Westlife Foodworld Limited

Q2 FY27 Earnings Conference Call

October 23, 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 the Westlife Foodworld Limited Q2 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone.

We would like to remind you that certain statements made by the management in today's call may be forward-looking statements. These forward-looking statements reflect management's best judgment and analysis as of today. The actual results may differ materially from the current expectations based on a number of factors affecting the business. Please refer to the safe 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. Good evening, everyone and thank you for joining us on Westlife Foodworld Earnings Conference Call for the second quarter ended 30th September, 2026. I am Chintan, Head IR at Westlife Foodworld. 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 earnings presentation and financial releases, which are available on the NSE BSE as well as Investors section of our website.

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

Akshay Jatia: Good evening, everyone, and thank you for joining us. This was a significant quarter for us. October marks 30 years of McDonald's West and South in India. And next week, we'll be opening our 500th restaurant. These milestones are a reminder of how far we've come, but more importantly, they reinforce our confidence in the opportunity the market presents ahead.

This quarter, we delivered our strongest performance in 13 quarters with double-digit growth in both guest count and same-store sales. Revenue grew 16%, reflecting broad-based strength across markets and channels. What is particularly encouraging is that this growth was driven by more customers choosing McDonald's more often.

At the heart of this performance is a strategy that remains simple and consistent. We are focused on strengthening our value leadership, staying relevant to customers and delivering a great restaurant experience every time they visit us. Our everyday value platform continues to resonate strongly, helping drive guest growth and frequency.

Through our Let's Family at McDonald's platform, we continue to strengthen the emotional and cultural relevance of the brand, reinforcing McDonalds' place in the lives of consumers across generations. The consistency of these results reinforces our belief that value, relevance and execution remain the right levers to drive long-term growth.

Importantly, we are also growing responsibly. Strong same-store sales growth translated into healthy margin expansion with operating EBITDA growing 29% year-on-year during the quarter. Our focus remains on building a business that can deliver sustainable growth while creating long-term value for all stakeholders. We continue to see significant opportunities ahead.

Our restaurant expansion strategy remains disciplined, and we remain focused on building presence in the right markets through the right formats while maintaining prudent capital allocation. As we celebrate 30 years in India, our focus is firmly on the future. The momentum we saw through the quarter has continued into October, giving us confidence as we enter the festive season.

Our priorities remain unchanged: strengthen our value leadership, grow guest counts, run great restaurants and expand profitably. With a strong brand, a growing restaurant network and significant runway ahead, we remain excited about the next phase of growth. Thank you. And with that, let me hand it over to our Managing Director, Saurabh Kalra, to take you through the quarter in great detail.

Saurabh Kalra: Thank you, Akshay, and good evening, everyone. Best wishes for the Dussehra and the upcoming festive season. Q2 marks expected acceleration in our business performance. Revenue grew 16% year-on-year to INR7.47 billion, our strongest top line growth in the last 13 quarters, while same-store sales also grew at a double-digit 10.1%.

Most encouraging, guest count grew in double digits in each month of this quarter, demonstrating the strength of consumer demand and effectiveness of our brand plus value strategy. Our Let's Family at McDonald's and Everyday Value platform continue

to be the key driver of consumer traffic, helping us strengthen frequency and drive higher restaurant sales.

Both on-premise and off-premise channels delivered a healthy growth of 17% and 15%, respectively. These results reinforce our belief that the customers continue to respond positively to a combination of brand value, convenience and consistently strong restaurant experiences.

Digital also continued to play an important role in our business. Digital channels contributed over 75% of sales during the quarter, increasing by around 60 basis points year-on-year. We now have more than 58 million cumulative app downloads and approximately 4.2 million monthly active users.

As we have said before, we view digital not simply as a channel, but as an important enabler of convenience, frequency and customer loyalty. The strong top line growth also translated into meaningful profit expansion. Operating EBITDA grew 29% year-on-year with margins expanding by 130 basis points to 13.1%.

This was achieved despite absorbing over 190 basis points of inflationary pressure across commodities, utilities and employee costs. The quarter once again demonstrated the strength of our business model. With higher sales flowing through to the profitability through operating leverage and disciplined cost management.

Restaurant operating margin remained healthy at 19.3%, while cash PAT stood at INR526 million, representing 7% of the sales. We also continue to expand our restaurant network during the quarter, opening 11 new restaurants, taking our total footprint to 492 across 80 cities now.

