WESTLIFE FOODWORLD LTD.
[Formerly known as Westlife Development Ltd.]
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Date: 30th July, 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 June, 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 June, 2024, held post the Board Meeting of the Company on 25th July, 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://westlife.co.in/investors-earnings-release.php

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For **Westlife Foodworld Limited**

Dr Shatadru Sengupta
Company Secretary

Encl : as above

Westlife Foodworld Limited
Q1FY25 Earnings Conference Call

July 25, 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 the Westlife Foodworld Limited Q1 FY25 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.

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

Chintan Jajal: Welcome everyone and thank you for joining us on Westlife Foodworld Earnings Conference call for the first quarter ended 30th June 2024. I am 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. For 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. I also request you to please go through the safe harbour disclosure in our earnings presentation. With that, I now request Akshay to commence this session. Thank you and over to you, Akshay.

Akshay Jatia: Hello and good afternoon, everyone. I extend a warm welcome to all of you today to review the performance of Westlife Foodworld for the first quarter of FY25. I am very pleased to announce that your company has crossed a significant milestone of opening 400 McDonald's restaurants this quarter. We now proudly serve customers across 66 cities and to further expand our market presence, we successfully opened six new restaurants this quarter. Aligned to our vision 2027, we are targeting to open 45 to 50 new stores in FY25 with a focus on South, smaller towns and drive-thrus.

In response to the challenging current environment a sustained focus on driving guest counts by leveraging the meals platform and value remain the cornerstone of our strategy, ensuring that our customers continue to see McDonald's as their go-to choice. By continuously refreshing our menu and introducing new offerings we kept our customers engaged and excited about our brand. For instance, we launched a McFiesta range which spiced up our iconic core burgers McVeggie and McChicken for the quarter.

We also launched mango-flavoured desserts which received good customer response. McCafe food items like cookies and brownies which were piloted over the past few quarters are now being extended across our entire network. We aim to achieve a 15% to 18% contribution of McCafe to store AUV by 2027.

Additionally, to connect with our Gen Z customers we brought the anime world to life at McDonald's. The initiative embodies our dedication to integrating our brands with popular culture offering unique experiences that resonate with the relevant audiences. Consistent efforts towards strengthening our brand have yielded positive results.

A real food, real good platform which was further bolstered with the launch of the Yeh Hai Mera McDonald's campaign where we collaborated with the celebrity Chef Sanjeev Kapoor. In this initiative, Chef Kapoor championed our commitment to maintaining impeccable food quality, hygiene, and safety standards in our restaurants. Our digital strategy continues to gain traction driven by the increasing preference for our convenience amongst our customers.

As a steadfast organization, we are continuously refining our operational efficiency and focusing on improving our financial performance to further improve operating leverage. As we navigate, we are not merely reacting, but proactively shaping our future by being committed to the strategic focus we laid down in Vision 2027 which remains firmly intact. Thank you once again for your trust and commitment to our journey.

I will now pass it on to Saurabh to share the operational and financial specifics of the past quarter. Thank you.

Saurabh Kalra: Thank you, Akshay. Good evening, everyone. Thank you for joining us to discuss our Q1 results. Last quarter, we highlighted that after several consecutive quarters of declining out-of-home consumption the March quarter was relatively stable on a sequential basis, but lower compared to the same period last year. I am pleased to share that we are seeing further improvements in the underlying demand trends.

Eating out frequency was higher sequentially and close to last year's level. As retail level inflation continues to moderate coupled with higher incomes and savings, we believe discretionary consumption will improve gradually. Having said that, we will continue to monitor the market trends and drive marketing and execution initiatives accordingly.

Now turning to our performance in Q1 our topline at INR6.16 billion was a tad higher on a year-on-year basis. Same store sales stood at negative 6.7% on a base of plus 7.4% of last year. If we dissect the comps, the off-premises business and same store sales have been stable which is a good sign of momentum.

But that also suggests that there has been some pressure on on-premises business. If we further dissect on-premises business, we observe that the cohort of stores that are impacted by external community-related issues continues to drag the overall momentum. These external issues are slightly prolonged compared to our initial expectations and estimates.

However, we are still confident that these are transitory. If we shift our perspective the quarter saw continuing improvement with exit month being better. On a sequential basis, sales were about 10% higher versus Q4 in line with seasonality and some contribution from new stores.

