Westlife Foodworld Limited

Q1 FY27 Earnings Conference Call

July 30, 2026

MANAGEMENT:

- Mr. Akshay Jatia – President & Chief Executive Officer
- Mr. Saurabh Kalra – Managing Director
- Mr. Shardul Doshi – Chief Financial Officer
- Mr. Chintan Jajal – Lead Investor Relations

Moderator: Ladies and gentlemen, good day, and welcome to Westlife Foodworld Limited Q1 FY27 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 this 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 in the management 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 harbor disclosure in the earnings presentation.

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

Chintan Jajal: Thank you, Nirav. Good evening, everyone, and thank you for joining us on Westlife Foodworld's Earnings Conference Call for the first quarter ended 30th June 2026. I am Chintan, Head IR at Westlife Food World.

From the management team, I have with me Mr. Akshay Jatia, President and CEO; Mr. Saurabh Kalra, Managing Director; and Mr. Shardul Doshi, Chief Financial Officer.

As always, we will begin today's session with Akshay sharing his perspective on company's overall strategy and outlook. This will be followed by Saurabh taking us through the key operational and financial highlights. We will then open the forum for question-and-answer session. Throughout the call, we will refer to our earnings presentation and financial releases, which are available on the NSE BSE website as well as the Investors section of our website.

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

Akshay Jatia: Hello, and a very good evening to everyone. Thank you for joining us today, and I hope you have had the opportunity to review our Q1 FY27 results. Q1 FY27 marks our strongest topline growth, highest same-store sales growth and fastest guest count growth in the recent past. Most importantly, every one of those numbers is being led by more people walking into McDonald's more often.

We delivered healthy double-digit topline growth, positive same-store sales growth in each of the three months and robust double-digit footfall-led momentum across our markets. May and June were particularly strong with mid-single-digit SSSG. And encouragingly, we are carrying that exit velocity into July as well.

Our focus remains firmly on driving sustainable volume-led growth through our value platform and operational excellence. The everyday value meal continues to see strong traction and remains a key driver of dine-in footfalls. We have always believed that McDonald's wins when our value proposition is trusted, predictable and habit forming, and that is exactly what we are building.

This building footfall momentum reinforces our conviction that our strategy is working. We are acquiring more consumers, driving repeat visits and strengthening McDonald's' relevance across everyday consumption occasions. I'm also pleased with the progress we are seeing in the South.

In Q1 last year, we had highlighted our efforts on strengthening execution in the region and that the agenda has steadily moved from intent to impact. Our work around on-ground execution, including local consumer relevance and network expansion is now beginning to reflect in the outcomes.

The South ended the quarter with positive same-store sales growth, a meaningful improvement that gives us confidence in the region's potential. On operations, we continue to take strategic steps to get closer to the consumer.

As part of this, we are realigning our operating structure from three divisions to five, building a sharper and more agile organization that is closer to every market that enables faster observation and action and is better placed to scale as we grow.

Alongside this, we are empowering teams with better data and sharper decision-making tools, and reinforcing the disciplines that matter most: quality, service, cleanliness and value. These are the building blocks that convert footfall momentum into repeat visits, and repeat visits into long-term consumer trust.

During the quarter, we also continued to strengthen brand relevance and stay top of mind with consumers. As many of you would have seen, we launched our new brand campaign anthem, Let's Family at McDonald's, celebrating McDonald's' 30th year in India. The campaign defines family beyond traditional boundaries and celebrates everyday McDonald's moments that we share with our different families, including friends, colleagues and communities.

As we look ahead, we remain committed to being a place where everyone feels that they belong and where many more memories will continue to be made. India eating out market continues to offer significant headroom. And with our strong brand, our modernized restaurant network, our digital capabilities and disciplined execution, we are well-positioned to capture this opportunity and scale the business meaningfully over time.

I'm also pleased to share that our Board of Directors has approved an interim dividend of INR 0.40 per equity share, underscoring our commitment to creating value for shareholders.

We are on track to open over 60 new restaurants in FY27, in line with our guidance. On that note, I'm delighted to share that we have also received the Global Breaking Ground Development Award from McDonald's Corporation. This award recognizes development excellence in our network expansion journey and is a global award given to a developmental excellence market.

To sum it up, last quarter has been an inflection point. Our on-ground execution excellence is helping us deliver strong momentum, which we believe will continue to play out. We are confident about the future and the road ahead.

Thank you for your continued trust and support. I will now hand it over to Saurabh to take you through the operational and financial highlights for the quarter.

Saurabh Kalra: Thank you, Akshay, and good evening, ladies and gentlemen. Our patience and commitment on getting the fundamentals right, which we have been speaking about from the last two, three quarters have finally started to begin to deliver our results.

