WESTLIFE FOODWORLD LTD.
[Formerly known as Westlife Development Ltd.]
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Date: 30th October, 2024

To,	**To,**
BSE Ltd. ('the BSE)	**The National Stock Exchange of India Limited ('the NSE')**
Phiroze Jeejeebhoy Towers	**Exchange Plaza**
Dalal Street	**Bandra Kurla Complex, Bandra (East)**
Mumbai 400 001	**Mumbai – 400051**

Sub : Compliance with Regulations 30 of the SEBI (LODR) Regulations, 2015, Submission of transcript of earnings conference call for the quarter ended 30th September, 2024

Re : Westlife Foodworld Ltd. (formerly known as Westlife Development Ltd.) ("the Company") : Scrip Code-505533 and WESTLIFE (NSE)

Dear Sirs,

In compliance with Regulations 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith transcript of earnings conference call for the quarter ended 30th September, 2024, held post the Board Meeting of the Company on 24th October, 2024.

In this regard, the transcript of the said earnings conference call has also been uploaded on the Company's website and can be accessed at the weblink: https://www.westlife.co.in/investors/financial-news-and-information/

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For **Westlife Foodworld Limited**

SHATADRU SENGUPTA
Digitally signed by SHATADRU SENGUPTA
Date: 2024.10.30 15:20:22 +05'30'

Dr Shatadru Sengupta
Company Secretary

Encl : as above

Westlife Foodworld Limited

Q2FY25 Earnings Conference Call

October 24, 2024

MANAGEMENT:

- Mr. Amit Jatia – Chairperson
- Ms. Smita Jatia – Vice Chairperson
- Mr. Saurabh Kalra – Managing Director
- Mr. Akshay Jatia – Executive Director
- Mr. Hrushit Shah – Chief Financial Officer
- Mr. Chintan Jajal – Lead Investor Relations

Moderator: Ladies and gentlemen, good day and welcome to Westlife Foodworld Limited Q2 FY '25 Earnings Conference Call. 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.

We would like to remind you that certain statements made by the management in today's call may be forward-looking statements. These forward-looking statements reflect management's best judgment and analysis as of today. The actual results may differ materially from the current expectations based on a number of factors affecting the business. Please refer to the safe harbour disclosure in the earnings presentation.

I now hand the conference over to Mr. Chintan Jajal. Thank you, and over to you, sir.

Chintan Jajal: Thanks, Sagar. Welcome, everyone and thank you for joining us on Westlife Foodworld Earnings Conference Call for the second quarter ended 30th September 2024. I'm Chintan Jajal, Lead IR at Westlife. From the management team, I have with me Mr. Amit Jatia, Chairperson; Ms. Smita Jatia, Vice Chairperson; Mr. Saurabh Kalra, Managing Director; Mr. Akshay Jatia, Executive Director and Mr. Hrushit Shah, Chief Financial Officer.

We will kick off today's conversation with Akshay sharing his thoughts on overall business progress and outlook. This will be followed by Saurabh taking us through operational, financial and strategic highlights. Post that, we can open the forum for questions and answers. We will be referring to earnings presentation and financial releases available on the BSE, NSE and Investors page of our website.

With that, I now request Akshay to commence this session. Thank you, and over to you, Akshay.

Akshay Jatia: Hello and good evening, everyone. I'm happy to have you on call today. I'll begin with a brief overview of the operating environment. As you know the demand environment remains challenging across retail and mass consumption categories. Community-related external issues have been prolonged, particularly impacting dining traffic. Furthermore, erratic weather patterns are not just impacting business operations, but also leading to heightened volatility of input costs.

Consequently, our same-store sales growth remained subdued at negative 6.5% for the quarter, while overall sales growth stood at 1% year-on-year. Given the high levels of fixed costs in our business, unfavourable operating leverage has limited margins.