During the quarter, we continue to build on our value platform to drive incremental footfalls. Product innovation continued with the launch of new entry-level Chicken Surprise burger which we believe is an open area for us. We believe that this will help us accelerate and differentiate the value platform and our value offering in the coming quarters.

Moving on to business channels, our off-premises business grew by 6% year-on-year, contributing 42% of the overall sales. On-premises business, however, declined by 3%. Our average sales per store on a trailing 12-month basis was at 61.3 million. Digital sales stood at 69% with over 3 million monthly active users on our mobile app. My McDonald reward continues to gain traction and we expect this program to further accelerate our consumer value and our consumer frequency. Profitability during the quarter was subdued largely on the account of unfavourable operating leverage and higher royalty.

Having said that gross margin in quarter 1 at 70.8% continued its upward trajectory. This is despite our value platform play. This underscores the robustness of our business models in driving various value segments as well as our supply chain excellence. Restaurant operating margins and operating EBITDA were lowered by around 400 bps Y-o-Y. Other operating expenses were higher on account of elevated marketing spend which will continue for the next one or two more quarters.

Depreciation normalized to 7.9% is likely to go down further with better volumes. Cash PAT stood at 463 million or 7.5% of sales. On network expansion, we added 6 new restaurants in Q1. As of June 2024, the total restaurant count stood at 403 restaurants across 66 cities. 92% of these restaurants have McCafes, 86% are EOTF restaurants and 20% have drive-thrus. Our network expansion plan remains unchanged. We will add 45 to 50 restaurants in FY25 reflecting our confidence in the structural growth and opportunities which lie ahead.

Finally, while the business environment remains tough, demand green shoots are emerging. With a robust value platform strategy and a pipeline of innovative products we are optimistic of higher average unit volume in the second half of the year. We remain committed to our Vision 2027 targets.

Thank you for your time. I will now hand over the call to the moderator and open the forum for your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shirish Pardeshi from Centrum Broken. Please go ahead.

Shirish Pardeshi: Yes, hi team. Good evening. Thanks for the opportunity. I have three sets of questions. Starting from the negative SSG and now we have launched the entry-level burger. Do you think this is enough for us to arrest the decline in SSG or we need to do more activities in terms of the localized promotions and there is a need for further improvement in new products?

Management: Thank you, Shirish. To me the first point is as you would know and as you would look at our industry, we always believe that we want platforms to work. And I think we had launched our value EVM platform last year in June and further strengthened it in October of last year. Post that, when we looked at our situation, we saw that there was an opportunity for us our value platform to be strong enough for snacking. And McSavers Plus platform INR69 for 1+1 is an endeavour in that direction.

And we believe that these platforms along with our existing platforms are good enough to drive not only short-term, but long-term sales. That's how we've been looking at it. And then we believe that it's a part of the play which we've already committed to in Vision 2027 which includes being a leader in meals, snacking through coffee, burgers, and chicken.

Shirish Pardeshi: So that's helpful Saurabh. A follow-up to that I think our margins have been at the lowest. Now, if the value layer picks up, for example, you will be positive say LFL or your same-store sales growth will improve. But does that mean that the margin, there are very limited levers at this point of time to improve from here?

Akshay Jatia: So, Shirish this is Akshay here. So from our point of view as you've seen we've consistently delivered an increase in both gross margin and EBITDA margin over the years. And the current drag in margin has typically come from operating deleverage, obviously because of negative same-store sales. From our point of view as we see average unit volumes picking up you will not only see margin grow, you will see grow exponentially because of the operating leverage that will come in.

And as we demonstrated even if we deploy value platform, we continue to increase margin by doing a few change. One of them being removing cost from the system, the second one being using in product mix effectively. For example, McCafe will only accelerate the momentum further as the coffee market is growing in our country and we are very well positioned both from a quality as well as a value point of view.

And number three in terms of taking pricing where required strategically. So I think that we are more concerned with driving average unit volumes which will increase operating leverage and margins will only follow.

Shirish Pardeshi: Thank you, Akshay. My last question on 403 stores what we have now and there are two parts. One is that out of the six how many drive-thru we have open and out of 403 what percentage of stores are now drive-thru?

Saurabh Kalra: Around 20% are drive-thru. So around 403 is around 82 drive-thru in total and we've opened one drive-thru in the last quarter.

Shirish Pardeshi: Now, the reason why I'm asking if the overall SSG has declined I'm sure you would be tracking the SSG in the drive-thru. Is the out-of-home consumption, which was challenged, is drive-thru is also seeing that similar trend?

