadly these are three questions.

Rajesh Kumar Mohta, Chief Financial Officer

Thank you, Mr. Prakash. I (technical difficulty) first question on the flagship brand; to reiterate that Mainland China continues to be the flagship brand of the company.

Prakash Kapadia, Analyst Rajesh Kumar Mohta, Chief Financial Officer

All other brands are (inaudible) or we may call the power brands, which are there like Oh Calcutta and Indian brand, which is coming under the umbrella of Sigree/Global Grill.

Prakash Kapadia, Analyst

Right.

Rajesh Kumar Mohta, Chief Financial Officer

They have seen during IPOs that we used to have Sigree, Flame & Grill, Machaan and Just Biryani, which were all Indian cuisines brand. Now the consolidation is happening that we would like to have an Indian brand which would be under Sigree/Global Grill pan India basis.

Prakash Kapadia, Analyst

Okay.

Rajesh Kumar Mohta, Chief Financial Officer

So that's the only reason why we are trying to convert few of the Machaans and the Flame & Grills and the Sigrees over a period of time to build a Indian cuisine brand under the brand Sigree/Global Grill, which would become a power brand added to the flagship brand of Mainland China.

Prakash Kapadia, Analyst

Okay.

Rajesh Kumar Mohta, Chief Financial Officer

But the focus of the management and the organization continues to be there on Chinese cuisine and we have been expanding as committed during the IPO that 60% to 70% of the expansion center around Mainland China.

Prakash Kapadia, Analyst

Okay. So no broad change to that, okay.

Rajesh Kumar Mohta, Chief Financial Officer

Yes. Now answering this particular question with an added remark is like trials of Mezzuna et cetera, because what is happening is, it's the change in the dynamics of the restauranting business; we find dining continues to be for our lunch business and dinner business. So we wanted to get into a slot, which is a B to D, which would be breakfast to dinner, that's the only reason why we launched a Mezzuna in Pune on a pilot basis in the month of April of this financial year.

Prakash Kapadia, Analyst

Right.

Rajesh Kumar Mohta, Chief Financial Officer

And for the information, I would like to convey that Mezzuna, Pune has been awarded P Awards [ph] in the Pune Times Food Guide, which had happened a few couple of weeks back. So, this is given us an impetus and we are opening a second Mezzuna very soon in couple of days -- today itself we have opened Mezzuna in Forum Mall, Calcutta.

Prakash Kapadia, Analyst

Okay.

Rajesh Kumar Mohta, Chief Financial Officer

Here, behind this is, let's have the cycle which is already there, because what is happening to have sweating of assets, have assets turnover more, breakfast to dinner proposition is a better proposition vis-a-vis fine dining; but, fine dining continues to be there.

Prakash Kapadia, Analyst

Okay. Actually the Sigree/Global Grill is a very good forum and I visited one in Malad, it's a wonderful concept. Congrats for that.

Rajesh Kumar Mohta, Chief Financial Officer

Thank you very much Mr. Prakash. And that's the real reason, why we are opening more Global Grills, like we converted one of our Machaan restaurant in Malad, Mumbai to a Global Grill.

Prakash Kapadia, Analyst

Right.

Rajesh Kumar Mohta, Chief Financial Officer

Answering your Doha question, Doha is the first joint venture which we have entered into overseas which is only for one Mainland China. And idea behind this is, it's not like derisking India, see India consumption would continue to be there, it is a matter of time which has been looked at. But the whole idea is give the brand which has been established all across and with the Indian diaspora being available in those countries; we would like to capitalize on the brand so that we have international presence in the Middle East to begin with.

Prakash Kapadia, Analyst Rajesh Kumar Mohta, Chief Financial Officer

Thirdly, you had asked about the margin pressure despite having sales growth; see primarily what had happened since there have been a pressure and discretionary spends, the new restaurants, which we had opened during this particular financial year from April, the front-end cost as you had rightly said and the break even which we use to have in three to six months time have got extended,

resulting into a pressure on margin on one; second, there have been an inflationary pull, which increased our raw material cost. So these are the two factors, which had an impact on the margins.

Prakash Kapadia, Analyst

Right.

Rajesh Kumar Mohta, Chief Financial Officer

And to neutralize the impact of this kind of a price increase on inflationary basis, we have done a price increase which we have already shared with you.

Prakash Kapadia, Analyst

Right.

Rajesh Kumar Mohta, Chief Financial Officer

This cost curve in mind, we would -- could turn in to revenue curves in months to come.

Prakash Kapadia, Analyst

So next year we could expect a slightly better margin profile?

Rajesh Kumar Mohta, Chief Financial Officer

Be -- and we hope so, sir.

