‘In two years, we will add 75-100 restaurants’

Nine months after Mumbai-based Westlife Development announced it was consolidatiiong group compnanies with it, the firm's management symbolically rang the bell at the BSE on Tuesday, indicating the process had been completed. Hardcastle, now a direct subsidiary of Westlife, is the franchisee for McDonald's in the west and south India. Vice-chairman **AMIT JATIA** in an interview with **Viveat Susan Pinto** explained the significance of Tuesday's developments and what the company had in store. **Edited excerpts:**

Q&A

AMIT JATIA
Vice-chairman, Westlife Development

In your speech, you indicated that Tuesday was a milestone and that you would accelerate your pace of growth. What do you intend to do?
It took us 17 to 18 years to put up 166 restaurants in the west and south of India. Now, we propose to add almost 75 to 100 restaurants in the next two years. That is what I meant by acceleration. With the scrip having resumed trading on Tuesday, investors get a chance to participate in this growth story. Which is why I call it a milestone.

With consumers cutting back on discretionary spends, are you hopeful of achieving your targets? Your same store sales growth (SSSG) in the June quarter of this financial year was in single digits (0.5 per cent).
Yes, the environment remains challenging. But you have to bear in mind that we achieved the June quarter SSSG number on a high base. We are adding stores every year. So there would be some impact as a result of it. But I remain confident about the long-term potential of the business. We are a value brand offering meals as low as ₹25. There is room for us in the marketplace and I think we have amply demonstrated that through the years.

What is the investment for the 75 to 100 restaurants that you are putting up in two years?
It would be ₹300 crore and we propose to fund that through internal accruals. We also recently raised ₹180 crore from Arisaig, which would help us in our endeavour to expand our footprint in the west and south of India. We also have the option of raising debt. In short, there are avenues available to us to raise money.

Much of your stores are leased. Are you comfortable with this model?
Yes. That is the model that we have in place and it has worked for us. We have very few company-owned stores and we do not propose to increase this number. We also have different formats in places such as kiosks, stores located in food courts, malls, high-street locations. It is a mix that we have.

Is it easy to maintain price lines when utility and food costs are shooting up?
It is a challenge. We are a value brand. So yes, we have to be conscious about price. At the same time, we cannot allow margins to erode. To answer your question, we have to look at price hikes, the frequency of which depends on how much the inflation is biting us. Last year, for instance, we did increase product prices by about three to four per cent. This year, we would appropriately take a call.