Q1 FY27 actually reflects a very strong performance across the system. Consolidated revenue came in at a record INR 7.36 billion, up 12% year-on-year and our highest quarterly growth in the recent past. Same-store sales growth stood at 4.3% and was positive all three months. Let me walk you through operating and financial performance in a little bit more detail.

The West continued to deliver a very strong performance and South actually showed significant improvement, driven by double-digit guest count across all three months.

From a channel lens, on-premise and off-premise grew broadly in line, up 12% and 11% year-on-year, respectively, reflecting the broad-based momentum.

Within off-premise, McDelivery continued to deliver and remains a key engine for growth for us. Our focus remains on strong execution, leading to sustainable growth while maintaining margin discipline and unit economics. Our everyday value platform supported by strong brand affinity continues to see healthy traction and remains central driver of footfall growth.

Now let me turn to profitability. Our operating EBITDA margin was broadly stable versus last year despite the inflationary headwind, particularly across fuel, food and packaging. I want to acknowledge the resilience shown by our brand and business model and our teams in navigating this environment. It reflects the impact of the structural work we have done over the last several quarters across supply chain efficiencies, restaurant operations improvement and disciplined cost governance.

In fact, we saw over 200 basis points of inflation across different line items, which were largely absorbed by cost governance and operating leverage. We remain optimistic of our P&L and expect some of the cost pressures to ease as geopolitical conditions improve. Our focus will remain on disciplined P&L governance and execution.

Gross margin at 67.6% was stable compared to last year. Restaurant operating margin stood at around INR 1.4 billion, up 5% year-on-year. Operating EBITDA stood at INR 946 million, up 11% year-on-year. Cash PAT was INR 516 million or 7% of sales. Digital sales contribution stood at 74%, up around 150 basis points year-on-year, supported by higher engagement across digital channel.

Cumulative app downloads have now crossed 55 million with approximately 3.7 million monthly active users. This gives us a powerful base to drive engagement and personalization. Our network expansion, our pipeline remains healthy.

During the quarter, we opened 5 new restaurants, taking our total to 482 restaurants across 79 cities. We continue to follow a prudent profitability-led approach with a sharp focus on site quality, payback period and long-term store economics. Our guidance of over 60 new restaurants in FY27 and 580 to 630 restaurants by December 2027 remains firmly on track.

To summarize, our growth vectors are intact and are beginning to yield encouraging green shoots. We remain focused on strengthening what truly matters to the consumer, an everyday value platform combined with iconic McDonald's brand and experiences delivered with consistency and backed by economic discipline.

Thank you very much for your time. Akshay, Shardul, and I are now happy to take your questions.

Moderator: Thank you very much. We now begin with the question-and-answer session. First question is from the line of Devanshu Bansal from Emkay Global.

Devanshu Bansal: Congratulations on a strong SSG pickup. Sir, this INR 30 billion outlook for FY27 sort of requires this growth momentum to further accelerate, right? So I just wanted to check, are current trends giving you comfort to achieve this targeted topline in FY27?

Saurabh Kalra: So the way I would put across is definitely, we are building on the momentum. We wanted to play this out from last year when we changed our strategy, and we wanted to work on value as a platform and recruit a lot of people into the category. I think that has played out quite well.

October, November, December was the first quarter where we got positive same-store sales growth on the guest count front. January, February, March, we made the momentum go further, and it was also visible on same-store sales growth in the first Jan, Feb, March quarter, with April, May, June now consolidating.

We believe that this momentum is sustainable. And obviously, for Vision 2027, we need to be close to 15%-plus of growth. And we believe we are on track to reaching that growth. And that's pretty much our target to at least follow the run rate of the next of the Vision 2027 we have.

Devanshu Bansal: Understood. Thanks, Saurabh. And Akshay, you mentioned that we are sort of changing the org structure from three units to five units. Checking if you can share some more practical insights which sort of necessitated this move? And what are the key outcomes that we are expecting from this change?

Akshay Jatia: So I'll pull this up to our larger strategy because obviously, operational execution is our day-to-day job. But the idea behind it, which I also elaborated on was so that our execution is closer to the customer. And while we obviously increase the span of some of our hierarchies, we make sure that every layer is efficient and is as close to the customer as possible.

So I think that we are making sure that, that allows our West region to be closer to the customer because today, it's a little more consolidated. So we're widening our number of resources that are closer to the ground there. And we're already doing the same thing in the South. So I think strategically, it's important because we're making sure execution is closer to the customer, and hence, we're able to deliver a better value and experience to the customer.

Devanshu Bansal: Okay. So does that mean that feedback frequency will improve as in, from that perspective, you can make regular changes based on consumer feedback? Is that?

Akshay Jatia: So that's exactly the reason why we are obviously making sure we're closer to the customers so that we can respond faster and we can efficiently across layers, deliver them the best experience.