Prakash Kapadia, Analyst

Okay. And lastly, if you could give us some sense on the outdoor catering opportunity, margin profile vis-a-vis current businesses because we were experimenting that in the eastern part. So any sense you could give us on the outdoor catering, I think Mobifeast was the name?

Rajesh Kumar Mohta, Chief Financial Officer

See Mobifeast is single [ph] say more focused on eastern India. Okay.

Rajesh Kumar Mohta, Chief Financial Officer

And there have been a revenue increase vis-a-vis, what we used to do earlier. Yes, when you talk in terms of margin, those are higher than what you get into restaurants but it depends upon the scale of the catering opportunity which you do there. But since, we are into niche catering; we have been able to take parties which are in the range of 1,500 to 2,000 guests also.

Prakash Kapadia, Analyst

Okay.

Rajesh Kumar Mohta, Chief Financial Officer

That is the business which has grown and since we had done IPL catering in -- for KKR in Calcutta during the first quarter, till November we have a revenue increase of roughly around 45% over year-on-year basis.

Prakash Kapadia, Analyst

Okay. That'll be, what a 4 crore, 5 crore business as of now?

Rajesh Kumar Mohta, Chief Financial Officer

As of now it is touching 4 crores.

Prakash Kapadia, Analyst

Okay. Thank you. I'll come back, if I have more questions.

Operator

Thank you. Next question from the line of Ankit Kedia from Centrum Broking, please go ahead.

Ankit Kedia, Analyst

Sir, my first question is on the new restaurant opening; I see we have two strategies, one in the same location close to the existing restaurant and change it to Sigree/Global Grill, which you have done in couple of restaurant, even Mezzuna was done the same way. Second is close down the non-profitable restaurants, so could you share with us, which restaurants we have closed, because they were non-profitable and going forward, what will be the strategy or how many restaurants don't fall under a scrutiny of profitability, which we could see closures?

Rajesh Kumar Mohta, Chief Financial Officer

Now answering the second question like conversion from an existing space, what primarily happens is since that property is on a rentals for a nine-year or a 12-year or a 15-year basis, it makes more sense for us rather than to venture into a new property than to do a format which is making more revenues. Like in case of Machaan, Malad; we converted from Machaan, Malad to a Global Grill, because the tenure of the agreement is much larger and pending is still there.

Ankit Kedia, Analyst

Sure. Sir, so the incremental cost, if we do that would be lower compared to a standalone restaurant, skeptically we would do, how would be the CapEx for the -- just converting the restaurant in the existing property vis-a-vis making a new restaurant completely different, could you share that dynamics?

Rajesh Kumar Mohta, Chief Financial Officer

Yeah. Sir, what happens is, the interiors do change with the brand profile like, say for instance, when we had an Oh Calcutta converted into a Mezzuna, the interiors absolutely got changed. The basic infrastructure facility which we had with respect to the back area which we call as, the kitchen is called as back area; there we utilize the existing setup itself to the extent possible, number one. Number two, new restaurants; when we put, we take the properties on bare shell basis, so the entire civil, like even the flooring et cetera is done by us. So that gets utilized when we convert into a second restaurant.

Ankit Kedia, Analyst

Sure. So the cost saving could be upwards of more than a crore?

Rajesh Kumar Mohta, Chief Financial Officer

It could be more on civil, which could be in the range of 50 lakhs to 60 lakhs of rupees. Because what happens is, see this disclosures are happening after two, three years of operations.

Ankit Kedia, Analyst

Sure.

Rajesh Kumar Mohta, Chief Financial Officer

So there is a depreciation which also gets charged to property loss accounts.

Ankit Kedia, Analyst

Sure. Sir, my second question was on the other operating income which we get from franchisees. We have seen a strong growth coming out there, so could you share with us the break up of this, how much is one time income which we get from the franchisees? And second part of that would be how much is the royalty share we get on regular basis as

Rajesh Kumar Mohta, Chief Financial Officer

See, this is the combination, like one time and royalty management; royalty management fees is roughly around 50 lakhs a month at this point of time, the kind of revenues which are getting generated on the franchised restaurants.

Ankit Kedia, Analyst

Sure.

Rajesh Kumar Mohta, Chief Financial Officer

Balance comes from the IEPs [ph] which we book when we get into franchise arrangements like we have taken franchise done for Tanzania, Mainland China and Global Grill.

Ankit Kedia, Analyst

So, sir, in the first nine months we have clocked around 13.8 crores, so it would be fair to assume the 50 lakh run rate we would have done around--?

Rajesh Kumar Mohta, Chief Financial Officer

6x9; say 54, 5.4; 5 to 5.4 crores.