Having said that, we believe these headwinds are largely abated. Our primary research indicates that eating out frequency has remained stable with a slight uptick in certain segments.

The share of roadside eatery has been at the lowest level in the past 2 years, suggesting a rising preference for hygienic, safe and convenient options as well as increasing penetration of large brand branded players. Furthermore, positive macroeconomic indicators such as consistent growth in private consumption support our expectation of a gradual consumption uptick. While the macro environment continues to play its part, we have stepped up our execution on value, innovation and governance.

These initiatives have started delivering positive results as seen from higher guest count in the month of September compared to last year. Our market share numbers are inching up in the West, where we are bolstering our market leadership as well as in the South where we are nearing a strong position. This quarter is also marked by two significant milestones.

The first one is the launch of the globally successful McCrispy platform as a part of our core menu. And the second is the introduction of the multi-millet bun developed in collaboration with Central Food Technological Research Institute or CFTRI in line with our Real Food Real Good initiative. We are super excited about these launches as we enter the festive season.

Our network expansion remains on track with 8 new stores, taking our total to 408 across 68 cities. As we move forward, we are confident that the foundation we've built will continue to propel us towards our Vision 2027 goals. Thank you for your continued trust and support. I will now hand over to Saurabh to take you through the financial and operational details of the quarter.

Saurabh Kalra: Thank you, Akshay. Ladies and gentlemen, good evening and thank you for joining us to discuss our Q2 results. Revenue like Akshay has already mentioned for the quarter stood at INR6.18 billion about a percentage increase over the previous year. Same-store sales were at a negative 6.5%. While overall consumption trends remain subdued compared to last year, they were stable sequentially. In fact, this is one of the quarters where we did equal to our Q1 numbers which is generally the holiday season despite all the rain issues and other climate issues we had.

Our on-premise business declined by 2% Y-o-Y primarily due to softer dine-in trends, community-related external issues and heavy rains that significantly impacted July in our key markets. However, momentum in August and September was relatively better.

The off-premise business grew by 5% Y-o-Y with flattish same-store sales growth. Our average sales per store on a trailing 12-month basis was at INR60 million.

On the digital journey, with increased traction in our flagship loyalty program, My McDonald's Rewards and the adoption of self-ordering kiosks, digital sales now accounts for nearly three-fourth of our total sales. We continue to engage over 3 million monthly active users through our mobile apps.

Moving on to profitability. Margins during this quarter were muted, largely due to unfavourable operating leverage and higher royalty fees. Our gross margin for Q2 stands at 69.7% was affected by temporary spikes in fresh produce prices particularly lettuce where availability did become an issue. That said we expect the gross margin to rebound to 70% plus levels in the second half which is a healthy benchmark that allows for reinvestment and strategic growth initiatives.

Restaurant operating margin and operating EBITDA margin were down by 352 bps and 343 bps Y-o-Y respectively. Consequently, staff cost as a percentage of sales increased due to annual wage increase while the other operating expenses decreased due to cost optimization initiatives despite continued new store addition. Depreciation stood at 8.1% and we expect this to decline further with higher volume.

Cash profit after tax stood at INR453 million or 7.3% of sales. On network expansion, we added 8 new restaurants and closed 3, bringing the total count to 408 stores across 66 cities as of September. Approximately 94% of these feature McCafe. Pretty much all stores which are applicable for McCafe now have McCafe. 90% of the stores are EOTF restaurants and 21% offer Drive-Thru services. We remain on track to achieve our FY '25 target of 45 to 50 new stores reinforcing our confidence in the long-term growth potential of both market and our business.

As we navigate the current challenging business environment we are focusing on three key levers to drive profitable growth in the near and medium term. First, our value platform. Building our everyday McSaver Meal, we launched a McSaver-plus campaign in July aimed at the snacking daypart. This is helping us build momentum in our dine-in business. As a matter of fact, guest counts in September were already at the last year's level.