Devanshu Bansal: Okay. Got it. Akshay, just last bit from my end. McDonald's recently held their global franchisee meet, right, so in the U.S. Any key insights which you can share, maybe which were interesting from Indian context would be very helpful.

Akshay Jatia: Sure. So some of us were there. So it was a very powerful event. And I think every time you do go there, you kind of appreciate the power of the brand. I mean it's a brand at the consumer end, which is still one of the best brands in the world despite so much disruption in the consumer space, right?

So I think that's obviously one thing that keeps energizing us. Number two, obviously, there's a lot of guidance in terms of the long-term vision. And I think it revolves around very similar levers that we continue to focus on. So obviously, ensuring that we give value for money, we give consumers the best experience, and we use technology to improve productivity and efficiency as well as experience for our customers.

Moderator: Next question is from the line of Kaivalya from IIFL Capital.

Percy Panthaki: This is Percy Panthaki here. So I just wanted to understand both this quarter as well as sort of next two- to three-year kind of margins. So this quarter, we've had a flat gross margin and a decent SSSG. And despite that, we have seen a minor decline in the EBITDA margin.

And we already have EBITDA margins at fairly low levels versus long-term historical average. So if 4.5%, 5% SSSG can't result in EBITDA margin expansion, then what will really drive it going ahead?

And also just wanted to understand, again, on a pre-Ind AS basis, we are somewhere in the region of about 7% to 8% kind of EBITDA margin currently. What do we sort of target, let's say, by FY29 or something like that? And what would be the way to reach there?

Saurabh Kalra: So Percy, thank you very much for the question. Actually, like I explained, right, I think operating leverage is one of the biggest tool we have in our industry. And what we were able to do is there is some amount of unbudgeted unprecedented inflation which crept into our system.

Some of the protocols hit at the time where all this everything was at a high. So I don't think it is structural in nature. I think this is passing in nature because most of the protocols also we have done is when the market eases out, the prices will go back again to where they were.

I think about it in a manner saying the operating leverage will play out. There is no worries on that front. Right now, because in the last two, three quarters, we have ensured that marketing spend is a little higher than what it is expected. Some of the inflation had crept into various line items, primarily due to oil, both in terms of petrol, diesel and vegetable oil packaging costs went up due to crude going up.

All those costs have, all of a sudden hit which were not budgeted for and that took us a little by surprise somewhat. But I think we are fully in control. And we did not we did not actually wanted to take random price increases because we do price increase in a structural manner. So we've got enough and more windows to play with profitability and EBITDA.

I would like to assure you, like I said also in my commentary, we are absolutely optimistic about our P&L, which if this momentum continues, we should see tremendous gains coming in due to flow-through and other levers which we have on pricing, like pricing.

Percy Panthaki: So if we maintain a 5% to 6% kind of SSSG, what do you think we should expect EBITDA margins to be at by FY29 over a two- three-year period?

Saurabh Kalra: I would not give two- to three-year period because we are living in a VUCA world. We don't know what happens every year. But normal guidance, even in our vision we have given is we would like to have 100, 150 basis point improvement year-on-year.

That's how I would look at it. I mean there is enough and more headroom for us to grow profitability. So that's what I would give as a long-term guidance for us internally, that's how we look at it. How do we remove 100, 150 bps every year and improve our profitability by that.

Percy Panthaki: So just wanted to understand this a little better. So at a normal inflation in the economy, even when it's not a very high inflationary level, but let's say, just a normal inflation in the economy for all costs would be in the region of about 3% to 4%. So 3% to 4% SSG would be required just to even maintain the margins.

So at a 5% to 6%, how would you get such a high leverage of 100, 150 basis points? Or is there some other sort of low-hanging fruit in terms of cost engineering that you are thinking? And if so, if you can shine some light on what those measures are?

Saurabh Kalra: Percy, while I'll not give you details out here. But if you look at our track record, we have always gotten better than operating leverage year-on-year on cost. I think that's been one of our big strengths over the years if you look at our track record. And needless to say, there are many levers to play it out.

One of the levers is product mix. Second lever is to be able to look at cost engineering. Third lever is looking at restaurant by restaurant and working on bottom-performing restaurants. Then there is a lever of pricing. So there are many levers at play.

Like I said, I would look at it and say the guidance from our side would be 100, 150 basis points. You can think about that, that much improvement should come if we perform well, and we are disciplined around cost and P&L execution.

Percy Panthaki: That is each year, you're saying 100, 150 basis points?

Saurabh Kalra: Correct. Correct.

Moderator: Next question is from the line of Rohit from iThought PMS.