Ankit Kedia, Analyst

Okay. And sir, my third question was on the home delivery where Justdial is claiming it's getting strong traction for most of its home delivery. Since, we have tied up with Justdial as well for Bombay city, how is our response on home delivery through Justdial?

Rajesh Kumar Mohta, Chief Financial Officer

Yeah. Ankit, my CO [ph] is responding to yourself on this question because, that's being directly handled by him.

Ankit Kedia, Analyst

Sure.

Phiroz Savak Sadri, Director - Operations and Brand Standards

Hello Mr. Ankit.

Ankit Kedia, Analyst Phiroz Savak Sadri, Director - Operations and Brand Standards

This is Phiroz here. So just to keep you posted on your query, the response itself has been very encouraging. However, there are still some back end issues in terms of support facilities and co-ordination, which need to be tied up seamlessly before we go national on that.

Ankit Kedia, Analyst

Sure. Sir, so -- because margins would be higher for home delivery, so can we expect more than 5% revenues for next year, next to next year on back our home delivery or would it still be lower than that?

Phiroz Savak Sadri, Director - Operations and Brand Standards

There you are putting numbers to my mouth; but, yes, we look forward for that sum [ph], because we have certain datas of other restaurants which do 20%, 25% on delivery.

Ankit Kedia, Analyst

Sure. Thank you so much sir. That's it from my side.

Operator

Thank you. Next question from the line of Lancelot D Cunha from ITI Wealth Management, please go ahead.

Lancelot D Cunha, Analyst

Hello, sir, I just wanted to know like what is the proportion of home deliveries to our total sale? Is that increasing or is it at a regular trend? And the other was we had about 99 restaurants as of September. Have we added anymore in this quarter and are we planning to add anymore up to March? And the last question was regarding the proportion of Mainland China revenues to the total revenue, is that still around 59%, 60% or has it come off a bit?

Rajesh Kumar Mohta, Chief Financial Officer

Answering your first question, sir, we have opened five restaurants in this quarter.

Lancelot D Cunha, Analyst

Okay.

Rajesh Kumar Mohta, Chief Financial Officer

One, and today total including confectionaries and franchise owned, company operated restaurant, we are having 104, which is 90 restaurants and 14 Sweet Bengal confectionary shops.

Okay.

Rajesh Kumar Mohta, Chief Financial Officer

Number two, on the delivery front; we have been slow and steady like, as Mr. Phiroz just now answered that we are trying to overcome all kind of back end issues which we have, because launching on a national scale basis and being into service industry, we would not like to get into a situation where we are not able to render services to the guest.

Lancelot D Cunha, Analyst

Right.

Rajesh Kumar Mohta, Chief Financial Officer

We are trying to make it foolproof before going ahead on a national scale basis. So the percentages are still the same kind of a thing because, it's more centered on western India.

Lancelot D Cunha, Analyst

Okay. Fine. And in terms of our Mainland China continues to be at 59% there.

Lancelot D Cunha, Analyst

Okay. So, proportion remains --

Rajesh Kumar Mohta, Chief Financial Officer

The same.

Lancelot D Cunha, Analyst

Okay. Fine. Thank you very much.

Operator

Thank you. Next question from the line of Saurabh Sinatre [ph] from TVC Securities, please go ahead.

Unidentified Participant

Hi, sir. I have a very general question on the strategy that the company has adopted while thinking of converting restaurants. So, I would want to know, what is the total number of restaurants that are currently in your process or in the mindset that they have to be converted to Sigree/Global Grill? And, what was the idea or the end output that the management has thought that this is what we want to achieve in terms of number contribution to the overall business by converting? What sort savings have you thought of and what is the end goal of this?

Rajesh Kumar Mohta, Chief Financial Officer

Thank you. The first question for conversion of restaurants; see the idea behind Sigree/Global Grill was that we would like to have a national brand across cities. Since we have presence in 26 cities with Mainland China being there in each and individual city and more number of Mainland China is in certain cities.

The idea behind this was to have power brand, you would have seen S M Datta is the Chairman of our Board, who is an ex- Unilever Chairman.

The major concern was if you have so many Indian brands where the cuisine is more or less the same, you cannot get into building up our brand. The way Mainland China has become for Speciality Restaurants, so we had Flame & Grill, so let's say, today also we run five Flame & Grills and five Machaans despite one conversion.

So, the first probability of converting those Flame & Grills into Global Grills and Machaans into Global Grills is the focus area for the company. So that the brands are under one and we have a brand which could be taken on a national scale basis which gives us a, let's say, leverage to advertise on a nation level. Because for Mainland China, we are on print media, we are on televisions et cetera. But, not for other Indian brands. So, that is strategy which is very clear from the management that we would focus on the second Indian brand, which is Sigree/Global Grill to center -- to become a power brand along with flagship Mainland China.