The second lever is product innovation. We are stepping up with the launch of globally successful McCrispy platform. As the name suggests, these products offer a high crunch and an indulgent experience to our customers and our premium McDonald's range globally. McCrispy Chicken Burger features a whole muscle chicken fillet patty paired with a unique water-glazed bun, while the Crispy Veggie Burger offers a patty made of exotic vegetables like zucchini, aubergine and bell peppers. We've also introduced McCrispy Fried Chicken to our bone and chicken portfolio now available across the South market.

We officially launched the McCrispy campaign at the start of October and are planning to amplify it further during the upcoming festive season. Please do try McCrispy we are very, very proud of the product, if you haven't already and please give us feedback, good, bad or if you don't like it, please do let us know.

The third lever is robust cost governance. It is critical for maintaining the fiscal and financial discipline and achieving our strategic goals. While these productivity programs are helping us navigate current challenges, fostering a culture of cost consciousness and shared responsibility will position us strongly when the market conditions improve and helping us achieve our Vision 2027 targets.

In conclusion, with these initiatives in place, along with the belief of gradually improving consumer spending, we are well positioned to gain momentum in the second half of the year. Our market share continues to strengthen month-on-month, highlighting our focus on execution and brand building. We remain committed to our Vision 2027 targets. Thank you for your time. I now hand over the call to the moderator and open the floor for your questions.

Moderator: We will now begin the question-and-answer session. Our first question comes from Devanshu Bansal from Emkay Global.

Devanshu Bansal: Thanks for taking my question**.** Akshay, first question is, there is this big growth divergence between growth in off-premise channel for McDonald's and the growth that the aggregators are reporting, right? So Zomato, for example, has reported 20% plus growth, while for us, the delivery channel is in single digit. So, I just wanted to check what's your view on this growth divergence versus the aggregator? That's the question...

Akshay Jatia: So from our point of view, basis constant and consistent discussions with them, we are growing at a very healthy rate on their platform versus or relative to the platform and competitors. So from that point of view, they believe that we are in a market-leading position even on their platforms. Basis our initial calculation, a lot of the growth that you are seeing in the food delivery segment is inorganic. On the organic level, we are seeing that the platforms are experiencing pressure. And from the consistent conversation during our reviews and partnership discussions, we are quite satisfied with the growth rate that our brand is able to achieve.

Devanshu Bansal: Understood, Akshay. That's very clear. Second, Akshay, in some of your interviews, you sort of indicated about collaborating more with the other franchisee that operates McDonald's in India. Plus there was some mention of oil alliance Drive-Thru as well. So just if you could throw some light on these 2 things as well.

Akshay Jatia: Sorry, could you just repeat the second half of the question? I couldn't hear you clearly.

Devanshu Bansal: Oil alliance Drive-Thrus, are you sort of building some alliance with the fuel pumps or something maybe?

Akshay Jatia: So sorry, the first one was around collaboration with North and East. Is that what you said?

Devanshu Bansal: Right. Yes.

Akshay Jatia So like we've always maintained, we are separate companies, but we do operate one brand. And as the business in the North and East is coming back to shape after the long disputes that went on over there and there's a lot of investment going into the business, I think that there are opportunities where we do collaborate with them.

For example, the McCrispy campaign that we've just launched in the festive quarter, it's also being launched in the North and East. And we are collaborating in terms of product build, offering, pricing as well as advertising. So these are opportunities where we see sense in collaborating, and we take advantage wherever we can. In terms of the second question, I'll just pass it on to Saurabh, and he'll give you an answer.

Saurabh Kalra: So oil alliance is not new for us. We already have 10 to 12 restaurants operating as oil alliance Drive-Thrus. We expect it to continue working with the three big oil companies, which is Indian Oil, BPCL and HPCL and see opportunities where it emerges both on the highways and in cities where there is an opportunity to put a McDonald's together.

Devanshu Bansal: Yes, sir. You were sort of mentioning that you have been in partnership with a few fuel retailers. So I could hear you till that point.

