



“Restaurant Brands Asia Limited
Q4 FY26 Earnings Conference Call”
May 15, 2026



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Moderator: Ladies and gentlemen, good day, and welcome to Restaurant Brands Asia Limited Q4 FY26 Earnings Conference Call hosted by Motilal Oswal Financial Services Limited. As a reminder, all participant lines will be in the listen only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Naveen Trivedi from Motilal Oswal. Thank you, and over to you, Mr. Trivedi.

Naveen Trivedi: Yes. Thank you so much, Michelle. Good morning, everyone. On behalf of Motilal Oswal, I'm Naveen Trivedi. I would like to welcome you all to the Restaurant Brand Asia's 4Q FY26 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. Kapil Grover, Group CMO; Mr. Sandeep Dey, Brand President, Indonesia; and Mr. Gaurav Ajjan, Head of Corporate Development and IR.

I will now hand over the call to the management for the opening remarks. Over to you, Raj. Thank you so much.

Rajeev Varman: Thank you. Thank you very much, and thank you for joining the call again. Really appreciate your time. One of the things that we want to announce that are in our numbers is that we were certified as a company directly. If you guys can go on mute, please, there is some disturbance, so be on mute.

We were certified as a great place to work, which is a prestigious global credit that we received over to the entire team. Congratulations to the entire RBA team here in India that we were able to achieve that. Now coming down to the business. See, we continue to build volumes which is what I've been talking to you about for many quarters now.

Building volume specifically in the dine-in business. We continue to drive more and more traffic. In fact, in the last 3 years, we have grown traffic in our dine-in business by 18%. And this is becoming the cornerstone of how we are going to move forward into the next few years with this kind of volume that we are creating inside of our restaurants.

So if you look at our fourth quarter, we ended the fourth quarter with a 6.3% SSSG growth, which is the highest that we have achieved in the last 12 quarters, and that momentum continues. We did this, obviously through several of our verticals. Value consistently, for the last 12 years, we've been driving value. The leadership in this industry in value, we maintain that.

We continue to drive more and more traffic through value. Our latest offering is 2for79 and 2for99 on the veg and chicken side, and that continues. On top of this value offering, we also

started strengthening our core and as well as our premium offerings. You might have seen our ad on the Korean Kimchi that was aired digitally. And that has driven significant volumes at a very higher APC on the premium end of our menu.

So this combined effort of now for several years of delivering value and then now switching to not just delivering through value, which we consistently continue, but also now to add a layer of premium. So that -- this strategy of doing this together is where we ended up with a 6.3% SSSG growth.

We continue to strengthen our digital platform. I think everyone is aware that the entire industry is moving to that direction. 91% of all our orders are now digital, which gives us a significant control on not only the cash elements of our business but also the consumer element of our business.

Both those continue to strengthen. 51% growth in monthly active users over the previous year when it comes to our CRM program. So this is very good. 51% might be on a very small base. But as we have told you, we have started this journey, and we will continue to stay stable with this journey.

On the profitability side, we have been talking to you about the delivery profitability where we continue to bring in product mix combination that actually increases our throughput down at the EBITDA level on the delivery sales. That journey continues in addition to the traffic we continue on the delivery business. So that is continuing to make the delivery business profitable.

In fact, over the last year, a 2% increase in that by lowering discounts and affecting our basically product mix that we sell on that -- on the channel. We also continue the rest of the P&L efficiency, whether it's utilities through our solar efforts, our efforts to have launched this new broiler, which uses half the utilities that old broiler used.

And this is almost done, I think in the next couple of months, all restaurants in India will have the new broiler. So you will start seeing a cumulative effect of this moving forward into the next quarters as we continue to save on utilities. We are also making a very strong effort on the solar area, and that is bringing our electric utility rates significantly down in the markets where we have been successful to do it.

This effort will continue, and we will continue to solidify on this. So India, strong business, steady hands, disciplined approach and to move in the principles that we set forth years ago. We are very true to those principles. We continue with a disciplined forward march that is bringing consistent operations and consistent delivery of our P&L. Zaveri will walk you through all the numbers on the India business.

Now just quickly on the Indonesia business. So while we onboard the new promoters in the next several weeks and aligned with our strategy in Indonesia, we remain consistent with what we

have been sharing with you on how we approach that Indonesia business. Good news in Indonesia is the Burger King business has turned around. It is moving in the right direction.