Unidentified Participant

So --

Rajesh Kumar Mohta, Chief Financial Officer

I'm sorry -- right.

Unidentified Participant

Yeah, so just a follow up on the same thing that, if we consolidate so, one was there are how many restaurants do we want to consolidate into Sigree/Global Grill, do we want to give up Machaan and the other chain and this get them into one and once we are done with that and we go national in terms of advertising what is the sort of ATL, the above line expenditure that left with that which we can either save or then pump up more than the market to bring forth the Global Grill brand?

Rajesh Kumar Mohta, Chief Financial Officer

See, what happens is since the revenues are growing, the percentage even despite remaining 1.5% to 2% and since we also get reimbursement from various companies as a sales promotional support, we would be able to have a quantum which would be more. And to expand Global Grill is like we have now taken various premises where we have Mainland China together with an Indian restaurant. There are economies of scale; there are areas of kitchen which gets reduced. So there are tangible and intangible benefits of having both the brands together at particular places.

Sure. But we haven't thought of anything quantifiable that this is what we can do some internal accruals of ad savings [ph] to put it in Global Grill?

Rajesh Kumar Mohta, Chief Financial Officer

See, since we have already started, now we have four Global Grills running and it's in a phased manner we would be doing it. It cannot happen overnight, but the plans are there, sir.

Unidentified Participant

Sure. Thanks Sir. Thanks a lot.

Rajesh Kumar Mohta, Chief Financial Officer

Thank you.

Operator

Thank you. Next question from the line of Abhishek Ranganathan from PhillipCapital, please go ahead.

Abhishek Ranganathan, Analyst

Good evening, sir. Sir, question on sweating our -- on Mainland China stores more, I mean, you mentioned that largely being a fine dining, we've not been able to sweat it as much as, let's say, other format is, but I understand that some of -- in some initiatives which you have taken in some of the malls is to try and offer, have some offerings between the lunch and the dinner time also. So a; one is how far has that coverage reached? And b; is that -- as a result of this would we consciously look at opening these in more malls, Mainland China in more malls rather than stand-alone?

Rajesh Kumar Mohta, Chief Financial Officer

Hi. Good evening Mr. Abhishek.

Abhishek Ranganathan, Analyst

Good evening, sir.

Rajesh Kumar Mohta, Chief Financial Officer

Yeah. I appreciate what you are trying to say, that's the only reason why we are getting into we have taken a premises in Oberoi Mall, Goregaon, Mumbai, where in we want this Mainland China format to be an all day dining format with rechristened as Mainland China Asia Kitchen. So that during the period between lunch and dinner also the restaurant is open, but this Mainland China Asia kitchen would have 60% to 70% of the items which are there in Mainland Chinas with balance 30% like Thai curry, Sushi [ph] et cetera, et cetera. So this is one particular format, the idea behind this was to capitalize on the break period to add on revenues because most -- since we work in a very high operating

Abhishek Ranganathan, Analyst

So, sir, would it be correct to say that, we will be opening more amount of more Mainland Chinas in malls?

Rajesh Kumar Mohta, Chief Financial Officer

Not really, because what has happened, this is, say, the strategic decision when it depends upon the location per se it's -- because Mainland China, it's not necessary, we have created destinations and we continue to do that. It is only when we find that there is a big, good opportunity in getting into a mall which has very high footfalls. This kind of a format would be tried at.

Abhishek Ranganathan, Analyst

Right sir. And sir, with regards to the home delivery portion, I think we have somewhat initiated the process in Mainland China. You've had something which you would to extend it and how can we extend into the other formats, if we at all plan to do it?

Rajesh Kumar Mohta, Chief Financial Officer

To begin with, we are doing it at Mainland China and in an opportune time, because what happens is; it's more cuisine specific to we are towards Mainland China primarily at this particular point of time.

Abhishek Ranganathan, Analyst

Right. And sir, just one last one is that how far have you been able to tap our cliental base based on loyalty and some promotions, is that or what -- how far have been we been able to achieve that?

Rajesh Kumar Mohta, Chief Financial Officer

We have been very successfully launched or revised a preferred card, Speciality preferred card, basically where the tracking mechanism et cetera have all been built. We are just getting into the software so that -- and we have created a team which works under a guest relationship head. There are four people who just monitor the guest preferences, number of visits and the amount of spending. So that preferred card possibility has already started working and we are working towards that in a big way.

Abhishek Ranganathan, Analyst

So the analytics of those would aid you to customize and offer other things in the future?

Rajesh Kumar Mohta, Chief Financial Officer Abhishek Ranganathan, Analyst

Right sir. All the best. Thank you very much.