Rohit: So just not so much for the near-term quarter, etcetera. But sir, just if I look at maybe the last six, seven years, let's say, prior to COVID, I think we've been probably in terms of store additions, we have been at the lower end in terms of growth rates. So we've been more measured in terms of store additions. So however, in terms of the drag in terms of economics per store, etcetera, we've been probably one of the worst hits.

So can you probably, and this is despite like some of the other peers have actually grown the stores much more at a much faster rate so that cannibalization, etcetera, would have hit them or new store, etcetera, would have hit their overall economics.

But for us, that was not the case. But still, we've had a very sharp decline in the overall margins. I'm saying over the last five, seven years. So I mean, can you maybe please explain that? And if there's been any shift in the unit level economics of a store? So that was my first question.

Saurabh Kalra: Okay. So to me, I don't know what data and how are you looking at it? Maybe we will have to understand a little better, and you can do a detailed deep dive with Chintan and team. However, from the zoomed out level, I think one of the things we pride ourselves is the unit economics over the long period of time has remained stable. I would not like to respond on what competition does or does not do because we would be worried about McDonald's system and McDonald's business.

We are very proud of the fact that our average unit volume is almost 80% higher than any other competitor. If you look at it from a profitability standpoint, there's a model which McDonald's has, which help us create an omnichannel, omni usage brand.

And there is a cost attached to it. So how I would look at it is what is our future going to be in India. I think as far as that is concerned, like I've said, we are very, very actually motivated with what we are seeing of what we can create as a business going forward.

Akshay Jatia: So and just to add to that, I think in terms of store additions, we've done what's right for the market. We've been measured, as you rightly said. And I think as we've seen momentum play out, even in this year itself, we're opening around 60-plus new restaurants.

So I think we've moved very systematically, and I think these are very aggressive numbers for the average unit volume that we deliver. While we are doing this, we're also keeping unit economics in check. We're working on improving profitability year-on-year. I think our job is to explain the current and talk about the future.

I think the past is the past. I don't understand the view that's being taken in terms of five, seven years because there have been years where our profitability has probably been one of the highest in the category along with strong growth. So let's forget that. We're talking about the current and we're talking about the future. I think both are extremely positive now, and we're very encouraged with the momentum that we're seeing.

Saurabh Kalra: I would like you to look at the operating profit, like you said, over a period of 10 years because whatever little data I remember is if 2015, we were 2.5% operating margin. And from that time, except the 2023, '24 year, where after that, we lost a lot of operating leverage because of negative growth, we've actually been stable and improving all the time.

And that's why if you look at our track record, it's been from '16 to '22, '23, it's been strong, robust, and that's what I was pointing out when I said that's our track record. So maybe you can take offline a little detailed discussion.

Rohit: Maybe, no, I probably will do that. The other question was, sir, in terms of South, I mean, you alluded to some changes that you've been trying to make to do better there. So maybe if you can share that in a bit more detail, that will be really helpful.

Akshay Jatia: Sure. So, I think we've called it out as a region of opportunity. Obviously, our brand has lagged a little bit over there, both in terms of value consumer perception as well as execution. I think we've immediately solved the value for money part by ensuring that we have the right product price proposition, we have the right portfolio of products.

Now we're also simultaneously ensuring that our on-ground execution only gets better because that's exactly what McDonald's does best. I think we've been able to display that over the last six to eight months as we first announced it and have now moved towards impact. Our regions have all moved towards positive same-store sales growth, which is a big improvement from where we were one year ago.

It revolves around ensuring that our everyday value meal continues building. Our brand love and our brand relatability keeps building through our brand campaigns and our on-ground execution gets better and better through our operational hierarchy.

So what I discussed earlier in terms of being closer to the customer, we've already been doing that in the South for the last six to eight months. And we've now done that even more so in the West. I think this is giving us a lot of confidence moving forward in terms of the region's potential.

Moderator: Next question is from the line of Avi Mehta from Macquarie Capital.

Avi Mehta: Just wanted to check on the gross margin bit. I understand that. Would it be fair to say that this quarter represents or kind of reflects the peak of the impact and hence, from here onwards, things should at least kind of remain at the current level sequentially or improve? Or how should I look at that profile, the gross margin profile on the adjusted PL?

Saurabh Kalra: Avi, that's exactly what I also called out in my, when I was talking about it that for us, it is at the highest possible level, and we should see improvements from here on. Even if nothing improves, then it should not go any bad further.

Akshay Jatia: I think just to add to that, Avi, as we've always maintained, it's about operating margins because line items keep going up and down. I think we've done fantastic work, though on food, paper and gross profit.

I think there are other line items that have also gotten impacted adversely due to the inflationary environment. I think they keep going up and down, but our endeavor is to continue to drive operating margin profitability, which Saurabh rightly said, can only get better from here on.