We are now positive on EBITDA, we are positive on the ADS. We are positive on our dine-in SSSG. We have made some corrections on the delivery side in terms of our discounts and our offerings to increase the profitability of that business, and Sumit will talk about that as well as we kind of go into this presentation.

But a lot of work has been done on the Burger King side of the business to strengthen it in the long run, whether this remains as a part of our portfolio or not, I think the due diligence is to continue to stay true to making this business profitable for the business. So that effort continues.

Well done, Sandeep, and the entire team in Indonesia because against all headwinds, they have actually really worked hard to get this to where it is. And we continue to also rationalize the G&A there. So we are doing all this hand-in-hand to make sure that, that this is profitable.

On the Popeyes side, we have now 25 restaurants, we -- I think, recently closed one, so we're down to 24. That business is struggling, and there's reasons for it because with a small portfolio like that, we have no ways to -- unless there's a significant capital commitment there to move that business to -- from 25 to several hundred restaurants, the path becomes very, very difficult.

So that business, we are going to align with the new promoters coming in. But the sense over there is very simple that it has to be part of someone else's portfolio, not ours. I think we would like to stay focused on the Burger King portfolio, and build that portfolio and get it to a healthy margins. So that's on the Indonesia business.

Overall, as we look at the 3-year journey that we have done we have built, here in India, doubled -- almost doubled the restaurant counts from where it was in FY22. Our revenues have grown almost 2.5% -- 2x, 2.5x the revenues we saw in FY22. Our gross margins have improved significantly, 3.2% gross margin improvement from where it used to be at 65%.

EBITDAs have grown, restaurant level EBITDA has grown, company level EBITDA has grown, both percentages as well as our company rupee EBITDA. So Gaurav will share the numbers with you as we go through this -- towards the end of the presentation.

So now leaving it over to Sumit to walk you through the specifics of India and Indonesia numbers. Over to you, Sumit.

Sumit Zaveri:

Thank you, Raj, and good morning to everybody. What we want to do today when we talk about our performance is not only really share what we have achieved for the quarter as well as for the year, but take you a little bit past into the journey over the last 2 to 3 years that we've achieved because that's something which I feel is relevant for all to also look back as we start seeing the results of that entire journey to be reflected in our financial performance for the year as well as for the quarter.

Raj mentioned clearly that for us, getting more people into our restaurants is the key. Value has always been the mainstay of our strategy, continues to be part of our strategy. Currently we are leading value with a very strong proposition of 2 for X. And you will see that, that will continue. That will remain one of the mainstays of our strategy. Value will remain as one of our mainstay of our strategies as we go along because that's something which will help us continue to drive traffic in our business.

As we build the traffic into our restaurants through value as a strategy, we also believe that we have a very, very strong positioning on taste as well -- taste credentials as well and hence, we need to effectively start strengthening the other layers to take the leadership on the taste side as well very, very clearly and strong.

If you look at what we've done to our overall menu offering on the burger side over these years is, we've strengthened the core side of the menu. We've introduced the entire Whopper Deluxe range, which sits right in the middle with a offering of 5 products that sits very clearly and then introduced at the premium and the entire King's Collection, which is at the top of the ladder on the burger side of the leadership.

And we've used this very, very effectively. If you've seen through this entire year, now we're starting to establish that through a very strong LTO proposition. Korean was one of our lead offering last year, we are continuing into that offering even in this year. So that is something which we've worked very strongly. We believe that we've got our entire menu now stacked very properly to address all customer segments that we have.

The second part that we've kind of worked on very hard is to make sure that we bridge any category gaps that exists in our menu. If you look at the kind of efforts that we've got in enhancing the overall beverage portfolio by introducing Café. As we speak now, literally all our restaurants offers the BK Café.

There could be few restaurants because of the limitation of the location, we might not have Café in those stores, and we'll continue to work to see how we do it. But the fact is that now the Café offering is available in all our restaurants. So that was one big gap that we had in our offering.

And then we -- as we introduced and expanded Café, we started believing that the LTO strategy, which we follow on the burger side, should also be followed on the beverage side in order to establish the category. We started with co-branded desserts and beverages last year. Now we've also moved into bringing variations on the carbonated side of the beverage, which is what you could see in our restaurants globally.