Rajesh Kumar Mohta, Chief Financial Officer

Thank you.

Operator

Thank you. Next question from the line of Kaustubh Pawaskar from Sharekhan, please go ahead.

Kaustubh Pawaskar, Analyst

Yeah. Thanks for giving me the opportunity. Most of my questions have been answered. Just couple of questions sir, we have seen that food prices have recently softened a bit and you have taken a price increase. So from margin perspective, would we see better margins in the coming quarters, in terms of gross margins, I'm talking?

Rajesh Kumar Mohta, Chief Financial Officer

Here what happens is, see we get into a contractual situation. It's -- we take on a weekly or a monthly basis, see that do have an impact. So, it will all depend because we are getting into a tendering process which would be completed by March and from first have new contracts in place.

Kaustubh Pawaskar, Analyst

Okay.

Rajesh Kumar Mohta, Chief Financial Officer

This reduction which has happened recent times would be felt more from April onwards, sir.

Kaustubh Pawaskar, Analyst

Okay. So, from April if prices sustain that current level then you should see better --

Rajesh Kumar Mohta, Chief Financial Officer

Gross margins.

Kaustubh Pawaskar, Analyst Rajesh Kumar Mohta, Chief Financial Officer

See, we took a price increase ranging from 4.5% to 4.75%, sir; touching -- on a blended basis, it would be less than 5.

Kaustubh Pawaskar, Analyst

Okay. And what was the cover turnaround of your two key brands Mainland and Oh Calcutta for the quarter?

Rajesh Kumar Mohta, Chief Financial Officer

For the quarter it remained at 1.54 for Mainland China.

Kaustubh Pawaskar, Analyst

Okay. And, for Oh Calcutta?

Rajesh Kumar Mohta, Chief Financial Officer

For Oh Calcutta it is 1.18.

Kaustubh Pawaskar, Analyst

Okay. Sir, just to understand a strategy going ahead since you are converting your Machaan in Sigree/Global Grill, so, going ahead the three focus brands would be Mainland China, Oh Calcutta and Sigree/Global Grill or you are also focusing on Mezzuna, which you are planning to add on in some other cities as well?

Rajesh Kumar Mohta, Chief Financial Officer

This is one pilot, which had happened and the second one is opened today. We will wait and watch exactly what kind of revenues et cetera and what profitability the brand gives us and the calls would be taken accordingly.

Kaustubh Pawaskar, Analyst

But for the other three brands, would it be the three key brands for you going ahead?

Rajesh Kumar Mohta, Chief Financial Officer

Expansion is focused on Mainland China and Global Grill, sir.

Kaustubh Pawaskar, Analyst

Okay. So, even Oh Calcutta would be -That (technical difficulty) located brand. We will not be expanding in a big way on Oh Calcutta.

Kaustubh Pawaskar, Analyst

Okay. And, how confident are you that post the revival in overall macro environment, you expect things to fast turnaround for you. For that is it going to take time or you will see quick turnaround in terms of sales in your restaurant at Mainland China or some of your other brands?

Rajesh Kumar Mohta, Chief Financial Officer

If the sentiments improve and people start coming into restaurants to eat, would be a beneficial position for us and for that.

Kaustubh Pawaskar, Analyst

Yeah. That's true, but do you expect it to happen in a quick succession post the revival or it will take some time for you?

Rajesh Kumar Mohta, Chief Financial Officer

It doesn't take much time, once the sentiments improve, because we had seen earlier also. The day the sentiments improve people start spending. This becomes a first spending point for them.

Kaustubh Pawaskar, Analyst

Okay. Thanks. Thanks a lot.

Operator

Thank you. Next question from the line Pratik Biyani from Standard Chartered Securities, please go ahead.

Pratik Biyani, Analyst

Hi, sir. Good evening. Sir, you mentioned about the pressure on discretionary spends, now in that light, lot of QSR players have

reported their results. Their performance have significantly deteriorated over the last three, four quarters, their same store sales growth has even went down to negative territory. But somehow for us, intuitively, fine dining is supposed to be hit the most but for us, we have maintained our same store sales growth in a flattish range for quite some time now. So what will you attribute this to sir? Any -- is it because of the lower base that we have or some whatever promotional offer that you are making, what will you attribute this to?

Rajesh Kumar Mohta, Chief Financial Officer

Good evening, Mr. Pratik. See what happens is, in case of fine dining, as far as weekend business is concerned, it is all through and there are -- we are a family destination. So birthdays, anniversaries continue to be there, people spend; it is

Pratik Biyani, Analyst

Okay.

Rajesh Kumar Mohta, Chief Financial Officer

So we look forward for when I was referring to the sentiments, the moment there are sentiments which are good at corporate level, people will start coming into the restaurants during weekdays when the revenues for our restaurant would also increase.