Saurabh Kalra: So I was saying that we already have 12 operational stores. Around 12 operational stores with the oil line partners, primarily the public sector companies of Indian Oil, HPCL, BPCL. We are looking forward to partnering with them more, especially on access control highways and the city areas wherever they can provide and wherever we can partner together. We already have master agreements with BPCL and HPCL. We're trying to do the same with Indian Oil and see how can we expand that base, especially for highways.

Devanshu Bansal: Understood. Last question from my end. Saurabh sir, from an SSG perspective, Q3, the base itself is very favourable where we sort of saw a significant decline due to community-specific challenges. So is expecting a mid-single digit kind of a positive SSG in Q3 would be a reasonable expectation because we are comping on a low base? Is that a right assumption?

Saurabh Kalra: I think we are a momentum business, and what we have learnt is one of the reasons why we did value was, we wanted to make sure that the GC momentum comes back first, which is the guest count momentum comes back first. Like I said when I was speaking also that in September, we saw almost pretty much the same level as last year.

Now having said that, it is a momentum business, and you don't see overnight turns and changes. And so we expect to be market competitive, and you will see our results differentiated in the marketplace for sure. What will that number be? I'll not be in a position to comment right now.

Devanshu Bansal: Thank you for taking my questions, I will get back in the queue.

Moderator: The next question is from Jay Doshi from Kotak. Please go ahead.

Jay Doshi: So we have seen a significant deterioration in margins over the past few quarters, partly due to the headwinds that overall the industry faces, and it's been slightly more. My question is now we are 3 years away from your 2027 vision. And when you articulated that vision, the underlying assumptions were about 600-odd stores with INR7.5 crores per store average revenue per annum and ballpark 15% to 17% Pre-Ind AS EBITDA margin.

A lot has changed in terms of ADS trends in the past 2 years. If you're not able to get to that ADS that you had articulated at that point of time by 2027, is it still possible to get to the lower end of EBITDA margin? Do you think this business has enough operating leverage or cost efficiencies? Or to put the other way, what is the minimum ADS you would need to get to 15% pre-Ind AS EBITDA margin at company level?

Akshay Jatia So Jay, I want to answer it differently. Like Saurabh said, we're a momentum-based business and a lot of the efforts, like I also said in my commentary, in around value for money, innovation and governance are all aimed towards increasing average unit volume as well as profitability. And as you saw even with our Vision 2022, the moment the momentum came in the direction and the way we wanted it to, you saw average unit volume grow significantly as well as margins.

And that's exactly what our endeavour is even for H2 of this year. So as the average unit volume keeps growing basis all our initiatives and there's a strong focus on both the strategic initiatives as well as the execution of the same, we are quite confident that these numbers can be achieved and that's where all the effort is towards. And like I said, we saw this with Vision 2022, and we maintain that same optimism about Vision 2027, which is why we gave out a 5-year vision.

In fact, when we gave out the vision, everyone was telling us that it is conservative, right? And from our point of view, we've seen a lot of cycles over the last 30 years. And the retail QSR space is one that has its headwinds as well as its tailwind. But this sort of situation as we call it, we've taken it as an opportunity to double down on these strategic initiatives and we're very confident that once we turn the corner, we shall only be seeing positive momentum.

Jay Doshi: Understood. Second question is just a follow-up that was partly asked by the earlier participant. Last year, you had called out in December quarter a quantum of headwind you had because of geopolitical reasons.

Now during the course of the year, has it more or less eased out or there is still some headwind in some stores in some markets? And that gets anniversarized starting November, should there be a big jump in SSSG trends? By big I mean at least 200, 300 basis points. Should that be the base case assumption that December quarter SSSG should be at least 300 basis points better than September quarter, everything else being same?