So on the menu side, before I go on to the next page, is that we've also worked on. On the menu side, we could very clearly see that we've strengthened value. We've strengthened the entire burger ladder that we have. And started to work on the taste leadership through the LTO route,

both on the Café side, on the beverage side, I would say, not just Café but on the beverage side as well as on the burger side.

As we've completed, as we believe that we've kind of come to a very good stage as far as our menu offering is concerned, we parallelly believe that it is also important that we start knowing our customers well, which is where parallelly we did substantial investments over these last few years and launched our own stack for BK app, self-ordering kiosks and table ordering.

This is now available across all our restaurants on the dine-in -- as well as dine-in, delivery, take-away side of the restaurants. We will continue to build on this. Currently, 91% of our orders are digital orders on the dine-in side. And when we say digital, it is either through the BK app or through self-ordering kiosks.

We will now go into the phase of how do we enhance the overall numbers in terms of moving our customers as we go along. As we kind of were working towards strengthening the menu, strengthening knowing the customers. We obviously also believe that it is important that we work hard on improving the overall middle of the P&L as well now.

In the middle of the P&L, there were -- there are broadly 2 elements I would really want to look at. One is the gross margin part. We had -- and we've spoken several times earlier as well. We have very tightly integrated our growth and gross margin when we define our growth strategy as well.

We've always worked on a strong cluster strategy to develop our overall supply chain strategy as well. The results of that plus whatever that we've kind of been able to do on the delivery side working very, very strongly with the aggregators as we build our overall delivery side of the business being -- becoming more and more profitable as we go along, plus the cluster strategy of growth.

We've only seen our gross margin to improve by almost plus over 2% over the last 4, 5 years. And that will continue to kind of grow going forward. We ended the year with a gross margin at 69%. And happy to share that for the quarter, we were at 70%, which is the exit that we have as far as gross margin is concerned, we've been able to kind of move the target to get to 70% almost by a year from what we've spoken with you all earlier.

We would take this journey forward and we're not at the moment, not talking about the next phase of targets. We'll come back with you at an appropriate time on that as well. But coupled with growth, we've also been able to simultaneously address gross margins, improving it by almost around close to over 2.5% to 3% over these last 4, 5 years.

The culmination of this entire journey can be seen in SSSG, can be seen in gross margin improvements, can be seen in restaurant EBITDA margins. And across the lines, if you look at it, I would just put a mention of SSSG, we've been -- over the last few years, you would have

observed that we've been in a very tight range of early single digits of 2% to 3% range over these years.

For the full year now, and I would put it to the culmination of the entire effort that the team has put in. We've ended the year at a 4% SSSG and starting to kind of show improvements in our SSSG growth over these last 2 quarters as well.

As you could see, last -- this quarter that ended March, we were at 6% and a quarter before that, we were at 4.5%. So we're kind of starting to see the results. We see, we're not sharing numbers for where we stand today. But we can at least share with you that the trend that we've seen in last quarter.

We're seeing the strong trends to continue even in the early part of this financial year -- financial year as well. We got to a total revenue of INR2,271 crores for the full year, with the restaurant EBITDA of 11.6%, literally doubling over the last 5 years. We were at around 5%. We've gone to 11.6%. Similarly, on the company EBITDA level, we were at 2.5% in FY '23.

We've got to 5.8% in FY26. So that is also growing more than twice of what we have achieved. So we believe that the entire effort that we've been putting being in those early single digits for last 2 years but constantly building the base for the business, we believe that we are now starting to see early results of all the efforts that the team has put in.

Then I quickly go into Indonesia part of the business, and then I'll hand it over to Kapil. As Raj mentioned, we were working on bringing the Burger King side of the business back at the strength of dine-in business. We've seen dine-in ADS now to continue to be on a month-on-month basis higher than what we achieved in the previous year, except for one blip in September, but that was more led by some local events.

But otherwise, we continue to be able to grow that. We would -- our way forward as far as Burger King is concerned is to push dine-in side of the business at the back of the burger and the Whopper leadership that we have. Our market study in Indonesia very clearly states that we have leadership on the burger side in the minds of the customer. We would certainly want to take that forward as far as dine-in is concerned.

On the delivery side of the business, while ADS growth -- we did see early success in ADS growth, but that was coming at lower margins and flow-throughs which we feel is not the path that we should take and then we really put it on the long side of the journey is concerned.