Pratik Biyani, Analyst

Okay. So has there been any significant change in your percentage of contribution from weekend sales?

Rajesh Kumar Mohta, Chief Financial Officer

Weekend sales continues to be higher, sir. For last few quarters, weekend sales is more than 60%.

Pratik Biyani, Analyst

Okay, sir. And sir, on Mainland China, in particular, at overall company level margin is around 15%. If you can break it up, let's say, for Mainland China, how much would that be, margin brand-wise is possible?

Rajesh Kumar Mohta, Chief Financial Officer

This is something which is not there in public domain, sir. It's, so --

Pratik Biyani, Analyst

Will it be fair to assume that it will be significantly higher than your company level margins atleast five to 10 percentage points higher than your company level margins?

Rajesh Kumar Mohta, Chief Financial Officer

Yes, sir.

Pratik Biyani, Analyst

And sir, on your expansion plans, so to say, any plans that you have chosen as of now on how many stores, you plan to open for FY '15?

Rajesh Kumar Mohta, Chief Financial Officer Pratik Biyani, Analyst

Okay. That's it sir. Thank you.

Rajesh Kumar Mohta, Chief Financial Officer

Thank you.

Operator

Thank you. Next question from the Kunal Bhatia from Dalal and Broacha, please go ahead.

Kunal Bhatia, Analyst

Hi. Yes sir; thanks for the opportunity. Sir, I just had a few questions, sir, you mentioned about that churn, so how much is it in absolute average spend currently for the quarter, Mainland China and others?

Rajesh Kumar Mohta, Chief Financial Officer

Currently in Mainland China it is -- continues to be at 675 plus.

Kunal Bhatia, Analyst

675 plus, and others it would be, sir?

Rajesh Kumar Mohta, Chief Financial Officer

Let's see in case of Oh Calcutta the average is touching 900.

Kunal Bhatia, Analyst

Okay. Sir and how much would it be for Sigree and Global Grill?

Rajesh Kumar Mohta, Chief Financial Officer

Sigree/Global Grill, let's say, about -- since in this particular quarter it was at 625 average, because we have differential pricing for the week days and the week ends.

Kunal Bhatia, Analyst Rajesh Kumar Mohta, Chief Financial Officer

And what happens in our case, it is more like City and restaurant specific, because what -- when we say flat or it is got neutralized there are certain stores in one particular city which may not be growing at the way we would be looking at but the other stores in that particular city maybe growing. So that particular city may sit neutralized. Certain zones like eastern zone maybe doing very good or a western zone may be doing good but southern zone is once again -- let's say for instance is towards --

Kunal Bhatia, Analyst

Bangalore and on --

Rajesh Kumar Mohta, Chief Financial Officer

So, they are neutralizing the impact which what we have positive in eastern zone or western zone.

Kunal Bhatia, Analyst

Right.

Rajesh Kumar Mohta, Chief Financial Officer

So, it would be difficult for to be on store specific basis, it's more on city and region basis.

Kunal Bhatia, Analyst

Okay. Sir, and about Doha JV, sir, when can we expect the restaurant coming up actually?

Rajesh Kumar Mohta, Chief Financial Officer

It should take around 90 days from now.

Kunal Bhatia, Analyst

90 days from now, okay. Sir, and the new Mezzuna has started Oh Calcutta -- sorry, in Calcutta the --

Rajesh Kumar Mohta, Chief Financial Officer

Today.

Kunal Bhatia, Analyst Rajesh Kumar Mohta, Chief Financial Officer

106.

Kunal Bhatia, Analyst

One opened --

Rajesh Kumar Mohta, Chief Financial Officer

Opened in Gurgoan on February 1.

Kunal Bhatia, Analyst

Okay. And I'm talking about one Oh Calcutta owned on February 3 as well.

Rajesh Kumar Mohta, Chief Financial Officer

Yeah. That's the same Gurgoan Mainland China and Oh Calcutta.

Kunal Bhatia, Analyst

Okay. Sir, any change in target like you -- we would be doing around 15, 16 in total this year; for next year like, because we had our reduced the target to 10 to 12, so for the next year we are having same target of 15 to 16 or slower?

Rajesh Kumar Mohta, Chief Financial Officer

Say, in between 12 to 15 --

Kunal Bhatia, Analyst

12 to 15.

Rajesh Kumar Mohta, Chief Financial Officer

-- could be the upper limit.

Kunal Bhatia, Analyst

Okay. Fine sir. Thank you so much.

Rajesh Kumar Mohta, Chief Financial Officer Operator

Thank you. Next question from the line of Utkarsh Maheshwari from Reliance General Insurance, please go ahead.