As we approach our 500th restaurant milestone, our expansion strategy remains disciplined and focused on long-term value creation. We continue to see significant opportunity across existing and emerging markets and remain on track for our targets of 580+ restaurants by March 2028.

Overall, we are pleased with the progress we have made this quarter. Strong guest count, double-digit same-store sales growth, margin expansion and continued network development reinforces our confidence in the business. While operating environment remains dynamic, our strategy remains unchanged: drive guest count growth through value and relevance, obviously, having with us with a strong brand, execute consistently and deliver sustainable profitable growth.

With that, thank you. Now Akshay, Shardul, who is our CFO and myself will be happy to take your questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Siddhesh Deshmukh from IIFL Capital. Please go ahead.

Percy Panthaki: Yes. Hi, this is Percy Panthaki here. Sir just wanted to understand this quarter, what has been the Y-o-Y movement in promotional intensity as a percentage of sales, which probably gets captured either in the COGS or the sales, as well as the movement in the ad spends?

Saurabh Kalra: Thank you very much for the question, but I don't think we operated like that. For us, value is actually a strategy and a platform, which has got various aspects. We have only strengthened the value platform without giving any extra discount over any of the previous quarters. So we've got the INR99 meal, which you see. We have got GMALite, and we have also got discounts which we do with the partners.

I would argue we've actually reduced a lot of discounting and that helped us improve some of the inflationary pressures we had without touching too much on the pricing. So that's how we have looked at it. I don't think any discounts have increased. But value remains a platform for us, and you will see us continually improving and enhancing the strength of the value platform.

Percy Panthaki: Got it. And secondly, would you be able to call out the impact of inflation either in terms of food cost or in terms of power and fuel or any other line items, wages, etcetera. The endeavor here being that if this were a normal inflation quarter rather than the high inflation that we are seeing in the economy right now, how much of extra EBITDA margin we would have been able to garner?

Saurabh Kalra: Okay. The inflationary pressure, like I spoke in my -- when I was speaking was around 190 bps. Needless to say, it was across line items. But when I look at inflation, its always been living in India. In the last 30 years, 6% to 7% inflation is a given across commodities, line items, etcetera.

While there were a few extraordinary inflation, which came in, especially around employee cost, around 1 or 2 commodities, which were hugely spiked, I wouldn't bother too much. But if everything -- if inflation wouldn't have hit and would have been working what it was last quarter, 190 basis points means we would have been better by 190 basis points. So that's what it is.

Percy Panthaki: Understood. And any kind of price increase that we have either during the quarter or even on a Y-o-Y basis, is there any sort of price increase that we have taken?

Saurabh Kalra: So pricing for us is a very, very strategic lever. There are a lot of sub-levers under it, and therefore, we do not give out the direct pricing increase where it happened, how it happens because we don't take a single day where there is pricing increase. We typically take around 3% to 4% price increase over the year. We will continue to do so this year. Yet we haven't taken any big price increase for the year at all. We have worked on optimizing a lot of discounts, et cetera, more than taking price increase this year.

Moderator: The next question is from the line of Devanshu Bansal from Emkay Global.

Devanshu Bansal: Congratulations on a great set of numbers. Sir, just following up on the previous question. So this 3% to 4% price hike, whenever you sort of bake it into your P&L, so does that imply that we may sort of gain 190 basis points margins over the next few quarters? Is this the right way to look at it? Or your focus will still remain on passing that to consumers?

Akshay Jatia: So that's not exactly how it works, Devanshu. I think we take a price increase to absorb half of inflation in terms of the pressures that we see as a principle. In addition to that, we have a lot of cost-saving initiatives. But at the same time, in this dynamic environment, it's not exactly how that works because every quarter as well as year-on-year, you're seeing a lot of impacts, whether it's due to volatility of commodities.

Labor costs have just gone up substantially as an extraordinary impact. So I don't think that, that's exactly how you can see it, but it will definitely help us cushion the impact of inflation. And through all our cost-saving initiatives, we have given guidance, and we'd like to maintain that, which would be around 100 to 150 basis points improvement in profitability year-on-year.

Devanshu Bansal: Okay. This is very helpful, Akshay. And secondly, sir, we have taken multiple interventions in terms of everyday value, merchandise-based marketing, cafe monthly offer and also from organizational restructuring point of view. The PPT also talks about some more consumer activations, which are in the pipeline. So I wanted to check if we have extracted the juice or this improving trajectory of SSG can continue in the coming quarters as well? So if you could just throw some light there?

