

Higher volumes, brand extensions help Westlife record 21% sales growth

25-30 restaurants to be added in South, West India

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Westlife Development, the master franchise of McDonald's restaurants, has assigned a capex outlay of ₹120 crore for the next financial year. With plans of adding 25-30 restaurants in South and West India, the capex would also involve refurbishing its existing stores and brand extensions in its menus.

Recording its same store sales growth of 20.7 per cent for the third quarter, it was the tenth consecutive quarter of positive growth for the QSR chain with sales at ₹305 crore.

Attributing its growth to higher volumes and footfalls, it

was also brand extensions like McDelivery and new products on the menu which worked for it.

Strong quarter

Amit Jatia, Vice-Chairman, Westlife Development, said, "While the economic environment remains volatile, we are beginning to see tailwinds turning slightly. However, the third quarter has been strong for us and we see our gross margins sustaining since there are value innovations and extensions like McCafe and McDelivery along with 12 new products in the menu like chatpata naan, which has caught the fancy of consumers."

During the quarter, it launched 9 new restaurants and 5 new Mc Cafes and would continue to house its McCafes within its restaurants instead



Amit Jatia, Vice-Chairman, Westlife Development

of having them as standalone entities. In fact, extensions like McCafe and McDelivery have been growing the fastest at almost 80 per cent compared to its 271 regular stores.

At the same time, the chain has been resorting to closing down non-viable outlets and locations.

However, it has been cautious while choosing locations for its new stores to ensure adequate demand and footfall. "Our new store in Sion in Mumbai is next to the station. Our focus is on key cities such as Mumbai where we have to penetrate further," he said. While it did not take any price hikes this quarter, it did pass on the reduced GST rates in its all inclusive pricing. "GST did dampen our prices since it was inclusive on our rates. Besides, denial of input tax credit also led to costs getting impacted," he added.

Paying a royalty of 4 per cent to McDonald Corp, Westlife Development has not ruled out changing these rates in future. "Royalty re-negotiations depend on the investment into growth of the market in India and at the moment it is at 4 per cent," he said.