So we cost corrected some of those in last quarter of the financial year, which is why you see a reduction or lower delivery ADSs. We've been able to -- and work back quarter for to get the margins up. Happy to share that we've gone back to the 6.2 to 6.4 range in the current period -- in the current financial year without taking any adjustment or taking any hit on the margin corrections that we achieved in last quarter.

So we've been moving positively as far as Burger King is concerned. Some parts of the changes that we've done was reflected in our results in Burger King. We did report positive store-level EBITDA of IDR8 billion for the full year in FY26, even quarter 4 was positive. And if you can see, a clear shift in gross margins that we achieved in quarter 4 at 59.2% is some of the reflection of the work that the team in Indonesia has been able to achieve.

As far as Popeyes is concerned, yes, it's a challenging business. It continues to be one of the big concern areas for us. We did lose more money than what we had lost earlier years, it stood at IDR25 billion and that became -- so while we saw a big shift on BK, we really kind of lost the benefits of BK on the Popeyes side of the business.

And yes, we need to find some answers on our next steps as far as Popeyes is concerned. Indonesia on a consolidated basis resultantly reported a negative store EBITDA of IDR17 billion and a company EBITDA of IDR100 million. So if I was to kind of summarize before I hand it over to Kapil to take us through the marketing side of the businesses.

Very clearly, India is showing positive signs even in the current scenario, and we feel encouraged about India business. Burger King side of the business on Indonesia is also showing positive signs and our area of concern on Popeyes side still continues for us to address.

So with that, I'll just hand it over to Kapil, who will take us through the marketing initiatives and then we kind of take it forward.

Kapil Grover:

Yes. Thanks. Thanks, Sumit. Good morning, everyone. So we've spoken about our journey on the burger innovation. We continue to strengthen our core menu on the premium side, which kind of helps us balance our menu. On one hand, we have the value proposition of 2for79 and 99, which has held us in very good stead over the last 3 years that has built dine-in traffic.

On the other end of menu is the King's Collection, which is our premium burgers with Brioche buns and fabulous recipes, and then we've done this limited time offerings driven by culturally relevant flavors like Korean, very popular in India. It gave us fabulous response, great feedback on the product.

We've also tried to build the middle of the menu with new launch of the paneer, the fried chicken and the molten cheese patties on the Whopper build, which helps us offer consumers new options on taste and proteins in the Whopper layer.

On the desert side, co-branding with Nestle KitKat to offer consumers an elevated experience in the deserts and also adding Waffle Cones to all our stores to offer customers a higher-quality product on the Softie, which is a favorite with the kids and families.

So that's launches and products rolled out. On value, I've always spoken about 3 dimensions. There is price point value, 2for79, 99, there is a coupon value, which a lot of customers love

downloading apps and getting exclusive deals. That continues to drive traffic into our dine-in stores.

And the third dimension is a shareable value where people come in groups, friends come in, families come in and buy these meal bundles and also get great savings on these bundles. The brand also continues to work on building strong relationship and engagement with the community.

We continue to celebrate festivals with our community in a very elevated manner. There are gifts associated with that festival that are given out with meals. Recently, we did a promotion around the Cricket season giving out Cosco cricket balls with every meal and fabulous response. Our teams also get to participate in the events and festivals with thematic dress, decoration of the restaurant, which just elevates the experience for our employees as well as our guests.

The brand continues to strengthen the relationship with our audience, our consumers, Gen Zs and millennials, engaging content around new menu introductions. Our story around trust in taste is the fact that our products do not have any artificial flavors and synthetic colors. It's a fact that matters a lot, especially with the Gen Z.

We talk about these things in a very fun, engaging manner on our social content. And we continue to build a brand through various associations with movies, with Bollywood, where we are able to co-promote and launch these exclusive meals partnering with these events.

I'll hand it back to Gaurav for the financial summary.

Gaurav Ajjan:

Thanks, Kapil. I will skip ahead to Slide number 25 for the summary of our 5-year journey as well as progress against the outlook we have given at the start of the year. Our restaurant count is higher by more than 80% since FY22. This year, we've opened a net of 68 stores, which is within our guidance range of opening 60 to 80 restaurants every year.

Revenues from FY22 are 2.4x in FY26. This has come on the back of the increased number of stores as well as positive SSSG in each of the 5 years. Gross profit margins are also up 3.2% for the 5-year period, an average increase of 80 basis points every year. In fact, we have achieved our FY29 guidance of 70% this year itself as we end the year at 70.2% in Q4.