Akshay Jatia: As Saurabh said, right, we're going to continue to strengthen our value platform. And a lot of these interventions have been taken keeping the customer at the centre. Most of them relate to our value or everyday value platform, as we call it, because it's about value, meaning different things for different customers.

So as we've always maintained, it's not only about price. Obviously, our INR99 price point is an entry price point. But what stands out for McDonald's or differentiates McDonald's as a brand is that we can offer value to all different types of cohorts. So we're going to continue to keep intervening with the customer at the centre to keep giving the customer value. And as a result, we're quite confident that this being a great guest count driver will continue to help us maintain the momentum of growth.

Devanshu Bansal: Fair enough, sir. Lastly, sir, there was quite a difference between growth of West and South region. So now the commentary mentioned that it was more broad-based. So have we -- has the growth converged across both these regions or there is still a gap between South and West?

Akshay Jatia: So as we've mentioned in the commentary, it's broad-based growth. A lot of our interventions remain the same in terms of how to offer value for our customers at a high level. Obviously, each region has its nuances. So value could be slightly different for a customer in Bangalore versus Chennai versus Mumbai.

But I think the levers still remain the same in terms of our menu and our pricing offerings. So I think that, that is one clarity that we have. And secondly, as a result of our interventions, particularly even on the operating side, which is to ensure that customers get a great experience in our restaurant.

As we mentioned in the past, we've strengthened our operating structure in the South. And as a result, we're seeing broad-based growth now. I think that the growth numbers are converging. We don't give out a detailed breakup, but it's not as stark as it was before, and it will continue to improve.

Moderator: Thank you. The next question is from the line of Tejas Shah from Avendus Spark Institutional Equities.

Tejas Shah: Thanks for the opportunity and congrats on good set of numbers. Sir, just broadly to start with two results have come out from the sector and both are indicating that there is some strong revival after a lull of some many quarters. So at the account level, how much of ours?

Moderator: I'm sorry to interrupt you, Mr. Shah, but your voice is not that clear, sir. It is sounding a little muffled. Can you please check?

Tejas Shah: Yes. Is this better?

Moderator: It's still the same. If you are on a Bluetooth, can you please disconnect and connect on the normal handset mode?

Tejas Shah: I'm actually not, but anyways I'll log in again and ask question. Thanks.

Akshay Jatia: It was better now just when he spoke.

Moderator: I would request Mr. Tejas Shah to please rejoin the queue. We'll take the next question, which is from the line of Harit Kapoor from Investec.

Harit Kapoor: Hi, good evening and congrats on excellent results. Just two questions. Firstly, if you look at quarter 1, there was transaction growths were strong in double digits, guest count growths were also strong, but there was a gap between same-store sales growth and transaction guest count growth?

Just wanted to understand has -- it seems like that gap has partly been bridged this quarter, if not completely, between SSSG and the transaction guest count growth. If you could just help us understand, firstly, is that the case because it looks like? And secondly, what has driven this? Because you've mentioned that price increase has not been a main material factor going from Q1 to Q2? Is it check size growth because of more product coming in? This is in the context of the fact that value has probably share has gone up. And despite that, you've seen this convergence. So just some qualitative, quantitative comments on that would be helpful?

Saurabh Kalra: So very clearly, I think it is a classical case of how QSRs behaves, not only just in India, everywhere else. Again, we have seen enough cycles in McDonald's in India to know that the first thing we wanted to turn around was getting a lot of people back into McDonald's. The usage and penetration to come back.

And if you remember, when we had talked about last year after Q2, we had talked about that we are going to take a sharp turn towards value and be able to get a lot of consumers in. And we started seeing this momentum come from last year December onwards, and we talked about achieving a double-digit guest count growth from December, January onwards.

And after that, we said that it's quite easy to improve a little bit of check. The heartening thing is that, that momentum of a double-digit guest count growth has continued till now. We do not see a problem. And for us, that's number one priority. Because on the average ticket size, I think it's easier to do -- a far more easier job to do, and normally, it's not a very well- sustaining platform if you're coming through -- if you're not getting volume growth, but only value growth.

So for us, we are McDonald's and globally, when I look at McDonald's volumes in terms of the number of customers we serve, we are heads above everybody else, and that's what we exactly want to do in India. So if you look at it from that standpoint, we've been very, very focused on the volume growth.