Avi Mehta: Got it. So Akshay, the way to see this is that as leverage gains currently have been kind of utilized to offset this inflationary pressures, from where we are operating leverage gains incrementally should kind of flow through to margins, if not, is how I should kind of see this, right? Is that the right?

Akshay Jatia: That's right. Just a small clarification, Avi. It's a mix of two. We've obviously done a decent amount of work on cost also because the inflation has been quite unprecedented. But most of it kind of obviously, the operating leverage has also helped to us.

Moving forward, we feel operating leverage will continue to play out and cost is something that we can control quite well, especially as times get better, which we are quite confident they will because obviously, April, May were probably some of the worst months in terms of geopolitical impact on inflation.

Avi Mehta: Got it. Got it. And just kind of just closing that loop, the way from a, which are the line items or which are the key things that have hit us because you highlighted three line items: fuel packaging as well as food. So from a quantum perspective, the largest chunk would be what?

Saurabh Kalra: So fuel, the three which you have said is impacting largely the food, paper and distribution, which is gross margin. There was impact on labor line item because of minimum wages. Also, we are spending more money on advertising and promotion. So the combination of all these are the ones which we are calling out as high inflation.

Avi Mehta: Okay. Got it, got it. That's all from my side. Thank you.

Saurabh Kalra: And utilities also because of gas impact, which has happened because of gas increasing, yes, that utility was another one. So that's why we are saying we're probably at the peak, it should only get better from here on.

Avi Mehta: And sorry so in that, the highest one would be like you said food, the ordering was in the matter of materiality, right? That's how we also shared.

Saurabh Kalra: Yes. So food, paper and distribution, utilities would be the two higher ones. Rest of them were moderate, but inflation was there actually across line item because diesel also went up. So that also costed us a little bit where we are a distributed network from a distribution center.

So more line items got impacted because of that. But I'm not, like I said, not worried even if the diesel remains at this price, we are okay, we have found a way to how to manage it. So we should be seeing improvement from here on.

Moderator: Next question is from the line of Krishnan Sambamoorthy from Ashika Institutional Equities.

Krishnan Sambamoorthy: Congratulations on a good set of numbers. Harking back to what Saurabh as well as Akshay said on the first part of the strategy, which led to recovery in South India. Can you elaborate on the value and the portfolio aspects? What exactly did you do? What worked and what is continuing to work here?

Akshay Jatia: So number one, obviously, our everyday value platform, we continue to market it across regions. And I think that has given us sustainable increase or substantial, sorry, increase in guest counts entering our restaurants.

Number two, in Q1, we launched our brand campaign, which is one that's having a great impact in terms of relatability to the brand across consumers. So whether it's your Gen Zs, your families, I think a lot of that has resonated across regions. Lastly, in the South, I think we focused very strongly in our key cities and markets on on-ground execution.

So in terms of being closer to the customer, in terms of our operational hierarchy, in terms of how we are auditing quality, service, cleanliness and value, like we said, I think that's been extremely sharp in the South versus the past. And we've learned from everything that we've gone through in the region to continue to build on this positive momentum that we've been working on since the last six to eight months.

Krishnan Sambamoorthy: Did this strategy also entail that until you got the execution right, was there also curtailment in terms of store openings? And now that you believe that you've turned the corner, would South also receive its fair share of store openings in the 60 stores that you highlighted for the current year?

Akshay Jatia: So it has been quite broad-based if you take an average of the last maybe three years. In the last year, perhaps we did open a few more stores in the West because obviously, we've been trying to solve this value perception as well as consumer value proposition as well as on-ground execution in the South. So we have kind of tapered it a little.

But again, I think we are seeing the momentum because, obviously, unit economics play out as leverage comes into play. And for the South, we are definitely a lot more confident, and you will see more store openings there as well.

Krishnan Sambamoorthy: Okay. And just like you highlighted at a broader level, is the momentum in May and June better than what it was in the preceding months and so on in South India?

Akshay Jatia: Yes, definitely. I think we've already highlighted that throughout our commentary. We've seen a gradual build from Q3 of last year. And we've seen that play out in Q4 and Q1, the momentum of this year is extremely encouraging.

Krishnan Sambamoorthy: Okay. My question, Akshay, was specifically to South India, that is visible in South India as well, right, just like the rest of the country.

Akshay Jatia: Yes, definitely because I mean, we have more than half of our store base there. So if we're seeing that momentum, it will be broad-based because if the South was not growing, it would drag us down.

Moderator: Next question is from the line of Jay Doshi from Kotak Securities.

Jay Doshi: Just a quick clarification. Saurabh, did you sort of, when you guided for 100, 150 basis point margin expansion at a pre-Ind AS level, should we expect that starting FY27, so like your last year's pre-Ind AS margins were 7.6%. So do you think that this year itself, we'll see 100 bps plus margin expansion?