On top of the 3.2% GP improvement, we have added another 3.2% in the 5-year block to restaurant EBITDA margins, taking us to 11.6% for FY26. Now as a result to the growth in top line and the more than doubling of restaurant EBITDA margins. Our absolute restaurant EBITDA number is more than 5x of FY22 at INR264 crores.

We have made significant strides at the corporate level as well. We swung from a loss of INR14 crores in FY22 to INR132 crores EBITDA for this financial year. As we enter the next phase of growth, we are all excited about the journey ahead. As you are all aware, we are set to be acquired

by Inspira Global. The transaction is nearing completion, and we will come to you with our revised outlook in Q1 once the deal is done.

Thank you all for joining in. I would request the moderator to please open up the floor for Q&A.

Moderator: The first question is from the line of Devanshu Bansal from Emkay Global. Please go ahead.

Devanshu Bansal: Congratulations on a good performance. Raj, we have indicated healthy traction in the Café ADS, which is sort of reflecting in better gross margins also. However, when we see the annual ADS, it is about INR116,000 versus INR114,000 last year. I guess this is partly because we have opened new stores as well, right? So -- can you give us some sense on how Café ADS has played across mature stores? What is the incremental ADS that we have been able to sort of generate. Just some color will be helpful.

Rajeev Varman: Yes. Devanshu, thank you for your question. First of all, we don't split that out and share it publicly, but I'll give you a flavor of how we're heading. If you look at the cohort and if you look back at the restaurants that we converted to Café in the initial period, those are way above the average and continue to grow. See, we don't -- we haven't except for one window last year, which is for a 4-week window.

We have not put money behind Café. And there's reasons for that because I think we are continuing to grow volumes on people coming in because Café volumes will increase if the people coming into our restaurants continue to come. But this is a very disciplined and long-term approach on Café. It will continue to grow over time.

Our ambition is over the next 4, 5 years, to get that volume to come somewhere close to INR25,000 per restaurant per day. So that's the goal, and we are kind of moving progressively in that direction, older restaurants are actually doing very fine and moving in the direction. You're absolutely right.

There are new restaurants with Café with lower volumes that kind of pulled back the numbers. But this is a very, very long-term disciplined approach. It's an alternative for people to build frequency. It's an alternative for people to build those dayparts between lunch and dinner and post dinner, where someone wants to just get a snack and a coffee and also to build in the future, a strong breakfast.

I think Kapil spoke about bringing in the egg into our restaurants. We have bought it selectively in certain markets and coffee at Café menu along with breakfast offering becomes very vital to that daypart as well.

So while we will not split this, I can tell you that the Café business is doing well. We are glad that we invested into the Café business in time and in due time. And I think we are progressing very well with it. And we hope to share good numbers in the future. And like I said, our target is to get to about INR25,000 per restaurant per day ADS.

- Devanshu Bansal:** INR45,000 or INR25,000 sir, I just wanted to confirm?
- Rajeev Varman:** 2-5.
- Devanshu Bansal:** 2-5. Okay. Got it, Raj. Sir, second, I wanted to understand on the cash flow front, right? So this year, our performance has been pretty robust. So congratulations to the team on that. But in my opinion, basic calculation suggests that we have sort of utilized about INR350 crores of cash in the operations, right?
- About INR130 crores has gone to the international subsidiary, but still the India business has also sort of consumed about INR200 crores, INR220 crores of balance sheet cash, right? So how do you see that? Because we started the year with about INR500-odd crores of cash, but now we are at about INR150-odd crores of cash, right? So going ahead, how do you see this playing out for you in the next 2, 3 years?
- Sumit Zaveri:** Devanshu, this is Sumit here. So I'll kind of take this. So yes, we are -- firstly, we still have cash on our balance sheet, around INR190 crores as we speak, as at March there. Secondly, you've seen that we've only been growing cash from operations, INR99 crores to INR132 crores this year.
- We are working towards getting to free cash flow neutral over the next 6 to 8 quarters. That's -- and that is something which has always been our journey there. With the cash that is available on balance sheet, we believe that we should be able to kind of take that journey.
- We feel that the goal that we have set ourselves to, to get to a free cash flow consultive number which funds for the growth that we have set ourselves for, which is around 60 to 80 restaurants on an annual basis, we should be able to get to that state over next -- our sense is that anywhere between 4 to -- over the next 4 to 6 quarters, we should be able to kind of start getting to that number.
- As you've seen also for the quarter, we generated INR40 crores of cash for the quarter as well. So we believe that we are on track to be able to get to free cash flow over the next 4 to 6 quarters.
- Devanshu Bansal:** Got it. So FY28 broadly should be a free cash flow positive year for you, right? That's a right takeaway?
- Sumit Zaveri:** That -- Devanshu, you're absolutely right, that's the target that we have, and that's what we are working towards as far as India part of the business is concerned.
- Moderator:** The next question is from the line of Rushabh Sharedalal from Pravin Ratilal Wealth. Please go ahead.
- Rushabh Sharedalal:** So sir, my first question is -- so congratulations on the great performance in the India business. My question is on the Indonesia business. So if I see the current results, you have done INR120