Saurabh Kalra: For now drive-thru actually is a very small portion while 20% drive-thru are there. The ticket window sales is not a substantial part and therefore we've never reported it separately. However, to just let you know we haven't seen any negative growth on drive-thru.

Shirish Pardeshi: Thank you, sir and all the best, to you.

Moderator: Thank you. The next question is from the line of Percy from IIFL. Please go ahead.

Percy: Hi, everyone. I'm just trying to understand the operating leverage in your business. So since this is Q1 I'm looking for another normal Q1 where you were operating. So basically FY '24 Q1 we saw things going up, but now things have sort of moderated either because there was some amount of revenge spending which has come down or there is a general demand slackness, etc. So I'm just dialling back to your Q1 FY '20.

Now on a per-store basis, your sales is 20% higher than Q1 FY '20. But your margin is still the same exactly the same as Q1 FY '20 currently. So why is it that we are not getting any operating leverage in this business. The other way I can look at it is if you want to look at something more recent then we can look at Q3 FY '22 where the sales per store is actually a tad lower than what we have done this quarter.

But we had a margin of 16.6% and now we have a margin of about 13%. So why is it I can understand that negative same-store sales growth, etc, but ultimately, the sales per store should correlate to what kind of margins you are able to deliver?

Saurabh Kalra: Thank you, Percy. Essentially, when we talk about operating leverage or deleverage, obviously benchmark get created every year. From that standpoint because inflation always keeps up. Once in five years rental will increase, every year there will be 2% to 3% inflation on utilities. So that keeps on changing. So to me 2021-2022 won't be the best representation. However, if you look at it, we've got 40 extra restaurants with 40 extra fixed costs.

So if you were to remove that fixed cost you will see that our unit economics is relatively being stable from last two to three years if not more. So that's why you get the operating leverage or deleverage. If this average unit volume goes up further, you will see it coming down, it coming up dramatically our profitability and vice versa.

Percy: Yes, so I understand that point that there will be some inflation on a per store basis. But also you have many cost-saving programs being run, you have seen gross margins also go up in that period. So all these should more or less if not completely offset the inflation in the per store costs.

Because see versus Q1 FY '20 it's 20% higher. So that's a 4% CAGR on a five-year basis in your sales per store. So your costs including your margin expansion on gross plus your cost-saving initiatives have also grown at a 4% on a CAGR basis over the last five years. That is what it means?

Saurabh Kalra: So I think I am not privy to the numbers which you are looking at right now. Maybe we can look at it and come back to you. Because from our standpoint, except the COVID year, a couple of years where we had cut down on costs dramatically, we went back to our normal operating standard which was there pre-2019 in 2022 and sales obviously commensurate along with it. We haven't changed our unit economics at all. So the numbers which we can double click on it and come back to you.

Percy: Sure. So if I just forget about the past and look ahead, let's say you are at 61 million right now. In the past you have done 66, 67 million also. Let us say by FY '27, you go to a 65 million to 67 million kind of number, but you also have another 50 basis points increase in your royalty in FY '27. So this 8% margin on a pre-IndAS basis which you have done, how much can it go up to. So let us say it is 7.5 with that 50% deducted from FY '27 to make it comparable. So this 7.5 can go up by how much 200, 300 basis points if the sales goes up by, let us say, 10% on a sales per store?

Saurabh Kalra: So Percy I will answer this in a very simple format. Obviously, we used to have this number at 15%, 16% of EBITDA margin. And then our goal is to go towards 20s -- 19s, 20s is what we have spoken about in Vision 2027. I do not think structurally anything has changed for us where we are not committed to that number. We are committed to that number. We see a very clear roadmap to it also. So maybe it has been long since we have connected. Maybe Chintan will help you a little bit more if you want to have a deep dive on this one.

Percy: Okay. So basically, you are saying you can see about 6 percentage to 7 percentage points margin expansion on account of leverage from the top line. I will just connect offline on this because in the past we have not seen that leverage coming through to this extent. So anyways I will take this offline. Thank you very much. That is all from me.

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

Devanshu Bansal: Yes, sir. Hi. Thanks for the opportunity. My question was we have seen a sequential moderation in our SSG. So wanted to check if this quarter per se there was incremental impact of heatwaves, etc and going into Q2 we should see a relatively better sequential improvement?