Utkarsh Maheshwari, Analyst

Good evening, sir.

Rajesh Kumar Mohta, Chief Financial Officer

Very good evening.

Utkarsh Maheshwari, Analyst

I believe just something which caught my eye was this little bit higher expenditure rise in the proportion ties and other expenses on a sequential basis. Is there any one-off kind of thing or is it a regular feature going to be in this range?

Rajesh Kumar Mohta, Chief Financial Officer

See, it's not question one-off, so what happens is, you would have seen, there was certain amount of advertisement expenditure which (technical difficulty).

Utkarsh Maheshwari, Analyst

Yeah.

Rajesh Kumar Mohta, Chief Financial Officer

So these are certain expenditure which gets into one particular quarter and we need to provide it during that particular quarter.

Utkarsh Maheshwari, Analyst

Yeah.

Rajesh Kumar Mohta, Chief Financial Officer

But on an yearly basis, it gets neutralized.

Utkarsh Maheshwari, Analyst

So I mean, as the proportion, I mean, if I want to see that the overall proportion may be the similar for the full year? That's right, sir.

Utkarsh Maheshwari, Analyst

Second point is that you have been saying about this sweating of your existing terraces and all in the new format of Hoppipola and all. How has been the, basically, feedback from the people and how you see the traction happening in that set format? Hello.

Rajesh Kumar Mohta, Chief Financial Officer

Yeah.

Utkarsh Maheshwari, Analyst

Hello.

Rajesh Kumar Mohta, Chief Financial Officer

Hello.

Utkarsh Maheshwari, Analyst

Yeah.

Rajesh Kumar Mohta, Chief Financial Officer

So the traction, as we have experienced, it's been about seven to eight months, since we opened the first Hoppipola; and that the traction and the response has been very good, very encouraging, so primarily, one of things is it targets a new each segment. And also the fact that everything put together, the property itself works, the commercials work on all existing parameters. There is not too much in terms of licensing et cetera to be done. Model itself is a very cheerful kind of model, a very happy model which works very well and it's been very well accepted.

Utkarsh Maheshwari, Analyst

So I mean, if you can just give me a -- some housekeeping number, I believe how many Hoppipola might be operating right now?

Rajesh Kumar Mohta, Chief Financial Officer

We have one Hoppipola working in Indiranagar, Bangalore.

Utkarsh Maheshwari, Analyst

Okay.

Rajesh Kumar Mohta, Chief Financial Officer

Second is opening in Aundh, Pune.

Utkarsh Maheshwari, Analyst

Okay.

Rajesh Kumar Mohta, Chief Financial Officer

Third would happen in Malad, Mumbai.

Utkarsh Maheshwari, Analyst

Okay. So basically, this second Aundh will be something like attached to a Mainland China kind of thing only?

Rajesh Kumar Mohta, Chief Financial Officer

Yeah. Yeah, it is part of the existing restaurants and we are taking separate new premises for getting Hoppipola done, sir.

Utkarsh Maheshwari, Analyst

Yeah. I mean, that is fine. So any time lines for these new openings? Are these included in the overall this thing, I mean, as you have mentioned that overall expansion, does that includes these also, because, I mean, these are just a sweating of assets, so they may not be the part of overall expansion, right?

Rajesh Kumar Mohta, Chief Financial Officer

That is the only reason why you find we are crossing 15, 16 this particular financial year, though a commitment between 12 to 15, sir.

Utkarsh Maheshwari, Analyst

Okay. So I mean any timelines for these openings?

Rajesh Kumar Mohta, Chief Financial Officer

Aundh should open in couple of weeks from now.

Utkarsh Maheshwari, Analyst

Okay.

And Machaan should open in first quarter, the new financial year.

Utkarsh Maheshwari, Analyst

Okay. Fair enough. Thanks a lot.

Rajesh Kumar Mohta, Chief Financial Officer

Thanks you, sir.

Operator

Thank you. Next question from the line of Saurabh Sinatre from TVC Securities, please go ahead.

Unidentified Participant

Okay. Sir, my questions have been answered. Thank you.

Operator

Thank you. We now take a follow-up question from the line of Pratik Biyani from Standard Chartered Securities, please go ahead.

Pratik Biyani, Analyst

Hi, sir. Just one follow-up on the other operating income; it increased significantly this, in the first nine months, I guess, because of higher royalty and the initial access premium that we earned on the franchise stores. Now, going ahead in FY '15, will your expansion will be again franchisee led or will it be own expansions? So if it is your own expansion, shall we expect this other

operating income to down for FY '15?

