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Jatia consolidation of firms to give boost to McDonald's

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The BL Jatia group is consolidating Hardcastle Restaurants, which runs the McDonald's franchise in the west and south, into its listed company, Westlife Development.

Hardcastle will become a direct subsidiary of Westlife, hitherto an indirect subsidiary. The move is to boost the diversified group's consumer business.

The group will basically consolidate two companies, Hardcastle and Westpoint Leisureparks, into Westlife. Westpoint is the holding company of Triple A Foods and the latter is the holding company of Hardcastle. This way, company operations and structure will be streamlined, said Amit Jatia, vice-chairman, Westlife.

The move will ensure consolidation of group operations under three broad verticals — consumer, led by Westlife; real estate and mall development, under West Pioneer Properties; industrial lubricants, under Hardcastle Petrofer. The latter is a joint venture between the Jatias and Petrofer of Germany. "The primary busi-



ness of Westlife will be quick-service restaurants under McDonald's," Jatia said. "While Hardcastle will not be listed on the bourses, investors can still partake of the growth in the business via Westlife."

McDonald's has 148 restaurants in the west and south, with plans to take the number to 250 by 2014. This will be done with the help of a ₹500-crore investment into the business. The Jatias put ₹80 crore into the business in the last financial year. This is likely to go up this financial year.

In recent years, the Jatias have been taking control of the McDonald's business in phases. What began as a 50:50 joint venture in the 1990s was converted into a development licence in May 2010. That is, the Jatias

bought McDonald's 50 per cent stake in Hardcastle, to take control. McDonald's, however, retains its 50 per cent stake in the second joint venture, Connaught Plaza Restaurants, that runs operations in the north and east. This JV is with Vikram Bakshi, who is also the managing director of McDonald's India.

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