Saurabh Kalra: That's what we are working towards. That's why I said I remain optimistic on the P&L. Right now, whatever is there, we feel that there are enough levers for us to be able to expand over last year to this year, and keep on building that momentum from here on.

Jay Doshi: Understood. And sorry, but is this a formal guidance? Or is this an aspiration?

Saurabh Kalra: Let me put it this way. In Vision 2027, we had put this as our vision statement. That's what we want to do. That's what we hold each internally ourselves accountable to. And right now, from where I see the year panning out, I feel quite optimistic about it.

Moderator: Next question is from the line of Harish Advani from Axis Capital.

Harish Advani: I just wanted to double-click on the South comments which you made, particularly because you said we've been focusing on the top cities in that region. So how much more of an improvement are we expecting because now we can go more broad-based. So how far along are we in that journey of improving the South performance is what I wanted to ask.

Saurabh Kalra: Okay. First, I don't want anybody to feel like we are lagging behind in South. We have got great number of restaurants in each of the cities. We have got 60-plus restaurants in Bangalore. We have got almost 35-plus restaurant in Hyderabad and 20-plus in Chennai, along with some of the key cities like Vizag, Coimbatore, good number of stores.

So what we wanted was to be to have a lead like what we have in West in South. I think, like Akshay said, we are seeing green shoots by doing absolute basics of our business, which is strengthening value, going talking about the brand, including in molecular language.

And finally, making sure the execution in the restaurant is top-notch. So those are the three levers, and we are expecting South to improve considerably and be reaching a certain level. See, the advantage we have is we have seen how West played out. South, we went also almost 10 years later. So we already know what playbook we have to work on.

I think we are far more confident of South turning around strongly and then reaching where West is sooner than later, while we continue to consolidate West, including breaking down the regions, which Akshay spoke about.

Akshay Jatia: We've given this guidance in our vision document as well, if that helps give more flavor. It's just that in terms of execution of the levers, these are our focus areas, and we're trying to be more specific about them now.

Harish Advani: Perfect, sir, very clear. And second and last question. So the comment on growth being driven by double-digit footfall growth, right? And last quarter, it was mid-single-digit footfall growth. So the question is, as the customer acquisition and repeat visits improve, when do you see the ticket growth also coming in and with that, the mix improving as well, both contributing to the double-digit?

Saurabh Kalra: Yes, we already started to see the green shoots of ticket improving last quarter itself. We were far higher in terms of, or far lower in terms of ticket in Jan, Feb, March. So the first job was to make sure the momentum of a lot of customers coming in the restaurant, which we have not seen for a long time, make that happen.

I think December was the inflection point where we started to see that momentum. It got carried in Jan, Feb, March and April, May, June also it played out quite well. April, May, June for us was because we had reached double-digit plus, we were very excited and happy, and we thought we would share with you all that the strategic levers are actually playing out quite well the way we had thought about it, and we have communicated in the last one or two investor calls in the past.

Moderator: Next question is from the line of Anuj from Antique Stockbroking.

Anuj: So just one question on South. So, say, if the exit ADS that we have clocked with the positive SSG near the end of the quarter, if it were to hold for the remaining part of the year, where would we sort of land in terms of SSG in the South in say, high-single-digit or mid-single digit?

Akshay Jatia: So, like we've maintained, right, the momentum is building. We have delivered close to 4.5% this quarter. I think mid-single digit is something that we are confident about. And I think we expect the growth to be broad-based.

I don't think that we can build out each region's performance for the rest of the year as that would be significant forward guidance in terms of our numbers. But I think we've given a lot of flavor in terms of what could be possible.

Anuj: And secondly, on general and administrative expenses, I think we saw a sharp decline this quarter of 6.5%. How would the run rate look like for the remaining part of the year, given that most of our restructuring is now complete?

Shardul Doshi So again, I think Saurabh has already given you the EBITDA guidance as such. And let's not look at expense wise, but G&A as a head, we should be in the range of 6% to 6.5%. And let's look at the bottom line. I think that's what we are focused on, and we will continue to remain focused there.

Moderator: Next question is from the line of Saakshi from Old Bridge Capital.

Saakshi: Just two questions. Firstly, on the SSG. Though a lot has been discussed already. So you mentioned 4.3% for the quarter, and I'm assuming West should be much higher. And we also have seen a broad-based improvement in SSG for the entire industry as a whole. Just wanted to pick your win on pain on if anything has structurally improved because we have seen this improvement for the past 2, 2.5 quarters now.

So what is your reading from the ground? What is leading to this? Is it more that all a few from the industry have been doing a lot of interventions? Is it only because of that? Or do you see something else also driving this? That's one.