crores of impairment for this quarter. And simultaneously, you have also infused about INR20 crores in April '26, via preferential shares.

So what I want to understand is that could you help me understand the recoverable value assessment that led to this impairment? And in this partial write-down or is this the beginning of a full exit? More importantly, sir, I would also like to understand what is the new promoter group coming in?

What is the revised strategy road map for Indonesia? So are they going to continue find some local JV partner? Or will that be a structured exit? And what will be the time line for Indonesia to become a cash flow breakeven at least at the operational level? That's my first question, sir. Thank you.

Rajeev Varman:

Rushabh, I'll turn it over to Sumit for the impairment. We have worked through those numbers with our auditors. But really see, as the new promoter comes in, I think we should provide them time to understand. I think we have a planned trip to Indonesia with them as well. I think we need to see the management team has an aligned strategy that we want to move forward on.

But I think we would like to get inputs from our new promoters. We would like to get their alignment in the way forward. Look, wherever we stand, the main focus should always be to improve that business. And while we are cash flow positive at the restaurant level already on the Burger King side, and I think we will do a significant progress on that this coming year.

The Popeyes side of the business is what we need to address. And I've already outlined that on the onset of this call. And we will do that in a very speedy fashion. Giving you time lines is probably not something which would be responsible right now from my side. But you can be rest assured that it is a top priority for this team and the top priority for the promoter coming in as well. So we will address that on a speedy basis.

Over to Sumit on the impairment of INR120 crores and the INR20 crores that we funneled in preferential shares.

Sumit Zaveri:

So thanks, Raj. So Rushabh, yes, we did the valuation of the business on discounted cash flow basis. We did that on a consolidated basis for both the businesses. And the results clearly kind of showed that we need to provide for as far as the carrying value of the business. Obviously, this is no reflection of quitting towards a staggered write-down of provision as far as the Indonesia business is concerned.

It's an evaluation that we did at the balance sheet date and it warranted us to take that provision. As far as business is concerned, obviously, we're kind of looking at need to support that business and the liquidity required to support that business as a very pure independent effort or an independent view that we are kind of taking.

We would obviously continue to support this business as we kind of remain invested in Indonesia to make sure that we are able to manage the operations of the business in Indonesia, the way it should be run. As far as that is concerned, that will continue to be that.

As we laid out earlier as well that our focus, obviously, is to make the Burger King side of the business to become further positive from where it stands so that at least that part of the business starts to support the overall G&A credit that we have in Indonesia.

We believe that it still has -- from the current trends that we are seeing as far as Burger King is concerned, it still is at least around -- again, here also, we feel that it's at least another 4 quarters away for the Burger King side of the business to be able to start recovering for its own G&A. Popeyes...

Rushabh Shredalal: So sir, I get your point. What I'm trying to ask is that how much more funds are going to be infused in the Indonesia business. That's point number one. Point number 2 is, is there any further impairment that we can expect in the Indonesia business?

Sumit Zaveri: So firstly, from the perspective overall fund requirement, we are kind of just putting up our overall plan -- a long-term strategy plan for Indonesia. So we will come back with you in terms of the detailed requirements as far as Indonesia is concerned.

As we stand based on the valuation that we've done, we have fully provided for what we believe is required to be provided as far as Indonesia is concerned. As I was explaining, it's not a step towards taking further impairment -or it's just the first write-down provision.

We believe that this is the requirement of the provision that we had as of the balance sheet. And as we speak today, we believe that we've kind of fully provided for what was required to be provided on the balance sheet.