Needless to say, every quarter passing by, first guest count comes, then sales comes, then profitability also comes as operating leverage. So we have followed that path, and we have been very disciplined around it. We are not -- we are -- like Akshay also mentioned, we are saying value is our key platform, and we continue to work on that and continue to get customers in our restaurants through that.

Harit Kapoor: Got it. And second bit was you mentioned value, I think, but value, if I'm not wrong, is still kind of single-digit share in your overall mix. I just wanted to get your sense of when this number increases significantly over the next maybe 2 years or so, how does it kind of impact your -- the gross margin, the operating margins of the business or do you believe that value brings the guests in and then check size can be managed post? So just wanted to get some sense of where we are now as a percentage of the business and an increasing number there, how can -- how does it impact the unit economics?

Saurabh Kalra: So Harit, obviously, we do a lot of experiments before launching something in. So last year also, we started experimenting with the INR99 back in July, August. We exactly knew how it's going to play out because we had factored everything what it meant for us. And we believe in HRPL that everything has to give operating leverage. And to me, from that standpoint, I don't think anything has changed.

In fact, our belief on the value platform strengthening has become even higher. And we believe that it's not going to only give us top line, but also give bottom line growth. Like even in this quarter, while the sale has grown 16%, if you look at the operating EBITDA, we've grown almost 26%. So there has been -- the profitability increase is far higher than the sales growth. And you will continue to see that playing out. That's

what we are seeing out here when we are seeing the value platform from our vantage point.

Harit Kapoor: Got it. And one last question, if I may, was -- in the last 6-months, there has been this inflationary challenge. There has been challenge of maybe some of the smaller players struggling a little bit, either with gas costs or FSSAI issues or any of those kind of challenges. I was just trying to get your sense on how competitive intensity has played out in the last, say, 6-months or so. Do you expect it -- and if it's a little on the lower side, do you expect it to stay this way? Can this be a further driver from kind of the unbranded smaller players to the larger formats like you guys? Just a thought on how you're seeing this play out?

Saurabh Kalra: At the restaurant level, if you look at it, I don't think it's that complicated. We run our restaurant business, and we believe that if we run good restaurant, provide good entry affordable price point, and we've got to be value across our price points, right? So I would like to believe 100% of our product mix is value, not -- so for example, a coffee can have a higher gross margin and yet can be value.

At INR149, you can still make almost 80% margin, right? But it's still value. So value should not define gross margin or entry-level price point only. So we got to be value across the menu. I think our competitive advantages when we run great restaurant, when we execute with discipline on the value platform as a whole, and we work on the brand simultaneously. I think we've gotten some part of this right, and there is a long way to go for us to continue on at this path with the numbers you've seen.

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

Harish Advani: Congrats on a strong technology performance. My first question was on the quality of the guest count growth. So is this coming more from an increase in guest counts or with that, is it higher frequency or is it that we are expanding the customer base and then both of them can have different implications for the sustainability of the growth? That was my first question?

Akshay Jatia: Yes, sure. So I think that, obviously, when you have such strong guest count growth, you're doing a mix of the two. So we are definitely expanding our customer base because we're acquiring new customers, and we are also making sure that across geographies as well as socioeconomic classes, people look at McDonald's as their first choice.

And I think we've been able to do that quite successfully already, and we're going to continue to double down on this, which tells us there's a lot of growth in front of us. And secondly, we are working on increasing that frequency by continuing to strengthen our operating structure and our operating performance on the ground in terms of making sure that they come back by having a great experience in our restaurants. So I think that as a result, we're going to continue to see frequency to drive up as well. So I think that's why you're seeing such healthy numbers continuing to sustain.

Harish Advani: Okay. And my second and last question is on the regional value architecture. You mentioned that the value can be different routes for different customers across the market. But as we are increasingly tailoring our value proposition by market, are you seeing any meaningful differences in the frequency mix or ticket size between the two markets? That's my last question?

Akshay Jatia: So right now, I think we are pivoting on our Everyday Value platform as the foundation, which is our entry-level price point, and we're seeing encouraging results across all regions. There are nuances in terms of what value means for different customers, like I mentioned. So we have a very robust framework internally where we have a standout everyday value platform.

And then for different segments of customers, we do different things in terms of levers of value. So whether it's segmented offers, whether it's different menu products, in combinations and with value pricing, I think that we're still discovering what that means for different customers.