Secondly, I heard you saying that you want to go closer to the customers in South and in West. So does it have any impact on the store economics of the store size or the payback period? So just those two questions.

Saurabh Kalra: Okay. So let me answer both of them one by one. First is, I think our strategy was very clear when we laid it out. I cannot comment on competition because I can share our numbers that our growth has come largely on the back of a double-digit footfall/guest count growth, so which we are very, very proud of.

What we are seeing is structural because what we did was we did a lot of trials before in last year in June, July, August, September before we launched the 99 Value platform first in West, then systematically did it in South in March.

What we are seeing are the shoots coming out of the structural work, which we started to do last year and deployed it with full focus and clarity of what we wanted to achieve. So that's part one. Sorry, I missed your second question. closer to the customer, yes. So on the second part of closer to the customer, to me, it does not mean a store size, but it also means responses, right?

So for example, now the geography has become large enough for us, like with Gujarat almost having 100 restaurants, Pune and rest of Maharashtra having 100 restaurants, Mumbai having 100 restaurants to think about them as these cluster of stores and respond to what is required.

For example, a Ganpati festival might impact far more in rest of Maharashtra than, say, in Gujarat. So we remain close to the consumer, do our tactical intervention close to the consumers so that we can optimize on a disciplined P&L improvement starting from topline.

Moderator: Next question is from the line of Prithish Garg from Nuvama.

Prithish Garg: Congratulations on the revenue growth you have achieved during this quarter. I would like to ask that the Vision 2027 was to increase the number of stores to 580 to 630, and I believe the current stores are at 482. And in March '26, we talked about a guidance where 60 plus was the number where we were comfortably profitable.

But on the PPT, we have mentioned that we are still on track to achieving the 580 number and in the current quarter growth in the number of store sales. I just wanted to ask, is that guidance being revised since we have seen a margin compensation on quarter-on-quarter basis this quarter as well?

Akshay Jatia: So honestly, the question was extremely muffled, but what I understood was, are you confirming that we are on track for our guidance of number of stores? And if that is the case, we are opening 60-plus new restaurants this year, and we do plan to continue with that momentum. So we are on track to deliver our guidance of 580 to 630 restaurants as per Vision 2027.

Prithish Garg: Okay, sir. Could you give me the pre-Ind AS margins? I think I may have missed that.

Akshay Jatia: Yes. So, you can take that from our presentation. It's clearly laid out over there.

Moderator: Next question is from the line of Anirudh Mukherji from Juilius Baer.

Anirudh Mukherji: I just want to ask if aside from just inflation, would you say that a greater shift in focus to value-led initiatives and volume-led growth in this segment has led to a downward pressure on the margins? And if so, would future sales growth in respect to everyday value platform strategy possibly have a long-term effect on margins?

Akshay Jatia: No, I don't think so because we've already called out that most of the pressure has come due to inflation on our P&L. In fact, we have made sure that we have more than enough in our pipeline on cost to ensure we can continue to deliver value for money to our customers. Again, the way we do price and product mix ensures that this is our core competency.

So, if this was something we couldn't afford, then I don't think that McDonald's as a business model would be viable. So I think I want to answer it like this so that everyone understands that funding for everyday value platforms is our core competency and is not something that dilutes margin.

Moderator: Next follow-up question is from the line of Devanshu Bansal from Emkay Global.

Devanshu Bansal: Sir, our delivery business growth has accelerated in this quarter, right? So, I just wanted to check what has driven this? We were having some issues with one of the aggregators. So, is that also behind now? And subpart to this is because that delivery growth has accelerated, is that also the reason why the other expenses have seen an increase? So, if you could throw some light there?

Saurabh Kalra: So, number one, the good news was, as you saw, delivery as a percentage actually was flat to a little marginally down by 1%. So, I would not look at it that way. In fact, the growth was absolutely broad-based. But to your point, I think we have always maintained with all our 3PO partners.

We have worked in the spirit of partnership. And we've always had long-term great relationship with them to grow and move the business forward. As far as digital is concerned, I think the world is moving to digital. Data is also a currency. So when we talk digital, if you look at a lot of drops we had done in terms of our promotions happened on our McDonald's app, including our McDelivery. So that's contributed also to a long-term success.

We are also anchoring very sharply in terms of loyalty, etcetera, through loyalty points on our McDonald's app. And all of it is giving us quite substantial amount of consumer base, like I said, 3.7 million monthly active users for us to have an opportunity to think about how to make them come back again, deliver personalization journeys, etcetera.

So I think if we will not grow digital, we will really not grow. So that's one of the things which we have ensured that we track and we also communicated to you guys of how that's moving.

Devanshu Bansal: Got it. And lastly, sort of one bookkeeping question. Over the last three, four months, if you could call out the collective price increases if we would have done, what is the amount that we have taken price hike?