Rushabh Shredalal: Right. Right, sir. So my only request to the management is we are already doing a stellar performance in the India business, and it is the Indonesia business, which is driving down our performance. So my request is to take a proper call on it. I think it's almost 4.5, 5 years since we are running a loss-making business. So either we take a structural exit or we actually do something and give us proper time line. That is my only request.

The second question that I want to ask is on the new promoter that is coming in. So the Lenexis Foodworks also runs the brand of the Chinese wok. And given that both our QSR businesses with shared infrastructure needs like supply chain, real estate, technology, has the Board evaluated or does it intend to evaluate in any form or combination?

Any brand licensing, operational merger or a formal reverse merger of Lenexis into RBA entity, not today, but down the line, maybe down -- 3 years down the line, 5 years down the line? And if not, what is the firewall to prevent related party conflicts given that promoter controls both

the businesses. And how I, as a minority shareholder, can be assured that my interest will be protected?

Rajeev Varman:

Yes. Thank you for your question. See, these are 2 separate businesses. They are run completely separately. It's very premature to even comment on any of this right now. They are not even onboarded. The deal is still to be closed. There is no talk. There is no discussion, there's no strategy.

There's no -- none of that on any of the merger of -- they're very different businesses, and they're in different life cycles as well. So there's zero conversations right now of any of what you have asked. I think we're just disciplined on what we have.

And like you said, the focus for this team and the new promoters coming in will be predominantly to move ahead and do something with structural changes in the Indonesia business. So that is where we are sitting, and that's the focus area for us right now.

Rushabh Shredalal:

Right, sir. Just one small point before I end my question. When do we expect the new promoters coming in and the process to be completed? When can we expect that to be completed?

Rajeev Varman:

We're just waiting for some approvals from the government coming in. I think once those are there, then we will speedily move forward. But I think it's a short -- this thing. So we can't outline when those approvals will come in. But once they come in, we'll move fast ahead, We are all prepared to close this very speedily.

Moderator:

The next question is from the line of Kaushal from UNIFI Mutual Fund. Please go ahead.

Kaushal:

On the open offer only, my question is the only approval that is pending is the CCI approval, right, Competition Commission of India, if I'm not wrong? Because SEBI has given their final observe -- final comments on the offer. So that is question number one.

Question number 2 is, how are you pivoting in this uncertain times of LNG crisis and the crisis, are you taking a move to induction cookers? Are you pivoting to induction stoves? Or are you still -- how are you tackling this LNG crisis is what I wanted to ask?

Rajeev Varman:

That's a great question. I mean the entire industry is kind of working through that. See, certain things we have done proactively. And some of them we have actually done way before even the crisis was on the air. This new broiler that we are installing is not an LPG or a PNG broiler, it's actually electric broiler.

It consumes half the electricity and half the utility in rupees sense, and it's electric. So we have literally, I think, in the tail end of installing this, we've got one more round of installs that are coming in. And once those are all in, all our restaurants will have electric broiler.

Now this broiler is -- we do flame grilling. So we don't -- our products are flame grilled, and that's the essence of the brand. So those will be in place. We also have a significant amount of electrical broilers. Our engineering team is working feverishly to enhance that portfolio of electric fryers as well.

And then all the efforts in terms of taking the electricity cost down in the future is also the solar project that we have in place to move forward. But we have been thankfully lucky so far to have kept the restaurants open every single day at work. And I think we're getting a limited supply, but we have also cut down on the total consumption significantly.

So I think with the reduction in what's available and the reduction that we have made in terms of our consumption, I think, matches there and thereabouts and we are able to kind of sustain that moving forward. We have a very clear strategy to move this to an electric forefront and we are moving really speedily to do that.

Kaushal:

So on a ballpark number of 100% of what you cook, what percentage would be LNG and what percent would be induction right now? And where do you want to go? Can you give us a percentage terms or ballpark numbers so that we can get an idea?

Rajeev Varman:

Yes, I don't think we have those numbers here to share with you. I can tell you that we have not closed any restaurants for a day or any tenure longer in this crisis period. If you look at our grilled products, they will all be on electric very soon.

Our vegetarian side, we are moving very speedily to install those electric fryers. We have got a significant amount already done. PNG gas is available. There's been no pullback on PNG. So all restaurants with PNG are still doing well and continue to have no issues. It's the LPG restaurants that have had a challenge.

But I think with all the stuff that we are doing, by the way, we're converting a lot of LPG into PNG as well. So in markets where PNG is available or where the steps have been taken to make that available, we are moving rapidly to get that done as well.