Saurabh Kalra: It's a great question. I think we all talk about it on an everyday basis. I don't think a lot of stores which got impacted last year have come up to the level of what they were pre the crisis. Having said that, what you have said is absolutely right. We have built a lot of good momentum and when we believe the negative cycle should be behind us and we should be able to do a better job in the H2, that is pretty much what Akshay had mentioned.

And I also mentioned that we believe we are poised if the consumption trends come back, we are poised to be able to create the results which normally you would expect from us. But what I can tell you is no matter how the environment is, you will definitely see differentiated results in the marketplace.

Moderator: The next question is from Naman Jain from Pioneer Investcorp.

Naman Jain: So primarily, I wanted to know what's your average per customer invoice value?

Saurabh Kalra: Sorry, can you repeat? We didn't get the question.

Naman Jain: Per customer invoice value on an average?

Saurabh Kalra: We generally don't share the details of average value. That's why we would not -- there's a range which we talk about. It's pretty as much as the market average around INR300 to INR350, but we can't give you the specifics for the quarter.

Naman Jain: Okay. And secondly, we are seeing a trend of people trying to focus on a healthier lifestyle. So they try to switch to healthier alternatives to what we offer as our products. So how are we hoping to tackle that?

Saurabh Kalra: So life is very relative. I think McDonald's -- if this is an environment in which everybody was becoming reasonable and was looking at a lot of data before making a decision, I think the McAloo Tikki Burger will become a fan favourite and an everyday meal for everybody in the country. However, there is more about the perception than reality. But having said that, I think we have done a lot of work on our platform of Real Food Real Good.

If you look at it, like I said, McAloo Tikki became a burger, which was balanced in the calories coming out of fat, protein and carbohydrates 3, 4 years back. This quarter, being committed to the steps we need to take in the direction of making our food more nutritious, we have launched a millet bun, which you can add to any of your burgers with INR10 extra. We continue working on both quality standards and nutritional standards of all our products.

Needless to say, there are indulgent burgers, which we would like people to use it when they are having an indulgent occasion or an occasional visit to McDonald's. So I think what we are seeing is that our consumers are really appreciating the efforts which we have made. In fact, millet bun was very, very appreciated in this field.

Moderator: The next question is from Gaurav Jogani from JM Financial. Please go ahead.

Gaurav Jogani: My first question is with regards to a clarification. Did you say that the stores that were impacted due to the geopolitical thing the last year around, are they back to those earlier levels now?

Saurabh Kalra: No. Like I said, some stores have recovered. There was a part of stores which were impacted. We had given the number last year. If I look at it from that standpoint where they were and they are impacted, they are better off, but we are marginally better off. They still largely remain impacted. And I can quote a few examples of store in Mumbai Central, Mazgaon, where what we used to do, we are not even doing half of what we used to do. So it remains tough in some of those belts.

Gaurav Jogani: Sure. Sir, just a related question. I mean so assuming that because they would be in the base now in Q3 and assuming these customers, they don't come back, how do you look

-- not now but 2, 3 years hence, your ADS spending? Can we add new set of customers or new occasions or something of that sort that take us ahead from this thing?

Saurabh Kalra: So exactly what you said. We try to go back to our strategy and focus on our inputs. And if you look at it, what we did was a McSaver platform, which was we wanted to reignite the momentum on snacking so that the dine-in GCs increase. And we have seen good results coming out of it. In fact, like I had mentioned that in September, as a matter of fact, we are almost at the similar guest count levels what we were last year.

So it's about solving the problem structurally and then rather than reacting to the situation, how can we add occasions? So can we strengthen stacking further? Can we do value more? So a lot of work which has happened in the past 6 months has been around the value platform. And we are quite pleased with the kind of momentum we have gained out of it.

Akshay Jatia: Yes. So to add to that, we've gained great momentum from our value platform. On top of that, we recently launched the McCrispy burger also, which is a great example of innovation as well as affordable luxury as we call it in the food space, where it's a premium burger at a great price point with very high-quality ingredients. So at the same time, it connotates value, but at the same time, it's aspirational and high quality for our customers.