But at the same time, we continue to use our foundation to drive guest count growth. So as a result, I think that we're going to continue to discover. But what it also means is that we're going to continue to have a lot of levers for growth because our everyday value platform has many levers to it. So I think that the 2 regions right now are being driven by the foundation of our Everyday Value platform, which is our entry-level meal at INR99, but we are continuing to segment our customers and cohortize our stores to drive value across regions and trade areas using our diverse menu as well as our diverse pricing.

Moderator: The next question is from the line of Latika Chopra from JPMorgan.

Latika Chopra: I have a couple of questions. The first one just circling back to your comments on margins and this is with regard to FY27. In first half, you have seen a 50 basis points

improvement in EBITDA margins. You talked about 100 to 150 basis points annually over the medium term. So I just wanted to check whether this kind of a target is relevant or applicable for FY '27 as well?

And more importantly, just trying to gauge what are you witnessing on raw material inflation trend incrementally? Do you see risk on gross margins given how the key raw materials are faring for you? Also minimum wage inflation and energy cost inflation, any specific initiatives you are undertaking to mitigate that? So just trying to gauge how should one think about the margin trajectory in the second half because some of these costs are in an inflationary mode. That's the first question?

Saurabh Kalra: Thank you, Latika. I think like you talked about, obviously, there is some amount of wage inflation, especially in some of the states in South, where Karnataka minimum wages went up quite dramatically more than what normal use case is. And similarly, some commodities, including oil went up substantially high.

But I don't -- I think given all things constant, I would like to stick with the guidance which we have given around 100 basis points, 150 basis points for this year for sure. Now unless something drastically, dramatically happens. We believe we are well equipped. In fact, even on the Bangalore minimum wage, we created a plan of how to mitigate that. So internally, we do a lot of work.

Shardul has got a team of cross-functional people who work with him to ensure that all the inflation, which is hitting us is mitigated in a structured manner without us impacting any consumer. Good news is when there is high amount of guest counts coming in, your volume increases.

And that also gives you some negotiation leverage even with the suppliers because not every inflation needs to pass on their fixed cost is also fixed. So that helps definitely. So I'm quite confident that you will not see an adverse impact on gross margin from here on, unless and until there is something dramatically wrong, which goes on, which we cannot predict.

Latika Chopra: Another way I wanted to check with you is we typically take minimum wage inflation as adverse for restaurant operators. But I wanted to check with you, do you think that also in a way, build a consumer base with better purchasing power at the mass end for you? And similarly, in the broader economy, when you see a lot of inflation, do you think consumers moving to a value format like yours?

Saurabh Kalra: I would like to believe so. Definitely, if I was to go with a lot of norms which we look at it, and normally, a person's minimum wage should be able to make him afford a good McDonald's entry-level proposition, which was -- which is not the case in India yet. They cannot -- not at a minimum wage level, to enter into a QSR is still not possible.

In Bangalore, I think it will be possible. So it's an interesting -- it will be an interesting learning for us how we do this. But like I said, we need to keep our heads down, execute on value. There are things in our control. There are things not in our control, focus on the things which are in control and keep moving on. At present, as I see the business, we are very confident about making sure that we do fewer things better. And we believe that's the unlock for this growth momentum to continue.

Latika Chopra: Sure. And one of the things that you're pretty focused on is your own delivery platform. I believe you were running some very specific initiatives in Mumbai in terms of quick delivery on your own platform. Just wanted to get some colour on how has the scale-up been? What's the feedback learnings been? And is it giving you more confidence to scale up this platform across more regions? And any flavour if you would want to share of your own delivery salience in -- own delivery platform salience in overall delivery sales versus aggregators?

Saurabh Kalra: Definitely, it's almost -- we have brought back all the delivery rider into our fold. We have done a lot of things in the West right now, especially Mumbai, like you rightly said, and we are seeing some amount of growth coming from there. But delivery largely has been broad-based. I think our partnership, again, has reignited quite well with our -- with both the third-party operators too.

So as I'm looking at it, delivery, I think, is in a good space. We are quite confident -- we are achieving double digit and we're quite confident of continuing to achieve this number. And as we are learning, we will roll out at some point in time. But right now, we want to be able to have a model in which we fully understand all the costs around it, and then deploy to larger regions.

Mumbai also has got a minimum threshold mass of delivery orders, which automatically come to us. So when I look at that growth, it is quite sustainable, which might not be the case for our own channel in some of the other cities. So we're working out all the logistics. We are not in a rush. We want to get it right. We don't want to do it by losing margin. So that's definitely giving us a lot of confidence. But again, it is work in progress.