Akshay Jatia: Yes, so thanks for the question. What we maintain is that we expect H2 to be better and SSG to progressively get better as the year goes by. Like Saurabh mentioned at the beginning of the call we've further strengthened our value platform. We're continuing to grow our off premise business. And we're very confident that with this strategy and business model, H2 should be progressively better.

Devanshu Bansal: Got it. But are you sort of satisfied with the footfall at your stores in Q1 or there was some impact due to extra heatwave this time around?

Saurabh Kalra: So obviously we are absolutely not satisfied. We wouldn't call this our best performance for sure. There was significant amount of pressures on dining. While there was pressure in terms of consumption, climate or whatever you want to call it, I can't quantify it. But we have spoken about that there is also a cohort of stores which was impacted and hasn't shown progress which we expected to show progress by now. So that's how I would summarize it.

And then we are yet to see big momentum coming back on that cohort of stores. While we put value platform in as Akshay said and we believe we are setting ourselves up for the H2 of this year to come back strong.

Devanshu Bansal: Got it. Saurabh, you also made a comment that you're eating out frequency is now back to last year levels. How should we read this comment as in does this in any way suggest that at least in volume terms we should see a sort of flattish kind of SSG? Is this the right way to read this statement?

Saurabh Kalra: If you look at last year, last year we were hit by crisis and our October, November, December average unit volume was actually quite low. Normally October, November, December is the best month in QSR. So what we have been able to get is we are far better than October, November, December even now. So we believe that we're setting ourselves up to recover quite strongly in the H2 and you will see sequential improvement for sure.

So what does it mean in SSG that I can't comment right now because the last week, one week has also been raining quite heavily in most of the parts of our operations. So cannot comment on the SSG, but what I can tell you is we believe that we are putting in a very strong foundation for a strong H2.

Devanshu Bansal: Got it. Last question from my end, gross margins have improved sequentially. So we wanted to understand what are the drivers for this improvement as we also launched a value chicken burger during the quarter. So it will be helpful if you could sort of call out the drivers of this improvement?

Saurabh Kalra: I will pass on the question to Hrushit who is our CFO.

Hrushit Shah: Yes. So gross margin predominantly there is a strong governance framework that we have been able to establish in maintaining the margin. So that is driving what we have been able to establish is in terms of mitigating the entire inflation. What it also does is it gives us bandwidth in terms of supporting the initiatives like the guest count driver initiatives, like Rs 69 initiative, that we are launching. So all I can say is there's a strong governance mechanism which has been put in place. The supply chain, it's a well-oiled supply chain which is running, and it is contributing to the P&L.

Devanshu Bansal: Okay. Just a follow up as in if you can call out the date of this launch during Q1, when was this product specifically launched?

Akshay Jatia: We launched our value platform at the end of June, beginning of July. It's called the McSavers 1 plus 1. And like we mentioned in the commentary we launched our entry-level chicken burger in June.

Devanshu Bansal: Okay. So this happened towards the quarter end you're saying?

Akshay Jatia: Correct.

Devanshu Bansal: Got it. Thank you for taking my questions.

Moderator: The next question is from the line of Avi Mehta from Macquarie. Please go ahead.

Avi Mehta: I just had two questions. Firstly SSS growth. If you could just give us a sense on what was the SSS if you were to remove this…

Saurabh Kalra: Your speech is very muffled. We can't hear you.

Avi Mehta: Sorry, is this better? Am I audible? Is this better now, Saurabh?

Saurabh Kalra: Yes, far better.

Avi Mehta: Yes, I just wanted to check if you were to remove the impact of these external issues, is there any sense on what is the SSS growth momentum like?

Saurabh Kalra: While I will not break it for you Avi. What all I can tell you is if I remove that, there is definitely green shoots both in terms of sequential and in terms of same store sales growth.

Avi Mehta: Okay. Let me rephrase it. Is there a way for us to get some sense on June because you alluded towards the pickup? So what the SSS would be like in June? I'm just trying to get a better appreciation of what makes us optimistic about the green shoot and quantify it to some extent?

Saurabh Kalra: We can't do the breakup in the call. Maybe we can meet, and you can speak to Chintan…

Avi Mehta: Okay. Just the second bit then on the margin side Saurabh would you believe now this weakness has been slightly longer than what we had estimated? And while we have our FY'27 or Vision 2027 targets, FY'25 could see flattish margins? Is that how I should see given the first quarter commentary and given the weakness on the pickup being more second half driven? How do you look at it? How do you believe we should look at this from a margin perspective?