Rajesh Kumar Mohta, Chief Financial Officer

See, when we talk in terms of our expansion, it is more strategically for our own company-owned, company-operated stores and we're talking opening of restaurants et cetera.

Pratik Biyani, Analyst

Right.

Rajesh Kumar Mohta, Chief Financial Officer

But franchisees are very opportunistic, like, say for instance, in Tier-II, Tier-III cities of our country like Raipur, Indore, Nagpur, Vijayawada, Coimbatore, Pondicherry, we get -- keep on getting enquiries in -- from all such kind of cities, where in we contemplate; yes, when there is an opportunity to have a good business like, Jaipur we did a

Pratik Biyani, Analyst

Okay. So it would be fair to assume that it might not be as higher as it has been so far?

Rajesh Kumar Mohta, Chief Financial Officer

Last three years it has been continuing, sir.

Pratik Biyani, Analyst

Okay. Thanks, sir.

Rajesh Kumar Mohta, Chief Financial Officer

Thank you.

Operator

Thank you. Next question from the line of Jaibir Sethi from Premji Invest, please go ahead.

Jaibir Sethi, Analyst

Good evening, sir. Sir, you've mentioned that you'd be opening 15 to 16 new outlets this year. Could you give a breakup of what formats those would be in?

Rajesh Kumar Mohta, Chief Financial Officer

Sir, the primary focus has been Mainland China and Sigree/Global Grill with, let's say, two Mezzunas, which we have opened this time and few of the Hoppipolas.

Jaibir Sethi, Analyst

Okay. So ballpark eight, nine Mainland Chinas or more?

Rajesh Kumar Mohta, Chief Financial Officer

And yes, sir, eight, nine Mainland Chinas.

Jaibir Sethi, Analyst

Okay. And next year, again a similar sort of a run rate for Mainland China and probably the Hoppipolas won't be there?

No. Not majorly, yes, but it would be Global Grill; it might so happen, there would be few conversions. So the number would not increase but the conversion of restaurants might happen.

Jaibir Sethi, Analyst

And, how many new properties you have signed under the Global Grill format, so out of the Global Grills which are there today, how many of them are completely new and not converted?

Rajesh Kumar Mohta, Chief Financial Officer

See, we have only converted one Global Grill at this point of time, rest are all new properties like we have --

Jaibir Sethi, Analyst

Okay.

Rajesh Kumar Mohta, Chief Financial Officer

-- Powai, Bombay, which is a new property; we have opened in OMR, which is a new property; we have opened in Whitefield, Bangalore which is a new property. We are running to open a -- in Kammanahalli, a Global Grill, which would also be -- which is also a new property.

Jaibir Sethi, Analyst

Okay. That is mainly on new property format it's not so much in (inaudible).

Rajesh Kumar Mohta, Chief Financial Officer

It's only one which we have just converted, sir.

Jaibir Sethi, Analyst

All right. That's all from my side, thanks a lot.

Rajesh Kumar Mohta, Chief Financial Officer

Thank you, Mr. Jaibir.

Operator

Thank you. Next question from the line of Kunal Bhatia from Dalal and Broacha, please go ahead, sir.

Yeah, sir. So just one extension on the earlier question asked on raw materials, sir I understand that you are -- you have a contractual commitment till March. Sir, but have you already seen like last time we did mention about that there were some sea foods which were on an inflation trend. Sir, but have you already seen some of that coming off?

Rajesh Kumar Mohta, Chief Financial Officer

Sea food continues to be at the same levels, but --

Phiroz Savak Sadri, Director - Operations and Brand Standards

-- sea food continues to be at the similar levels but in the last two quarters there was an issue with vegetables. It's been off now, the pressure is off.

Kunal Bhatia, Analyst

Okay.

Rajesh Kumar Mohta, Chief Financial Officer

We have a pressure on vegetables.

Kunal Bhatia, Analyst

Okay. Sir, so like post March, what range of improvement can we see in case of margins on account of this?

Rajesh Kumar Mohta, Chief Financial Officer

Mr. Kunal, this would depend upon the kind of contracts we enter into, because the pricing does have an impact on the recent (technical difficulty), which are happening in February, March. So it would be fair on our part to come back to you in the month of April when we have certain contracts in place.

Kunal Bhatia, Analyst

All right sir. Thank you.

Rajesh Kumar Mohta, Chief Financial Officer

Thank you, sir.

Operator

Thank you As there are no further questions, I would now like to hand over the floor to management for closing comments. Thank you.

It was a pleasure to have you all on our earnings conference call, and we look forward for similar participation for and we continue to strive for improving the profitability of the company. Thank you so very much.

Operator

Thank you, sir. On behalf of Kotak Securities, that concludes this conference call. Thank you for joining us. You may now disconnect your lines. Thank you.