Saurabh Kalra: We haven't done any price increase yet. Like we have always maintained, we typically do 50% of the inflation to 3% broadly is the price increase guidance we give every year, but we do it very slowly. We do it by working behind the back rather than making it upfront in consumer space.

So right now, we haven't done any price increase, and we don't declare when we are going to do it, but we will do it after due process of consumer research, etcetera, etcetera, to ensure that, that price increase isn't something which disrupts our momentum or margins.

Devanshu Bansal: So is anything due for current year or that's not under consideration as of now?

Saurabh Kalra: Like I said, on an annual basis, we take around 3% price increase. So we haven't taken anything yet. So obviously, at some point in time, we will take.

Moderator: Next question is from the line of Vishal Punmiya from YES Securities.

Vishal Punmiya: Yes. So good to see a strong growth in the business. And I've also seen your sales from merchandising have also increased quite a bit. Is there any impact or is there a higher cost from the merchandise that we have been offering in the last two quarters?

Saurabh Kalra: Our business actually is about selling burger, fries and Coke. I think like I spoke about, we need a very strong McDonald's brand along with affordability and value. And both of them combined are a potent powerful combination for us to recruit consumers and make them come back again and again. So this recipe of merchandising, we're not overtly doing it.

We do drops, which are actually lasting only two to three days, and we get out of it. So while it might look a lot of activity. We are actually doing far lesser than ever and being focused on what our real agenda is, which is to be able to grow burger fries and Coke sales.

Vishal Punmiya: Okay. So basically, trying to understand, so if the inflation kind of settles down across line items, COGS and other overheads, so the merchandising cost will not act as a barrier for the flow-through of margins, right?

Saurabh Kalra: No. So we do not give anything for free. It is all taken from the consumer in a manner in which it is a win-win for us and the consumer both. So these are drops where we get the benefit of scale. We do it for two to three days, pass that cost to the consumer, but our focus is to sell burger, fries and beverages at a margin accretive number.

Vishal Punmiya: Understood. And lastly, correct me if I'm wrong. So I've seen that there are two applications which consumer has to download. One is the web delivery and then there is an in-store offer application. Is that right? And if yes, are we looking to integrate both the applications?

Saurabh Kalra: So right now, we have got two different applications for two different use cases. One is primarily dine-in with a lot of offers and loyalty. The other one is an e-commerce app if you want to order something at home. At a later point in time, at some point in time, we'll definitely integrate.

But for now, we see both of them having a clear purpose and both of them actually having significant amount of growth over what our averages. So we see a role of both right now as we see in the shorter term.

Vishal Punmiya: Okay. So the number of downloads is not a cumulative of both applications, right? It's just the delivery?

Saurabh Kalra: It's cumulative of both, but it is because it's monthly active users, both if some customers are common, they wouldn't feature like that.

Vishal Punmiya: Okay. Understood. Understood. And just lastly, so next quarters, obviously, we have a low base in terms of same-store sales growth. There is a decline on a Y-o-Your basis. Does that give you confidence to, and with the current momentum that give you confidence to deliver a high single-digit kind of same-store sales growth.

And with that kind of SSG, the margin improvement will also be there because the operating leverage, which was missing in this quarter will also come into play for the next two quarters. So will that hypothesis be right?

Saurabh Kalra: So Vishal, while I'll not give you any forward-looking statement, like I said, we remain confident to be able to deliver the mid-single-digit for sure. That momentum looks like staying. We also are confident in order to, for us to mitigate. I think last year has happened. We are working on a new base starting this year.

The momentum has started coming in the business back from December, like I said. I think it's only grown from there on. We are confident about how the year will look like, which is we should be able to hold on to the current momentum and build from here on, if not more.

Moderator: Next question is from the line of Shruti Agrawal from Narnolia Financial Services.

Shruti Agrawal: As you have guided for 60-plus store opening in FY27, that quarter 1 saw only five net additions, right? So is there any seasonal [inaudible 0:55:32] to store opening? Or should we expect a broad ramp-up from quarter 2 onwards?

Saurabh Kalra: Shruti, on this one, actually, we had some of the LPG restaurants. So we had inventory of a lot of fryers, which were electric. So we used that to convert our existing store due to LPG crisis. So we had a little bit of inventory gap. So it is just about timeline. So while five stores have opened, we remain confident of being able to deliver the 60 stores which we have talked about in this financial year.

Moderator: Thank you very much. As there are no further questions, I'll now hand the conference over to the management for closing comments.

Akshay Jatia: Thank you so much for joining us this quarter, and we look forward to seeing you next quarter. Thank you. Have a good day.

Management: Thank you.

Moderator: Thank you very much, members of the management. On behalf of Westlife Foodworld Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines. Thank you.

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.