So we continue to toggle between both entry level, mid-level as well as premium level price points to ensure that our customers get all aspects of value, whether it's price, whether it's quality, whether it's willingness, whether it's new sensibilities with ingredients like what we've done in the Veggie McCrispy Burger.

So that's how we're adding new occasions, and we're very confident that like we said in our commentary that we feel the headwinds are abating and we're on a very strong wicket as the growth or growth in consumption starts coming back.

Gaurav Jogani: So can I suggest this that if you can give this data point that X of these stores, which are impacted due to these geopolitical or community recent issues, the rest of the stores, would they be having a positive SSG? Would that be a fair understanding or assumption?

Saurabh Kalra: So they have grown sequentially, like I mentioned. So that would mean they would have marginally positive SSG sequentially.

Gaurav Jogani: Okay, sure. And my next question is with regards to the margins again, given that you have done great work on the costing side, which is clearly reflecting in the G&A expenses as well. So assuming once the demand comes back and you start doing that mid-single digit kind of SSG also, can we expect better than earlier expected margin profile for you because then we'll be a double lever of cost savings plus the operating leverage kicking in?

Akshay Jatia: So Gaurav, we maintain our margin guidance as we've given out in Vision 2027. As we see ADS coming back in through our initiatives of value innovation, we're going to have a strong focus on cost governance. And by doing so, I think we were at very healthy margins last year, which was kind of numbers that would have kept us completely on track. So we're anticipating that as the growth in consumption comes back, we'll continue to rebuild our momentum. And I think Vision 2027 is where we maintain our profitability guidance.

Gaurav Jogani: Okay, sure. And the last question from my end is in terms of the gross margins. I understand that there is an impact because of this latest thing that you mentioned. But is there also an additional impact of the value platform or rather the McSaver platform that was done, which would have kind of impacted the gross margin? And in that light, what could be the possible gross margin levels expected ahead?

Saurabh Kalra: I think I mentioned in my initial commentary also that we expect to go back to the 70-plus levels for sure. Like we said, there were a few headwinds on fresh produce. There was no lettuce available and part of it has to be imported from outside the country to make sure that we continue to serve our products. That's why it's a one-off. We will get back to our 70-plus levels of gross margin in the second half, we are very confident about that.

Moderator: Thank you. The next question is from Krishna Shah from Ashika Stock Broking. Please go ahead.

Krishna Shah: My first question is on the new store target front. So, we've mentioned that we'll be opening around 45 to 50 stores this year -- in this financial year. And so far, we've added only 11 stores. So, do we expect to meet the target of like another 30, 35 stores in the next 2 quarters and expect a higher outflow of capex?

Akshay Jatia: So, we maintain our guidance on store additions, and we maintain our guidance on capex also, which is roughly around INR220 crores to INR250 crores for the year.

Krishna Shah: Okay. Got it. And secondly, on the ramp-up front, I just wanted to understand what is the ramp-up period in terms of months that we are expecting like we've already had for the new stores?

Akshay Jatia: So, if I understand correctly, you're saying how quickly do new stores ramp up to system AUV?

Krishna Shah: Yes, yes, correct.

Akshay Jatia: So again, it varies. There are some stores that ramp up quite fast in the first couple of years. A couple of examples of stores that take a little longer are more futuristic stores where we put freestanding Drive-Thrus on highways that are developing or suburban highways or suburban centres that are also developing, where you have a slower build, but obviously, the unit economics are still quite favourable.

So, there is a basket of stores in, say, Mumbai, which we opened. And on day one, you start seeing them within the first couple of months moving up to system average. So again, this is a flavour of a combination of examples and that's how we kind of give out our guidance where it's roughly over a period of 2 to 3 years where you will see them exceeding system average.