Saurabh Kalra: So it will be around similar is what my guess is, but Avi what is most important for us is I remember similar times it was COVID, and we had given the Vision 2022. We bounced back and then we delivered the Vision 2022. To me there is foundational stuff which is already in place and the platforms are already there. I felt we had to add a snacking value platform which we have just added. So I don't see a big problem as far as the sales and profit from a long-term view, as far as a long-term view is concerned. This year we will have to manage as it comes and H2 should be strong. That's how we see it.

Moderator: Thank you. The next question is from the line of Priyank Chheda from Vallum Capital. Please go ahead.

Priyank Chheda: Yes, hi. Sir, sorry to harp again. There were two remarks that were made in the opening comments. One is the sequential recovery. What we can sense is there is a negative SSG, and the decline has further worsened. The sales per unit per store has also declined. So if you can just help us what was the sequential recovery terminology related to when you alluded to? That is question number one.

And two is the external issues which you alluded to which is hurting your on-premises demand. While it is not hurting off-premises demand? While the product remains sames, how would you -- I mean how do we understand the two different behaviours on two different channels for the same product? It will be great if you can help us?

Akshay Jatia: So I'll take the first question. I'll ask Saurabh to take the second one. On the first one, what we clearly mentioned was that we saw the exit of the quarter being better in the first two months. And as Saurabh also mentioned in terms of the steep decline, we saw last October onwards we're already doing better from a week-on-week perspective. And that's what we mean by sequential improvement.

Saurabh Kalra: The second way to look at it also is while we report the trailing 12 months, the trailing 12 months is not actually a reflection of sequential growth because when you are in crisis your average unit volume on weekday and weekend fall to a certain level. Jan, Feb, March was worse than OND. And then we have recovered in April, May, June this is what we are calling sequential growth in that sense.

Now typically when I look at it there is always trends of recovery. In post-COVID, it was dine-in which grew first. Before COVID, it was delivery which used to do more than dine-in. I think this is a sign. This is the first sign of recovery as far as we are concerned because we have seen a healthy pickup in terms of the units sold in the restaurant, right now which is driven by delivery, we foresee that the dine-in will follow.

Moderator: The next question is from the line of Krishnan Sambamoorthy from Nirmal Bang Institutional Equities. Please go ahead.

Krishnan Sambamoorthy: Yes hi. While there's been some stability in material costs, there's also been a sharp increase in vegetable costs particularly onion and tomato in the last few months. Is this likely to hit your material cost line over the next couple of quarters and if so, then is there a possibility of price increases going ahead?

Akshay Jatia: So just a quick comment on material costs. I think there is seasonality on some of the vegetables which is every year. I don't think anything out of normal has happened this year. There was a little bit of crisis in terms of lettuce which we managed quite well. We do not see any pressure as far as inflation is concerned. It was more around availability in the last quarter, but we scraped through. I think our supply chain stood up quite strongly to it and we do not foresee any major changes on account of vegetable cost hitting the P&L beyond what we have already done.

Krishnan Sambamoorthy: Okay. On AOV growth you mentioned price growth as the third lever that you would like to use. Under what sort of scenario would you be looking at a possibility for price increase in the current year?

Akshay Jatia: So on that one what we've always maintained is we do scientific price increases. We're required to ensure that we sustain the cost of doing business without impacting customer inflow into our restaurants. So currently as we always maintain we take around 3% to 5% price increase and usually we stay at the lower end. So that is what we anticipate in the coming year as well.

Moderator: Thank you. The next question is on the line of Harit Kapoor from Investec. Please go ahead.

Harit Kapoor: Yes, good evening. My first question is just a clarification. When you mentioned June has been better, are you also talking about that cohort which was impacted by externality or is it only on the other cohort which is largely demand-led?

Akshay Jatia: That cohort which we expected that it will become better, we haven't seen any much movement on that cohort of stores. However, on the back of like what you said value and snacking we did see some rules green shoots emerging in the other cohort.

Harit Kapoor: Got it. Understood. And the second part was on the value offering side. Do we assume that this is the first of a few things that you're going to do in this space, you obviously did the chicken burger, you have the 69 value offer as well. Is it the first of few or is it this is probably what it's going to be for the near term. The reason I asked is there is obviously a twofold impact one on gross margins as well as on probably on marketing spend as you push these offers forward, so just wanted to get your sense of how you're thinking about it from a slightly medium-term perspective?

