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McDonald's franchisee to become subsidiary of Westlife Development

Our Bureau

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Hardcastle Restaurants Pvt. Ltd (HRPL), the master franchise for the south and west operations of McDonald's restaurants will become a full fledged subsidiary of Westlife Development, a listed company and part of Mumbai based B.L Jatia family.

Amit Jatia, Vice-Chairman, Westlife Development, said, "With this consolidation exercise within the B.L Jatia group companies, Indian investors will be given an opportunity to invest in the McDonald's business. It will also give the quick service restaurant a chance to raise debt and equity whenever it is required."

The B.L Jatia family had indirect holdings in HRPL and this will now get consolidated under a direct subsidiary by merging some of the companies within the group.

HRDL recently dissolved its joint venture with McDonald's to become a master franchise for the QSR in India. Westlife Development had been registered as an NBFC and after retiring its license it has been in business of trading and hospitality.

"Going forward Westlife Development would be focussing on the QSR business



McDonald's has been offering more value-based meals, but has been forced to raise prices between 4 and 5 per cent every year with rising inflation. — By special arrangement

through HRPL," added Jatia.

HRPL currently has a sales turnover of Rs 544 crore with profit at Rs 42.5 crore for the financial year ending March 2012.

"HRPL has remained a zero debt company and all this time we have been raising funds through internal accruals. As we become a subsidiary of a listed company, it will give us more options to raise funds. The environment is challenging, but we maintained same store sales growth between 20

and 25 per cent," added Jatia.

McDonald's has been offering more value-based meals, but has been forced to raise prices between 4 and 5 per cent every year with rising inflation. "We have to continue to raise prices with inflation and have been introducing value-based products such as the recent egg burger at Rs 25," said Jatia. HRPL serves 165 million customers across 14 cities with 148 outlets in the south and the west.

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