Krishna Shah: Okay. Got it. This is helpful. And my last question is on the off-premise point that you are mentioning that we've grown 5%. So, the 5% year-on-year growth is coming through our Drive-Thru approach that we are planning to expand through or more through deliveries?

Saurabh Kalra: Like I mentioned in my commentary also that while the same-store sales growth remains flat, 5% is the total growth. Obviously, needless to say, it came out of both the Delivery and Drive-Thrus.

Krishna Shah: Okay. Got it. And what would be our split in terms of delivery through our app versus the third party?

Akshay Jatia: So, we don't break out that data.

Moderator: The next question comes from Saurabh Kundan from Goldman Sachs. Please go ahead.

Saurabh Kundan: My question is on McCrispy. It's been around, I guess, for about a month now. What's been your observation on whether it is helping get -- is it helping get new walk-ins or new customers rather? Or is it increasing the frequency of existing customers? Or is it some other observation like maybe existing customers upgrading to it? So, what's been your -- what has the data been saying till now?

Saurabh Kalra: Too early to answer this question. I think I'll keep this for the next quarter. But all I can tell you is when I've been in the restaurant, a lot of customers are talking and giving us great feedback about both the products, which is the Crispy Veggie and the McCrispy Chicken.

Saurabh Kundan: All right. I wanted -- my second question is, sorry, if I missed this earlier. You made a comment about September footfall already back -- September month footfall, was it, already back to where last year's footfall was. Is that what you meant?

Saurabh Kalra: Yes.

Akshay Jatia: Yes.

Saurabh Kundan: Okay. And are you talking like-for-like footfall?

Akshay Jatia: Same-store footfall.

Saurabh Kundan: Same-store footfall. Okay, same-store footfall is that. Okay.

Moderator: The next question is from Sabyasachi Mukerji from Bajaj Finserv Asset Management Company. Please go ahead.

Sabyasachi Mukerji: Just a clarification from one of the comments made earlier. So, when we compare our performance with the food aggregator Zomato, the gross order value Y-o-Y increase for this quarter, they have reported around 21%. I believe you mentioned that when we talk with the food aggregator, they say that it is because of inorganic growth and organic growth is not very strong. I'm sorry, what is inorganic growth here for the food aggregator?

Saurabh Kalra: What we understand is one is the Western fast-food growth. That's what we are calling organic. There are other channels which they focus on, like, for example, feeds, they open new cities, all that drives their growth. There are multiple channels they have to work on and multiple cities they can work on. But it is not like-to-like, for example, the Western fast-food is not like-to-like. The categories in the platform are not always like-to-like. What we mean is that we are doing quite well when we speak to them as far as the Western fast-food business is concerned.

Sabyasachi Mukerji: Okay. And when we say that we are doing better than our peers in the Western fast-food category, could you, I mean, shed some light on what could be the Western fast-food category is doing? I mean is it declining Y-o-Y? I mean what's your sense?

Saurabh Kalra: Sir, I will not elaborate further. But all I can say is there is obviously growth, and we are also a part of that growth, including the total growth which we have seen in the dine-out or takeout occasions, which is out of restaurant consumption, which we have mentioned that we grew by 5%.

Sabyasachi Mukerji: So basically, what -- where am I coming from is that are you seeing some trends where in your conversations with your probably partners and, I mean, with the food aggregator and all that probably there is some down trading that is happening across the Board, people preferring to lower ticket size or maybe going to the unorganized chains, which are listed in the food aggregator app always. So, I mean are you having that sense in conversation with them?

Saurabh Kalra: We would not be commenting on that one, sir. It is their business. It is what they have to comment about. We do have conversation in closed rooms. We discuss things on what is prudent for our business. We are really not too worried about what happens on their channel and other businesses. But when they give us a relative context, we know that we are competitively very well placed. That's the point we wanted to make and that's what it is.

Moderator: Next question is from Ashish Agarwal, who is an Individual Investor. Please go ahead.