Akshay Jatia: Yes, so to answer the question as we maintain as Saurabh mentioned earlier in the call, we have always been a leader in value and what we wanted to do currently was further strengthen our value platform. So we started with the extra value meals which we launched last year, we further strengthened it at the end of last year with a stronger proposition and we most recently like Saurabh said wanted to strengthen our proposition in snacking as leaders in the category.

So we launched the entry level chicken burger as well as our one plus one McSaver Meals – McSaver snacking combo which is not new for us. In fact, we're kind of reheating a similar concept that we've done in the past. And this will also strengthen our platform. So in that sense we feel the platform for value is already very strong and we offer value across multiple categories whether it's coffee, whether it's chicken, whether it's this combination and as we also maintain we do a lot to ensure that our gross margin allows us to improve operating margins through operating leverage as well as through removing costs as well as playing the product mix. So that's how we look at the current situation.

Harit Kapoor: Got it. Those are my two questions. Thank you.

Moderator: Thank you. The next question is from the line of Gaurav Jogani from Axis Capital. Please go ahead.

Gaurav Jogani: Thank you for the opportunity. My question is with regards to if you dissect the growth between the ticket size or the consumer footfall which one you think has faltered more? And in terms of the average ticket size if you can give us a sense whether it's flat, it's grown or how things have moved over the past quarter?

Management: So Gaurav as we've maintained we don't break out these numbers. But as you know you can see from our results there's obviously been pressure in terms of customers entering our restaurants for the multiple reasons that we've spoken about already. And we continue to work on both bringing in customers as well as trading them up to improve our average order value and that's how we look at driving same-store sales growth.

Gaurav Jogani: Just to follow up to this the question was in context if you look at the pizza category as such that has kind of seen a sequential improvement on a Q-o-Q basis. So is it because of these externalities that is impacting you more or is there some loss to the competition made up of the category? What would be your sense on this?

Management: So if I look at our tracks, I don't think we've lost market share among Western fast-food players. In fact if anything we've been strong and we've been marginally gaining share within the category. Obviously, the results everybody has seen and some of the pizza players have done well, but we do not look at it from that standpoint. Now we would like to look at it is that from our standpoint our AUV has to improve. Our AUV in any which ways almost double than any other competitor. We need to continue moving the momentum on what our game is to play.

Gaurav Jogani: And the second question is with regards to the margins again. I do appreciate the fact that the negative leverage is kind of eaten up the margins for you. Otherwise, on the gross front you have done a really good job. If you can also break out what is the elevated market spend impact during the quarter because you have been very frugal in terms of the cost in the other line items?

Akshay Jatia: And as we've always maintained is roughly around 5% for the year and we don't break it up quarter-on-quarter, but that is where we usually guide the world, but in this quarter, there was an incremental marketing spend roughly close to around 1%.

Gaurav Jogani: Okay. Thank you and best of luck.

Moderator: Thank you. The next question is from the line of Prathamesh Dahake from Motilal Oswal. Please go ahead.

Prathamesh Dahake: Hi, sir. I'm audible.

Management: Yes, Prathamesh you are audible. Please go ahead.

Prathamesh Dahake: So my question is regarding our top line. So since our SSSG is negative our sales growth seems to be buoyed by new stores which have been opened in last 12 months as a result of which revenue per store of the new stores in the last 12 months exceeds the revenue per store of stores opened which have a vintage more than a year. This has happened for the first time in the last two years. Can you tell us the reasons for the same and are these stores in the same cluster or just the on-premises stores that is contributing to our growth?

Management: If I understand your question right, you're asking whether our average unit volume of the new store is better than existing stores?

Prathamesh Dahake: Yes.

Saurabh Kalra: No, it is similar to little lower which is always been the case. So there is no difference. But obviously you have opened 40 restaurants that's caused a little bit of growth which has happened with same-store sales growth being negative. So at the growth level some of the new stores are partly covered for that, but are they at system average? No, that's not the right assumption.

Prathamesh Dahake: Okay understood. That's all from my side.

Moderator: Thank you. The next question is from the line of Nihal Mahesh Jham from Ambit. Please go ahead.

Nihal Mahesh Jham: Hi, good evening. Am I audible?

Management: Yes.

Nihal Mahesh Jham: Sir two questions from my side. The first was on a chicken offering. Is it that we've taken the product the bone in chicken now beyond South or it still remains mainly towards the Southern region and what are the plans ahead on that?