So we don't have any percentages to share with you today, but there's a lot of effort to make sure that what we have done in the last month or a little over a month of the crisis, we continue to do to keep the restaurants growing. I don't think there is any present -- current any danger to any of our businesses in terms of LPG. So we're in good hands there. I think that's probably the most important thing for you. Yes.

Kaushal:

I think you have made a CCI approval in March. So that's the only thing that's pending, right?

Rajeev Varman:

Yes. I already answered that, yes, we are waiting for that.

Moderator:

The next question is from the line of Anuj D from Antique Stockbroking.

Anuj: Congrats on a great set of numbers despite the macro headwinds that we are seeing. My question is mainly regarding the gross margin. We've seen excellent gross margin expansion year-on-year. Could you give an indication as to how much of this has come from the product mix and the other part from sourcing efficiencies, etcetera?

Rajeev Varman: Yes. So it's hand in hand, right? I mean we have done a target that was 2 years out in this year as we kind of exited the year at over 70%. Of course, we will share with you our new targets in the near future where we want to take this. But it's a disciplined effort. See one of the most key things in this business is to stay disciplined on your strategy.

And we have stayed disciplined on it. So one of the elements of our strategy is to bring the food close to the restaurant, right? So that is helping in a big way our transportation and bringing in additional suppliers, also brings down costs. So that is working very effectively.

And a lot of our progress is based on that. The cluster strategy that Sumit was talking about helps this food closer to the restaurant because as we build restaurants in the clusters, we are able to support new suppliers in those areas. And that's a constant effort and it's a significant part of where you see this gross margin moving.

Product mix, Kapil spoke about building the premium layer and that comes at a higher APC and a higher at least rupees gross margin. That effort continues, but a lot of ancillary items that they've introduced. As you can see, the fizz drinks the new cone, the Waffle Cone, these are very high gross margin, as you can imagine, if we bring in the cost of bringing that extension on our product is very small towards what we can gain on the sales price.

So those are also kind of enhancing our gross margin as well. And so it's a combined effort. We are kind of moving in a combined way. And each element, each vertical of this element is contributing towards this progress.

Anuj: Just a small follow-up. Since you mentioned a lot of the ancillary products on the product mix, I want to ask how the deluxe range that we have become more aggressive on in the last 3 quarters. Over last year, say, how much of that would be contributing to the incremental growth in terms of SSSG, if you could quantify that?

Rajeev Varman: We don't share product mix numbers for competitive reasons. No one really does, but I can assure you that that's something that we are building on. And you will hear a lot from Kapil in the coming months on what he's going to do with that range. We don't specifically share those numbers for competitive reasons.

Moderator: Thank you. That was the last question. I now hand the conference back to the management for closing comments. Thank you, and over to you, sir.

Rajeev Varman:

Yes. Thank you very much. Really appreciate everyone joining in. Thank you for your support, your time today. Like I said, on the onset, a very, very strong business in India that continues to become stronger. We have a very disciplined plan to take this to the next level.

Our efforts not only on bringing in consumers on the top line, but also our efforts in making sure that at current volumes, that we produce more EBITDA at the restaurant level. Those efforts continue. We have a very focused approach, continuing focused approach on Indonesia. And you will hear more as we align with the new promoters coming in, how we're going to do.

Hopefully, we can get some kind of a time line picture to you as you can appreciate that while we all want to solve it very quickly, these things do take time because it's not a market that has been friendly for the last few years.

The good news is that market has opened up. The local issues that were there have kind of subsided and gone away. It is a tough market still, but I think the progress on the Burger King side itself speaks for itself.

Sandeep and the team is strong, and they have now got a good experience of 3 to 4 years behind their back. And they're actually making some very good sharp decisions in making sure the business move forward.

The focus over there will now be to make sure that the delivery volumes that are sitting at about a 6.1 million climb to about 7 million, 7.5 million at that kind of volume and with the current dine-in BK sales, I think that's a massive improvement you will see in restaurant-level EBITDA.

And hopefully, we will see towards, not this current year, but the year following that, we will probably be able to cover the G&A with the margins coming out of the restaurant. So a strong business in India and stay tuned on Indonesia. Thank you very much for joining in. I appreciate it. Thank you. Bye.

Moderator:

Thank you, members of the management. On behalf of Motilal Oswal Financial Services Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.

(This document has been edited for readability)