Ashish Agarwal: Yes, so my question is regarding the royalty that you have written one of the reasons is the royalty increase. So how much is the royalty that we are paying this year? Is it 5% or more than that?

Saurabh Kalra: It is actually 5.5% with GST -- GST, sorry.

Ashish Agarwal: Because your website says 5% this year, so I was just looking at royalty. I mean how much is it really creating that much as you called it out is what I wanted to understand you?

Saurabh Kalra: I said 5.5% with GST, which is around 5% without GST. It is -- whatever has been uploaded is correct information on the site.

Ashish Agarwal: Okay. And given the macroeconomic condition and given the QSR base, are we in a position to negotiate with the parent company about the royalty or that's not in the cards?

Saurabh Kalra: Sir, we do not look at McDonald's relationship on a day-to-day basis. Obviously, we want a long-term, more stable royalty plan. I mean we have got a royalty plan 3 years back, which we have uploaded. When it comes for renegotiation, again, we are going to renegotiate.

Short-term temporary conversations which happens, we don't usually update it in a natural course . We would like to call them as operational things. There might be an off incentive, etcetera, which might come here and there. But largely, our royalty plan, whatever we have committed to, we remain on track on that one.

Moderator: The next question comes from Vishal Punmiya from Yes Securities. Please go ahead.

Vishal Punmiya: My question is actually on store additions, not for us, but for the industry. If you can give some insights in terms of how the industry is looking at store additions because a few quarters back, everyone called out aggressive expansion. Even the burger players in the Western and Southern region who were earlier regional players, they called out aggressive expansion of stores. Based on the current environment, how are they looking at store expansion, if you could help with some insights?

Akshay Jatia: So Vishal, I think we maintain that we will continue to open 45 to 50 stores this year as we're committed to investing in growth, and we're very confident in terms of our strategy, and we believe the opportunity ahead of us is large in terms of -- and we've been very consistent in our guidance around store additions. And we always maintain that we will do what the market can handle.

In terms of the industry, I can't really comment much because there's been inconsistency in terms of how stores have been opened. And you will probably hear whatever their views are when you hear their commentary or speak to them individually. But overall, yes, obviously, we've always maintained we need to do what's right for the business and right for the market. And we've continued to perform and open in that manner. So we stick to that, and industry will continue to evolve.

Vishal Punmiya: Yes. I totally appreciate that you have been consistent with your store additions. The reason that I asked for the industry, how they are acting is basically to get some sense on the competitive environment and whether that would benefit us in the next couple of years. And if the market recovers, then whether we would be a bigger beneficiary of that recovery. So that is where I'm coming from?

Akshay Jatia: That's what I said, right? So, we are investing in growth. We are very confident of our strategy, which is why, like I said, we do what the market can handle. And when we took this decision to increase our store openings, it was with a long-term view, and it was not just to capitalize on any short-term gains that we were seeing. And what I was trying to also imply is that we will be there to take advantage of the growth however the industry evolves.

In terms of the competitive landscape, there's been inconsistency in terms of what you hear. And that's what I've always maintained even in my individual conversations that you will continue to see that evolve as the consumer environment evolves. And for us, we have a very long-term opportunity and a long-term view. And even post these 600 stores, we'll come up with a guidance that's right for the market.

Vishal Punmiya: Okay, that's all my side. And best of luck for the second half and also wishing the team a happy Diwali.

Saurabh Kalra: Happy Diwali. Thank you.

Akshay Jatia: Thank you. Happy Diwali.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Akshay Jatia: Thank you so much. Have a great week and wishing everyone a very happy Diwali and looking forward to speaking to you all next quarter. Thank you.

Moderator: Thank you. On behalf of Westlife Foodworld Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

Disclaimer: Please note that this transcript has been edited to correct any inadvertent grammatical inaccuracies or language inconsistencies that may have occurred while speaking. The audio of this call is available here.