Management: So it remains in the South like we always said the reason for the launch was that in the South customers and the customer proposition of fried chicken was essential to win the meal day part. And we've done it very successfully. And as a result we've continued to keep it in the South and we're kind of further strengthening the proposition. And we have it in select stores in the West where we felt it was relevant, but the proposition is primarily for the South. You will shortly also see like I said a strengthening of the platform. We have the McSpicy fried chicken. We'll be over the next quarter or two launching a new platform called the McCrispy chicken as well and that's going to make the platform of chicken in the South even better.

Nihal Mahesh Jham: Understood. So the plan is just to keep it to South and come select West stores not to take it to the entire 400 store rule out at this point in time?

Management: Correct.

Nihal Mahesh Jham: The second question was if I look at the last three years the effort on the gourmet launches two years back plus the EOTF. I thought was in a way an effort to premiumize the brand as such. Now when I look at these value launches is this an effort just to stimulate current demand given how the situation is or are these permanent launches and you are going to see more value offerings coming ahead?

Akshay Jatia: So Nihal how we look at it is as a brand that's a leader in this space we need to lead across the pricing ladder as well as the category ladder, which is why we've done burger chicken, coffee. We've done premium stuff like EOTF, McCafe and also value is what we stand for. So it's actually all about value for money which is not only about price. It's about the price that you get. It's about the product quality that you deliver as well as the experience. So all of them come together and they offer the customer the best value for money.

So how we looked at our premium launches whether it be the McSpicy in the past or the gourmet launch or EOTF as a platform is to ensure that we're giving the best quality product and experience to the customer at the right price. And similarly we look at the value platform as giving the customer the right value for the right product at the right price and that value, obviously from a price point of view is lower but it still means value for money.

Nihal Mahesh Jham: That's clear Akshay. That was it from my side. Thank you so much.

Moderator: Thank you. The next question is from the line of Nilay Bansal from Kredent Infoedge. Please go ahead. The next question is from the line of Saurabh Kundan from Goldman Sachs. Please go ahead.

Saurabh Kundan: Thank you for the opportunity. I just wanted to ask you if internally you track your affordability of your menu versus QSR in general or like-to-like competition? And where are you now versus, let's say, a year back when you started launching value and yes so that's the first question?

Saurabh Kalra: Yes, Saurabh. This is Saurabh, this side again. So from us as far as we are concerned you would have seen that our real competition is actually us because our average unit volume is almost double of the competitors. So what we have to look at is are our platforms good enough to attract consumers to our restaurant and good enough to retain them for a long time?

So when we look at that mix, we felt that we had to do a job as far as the value proposition was concerned in which we launched the extra value meal everyday platform which was a 149 platform. And now we believe that snacking was a price point we needed to have to get more consumers in for a snacking occasion. And therefore McSavers Plus is our platform as far as the snacking part is concerned. So really not bothered about what competition does, what it doesn't. We would really look at saying what is really value from a consumer standpoint and can we sustain.

Because I don't think we've ever played a game in which if somebody does X price, I undercut, and they undercut, and I undercut. I think it's about long-term sustainability. One of the considerations which goes into a platform is, is it long-term sustainable. And for us both McSavers Plus and EVM are platforms which we are committed to in order to make sure it drives value to our consumers.

Saurabh Kundan: Right, thank you. And your second question is actually around some announcements you made in the budget. I just wanted to check with you if the announcements around the employment linked incentive is something that the government will help companies with on the PF side. Does it impact I mean does it positively impact you at all or it's not relevant?

Hrushit Shah: So we are in the process of analysing in detail, but preliminary our assessment is we don't see a major impact flowing in from this budget into the financials.

Saurabh Kundan: Okay, thank you. Thanks a lot.

Moderator: Thank you. The next question is from the line of Abhishek Kumar from Sanctum Wealth. Please go ahead.

Abhishek Kumar: Hi, good evening. So I have a question related to the general demand scenario.

Management: Abhishek sorry you are not clearly audible.

Abhishek Kumar: Am I audible now?

Management: Yes better.

Moderator: The participant seems to be disconnected. Ladies and gentlemen, that was the last question for the day. I now hand the conference over to the management for closing comments.

Management: Thank you everyone for joining and we look forward to seeing you next quarter.

Moderator: On behalf of Westlife Foodworld Limited that concludes the conference call. Thank you for joining us and 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.