Latika Chopra: Okay. And just one clarification. I think you mentioned you have taken 3% to 5% price hike. Is that right?

Saurabh Kalra: No, I said we take 3% to 4%. Typically, we take 50% of the inflation. Normally, the inflation is 6% to 8%. Over the year, we take 3% to 4%. We don't tell that this is the month we take, this is the year we take because normally, that price inflation includes reduction of discounts, et cetera, etcetera.

So there are multiple sub-levers under any pricing strategy, so -- which obviously we don't give out details of. But cumulatively, weighted average, we would like to take 3% price increase, 2% to 4%. We have actually taken around 2% in the last couple of years. So we don't like to take too much price increase because that's not in our DNA. We would like to keep price increases as small as possible. But normally, our guidance is we take around 2% to 4%, 3% normally as price increase, and we will do that this year.

Moderator: The next question is from the line of Rahul Agarwal from IKIGAI Asset.

Rahul Agarwal: Just a couple of questions. One is on the SSSG 10%. What is the best way to understand this number better? Because one is, obviously, you mentioned in the PPT that guest count growth is double digit, which is what has driven this. Second data point is the average unit volume like-for-like stores, TTM is higher by 3%?

I think that's not happened for a long time. But if you break this down 10% into some cohorts, either bill cuts or average order value or if we can combine it with average unit volume with something else to understand how is this 10% getting constructed, that will help? That's one question?

And second is on the capex. First half capex in the cash flow obviously is not commensurate with how many stores we have done. So I'm assuming that a lot of the stores which will come up in second half, there is some capex is already upfronted in the cash flow. Just two questions over there. How much is capex per store right now, both for new stores and refurbishments? And for the full year, I think the number is going to be about INR300 crores, if you could just confirm that?

Akshay Jatia: Yes. So in terms of same-store sales growth, I don't think there's too much more that we break out. Like we mentioned, most of it has been driven by guest count growth, and that's even higher than the number that we've reported. But same-store sales growth has continued driving upwards, as Saurabh mentioned, because as we bring

more customers into the restaurant, we're able to retain them and trade them up, which is core to McDonald's. So as a result, our growth has been broad-based. We strengthened our operating structures on the ground. And as a result, even across regions and channels, we continue to see healthy momentum. So I think that's answering the first one.

Saurabh Kalra: So the other one, which you were talking about 3% is a trailing 12-month data. Our comp sales would reflect over a period of time in that other slide also. Right now, it is 10.1% for this quarter. And we do not make any changes. It's like-to-like -- like-for-like sales, absolutely same-store sales growth. So that is an absolute number. If I was to cut it for the quarter, it would be exactly 10.1%.

Akshay Jatia: And sorry, just to clarify, these are 2 separate data points. So I don't think that they can be correlated. And we can always explain that offline if needed. And secondly, in terms of number of stores, we will be delivering the guidance that we've given in terms of 60 to 65 restaurants per year.

Our per store cost, we don't break down regularly, but it's within the range of INR3 crores to INR3.5 crores per store. And we continue to optimize capex despite a very volatile operating environment where all costs, both on the capital and operating side continue to go up. So dollar also has impacted as well as duties as well as technology costs. So I think that's some great work that we've done in terms of per store capital cost. But overall, I think our capex will be within the range of INR250 crores to INR300 crores.

Moderator: We have the connection from Mr. Tejas Shah reconnected. We will take him as the next participant. Mr. Tejas Shah from Avendus Spark Institutional Equities.

Tejas Shah: I hope I am audible. Once again, congrats on a good set of numbers. Just to start with, I wanted to understand -- and I'm sorry if this question was asked in between, I logged out. So the composition of this footfall increase, is it -- are we getting new customers in the fold or are the -- these are the lost customers who have come back and they are consuming more? So just the character of the growth that we are seeing now?

Saurabh Kalra: So what we don't do is we don't -- because we don't take every customer's individual ID, I cannot give you that bifurcation even we don't have. But what we do is, through a survey, look at a data known as penetration and frequency. We do it across key cities. The good news is it's very broad-based.

We are finally getting a lot of new trials, penetration, which means that most customers who did not come to McDonald's for 6 months or more, there could be absolutely new customers or customers who come after 6 months, either of them. The number of that has increased. Also, our frequency has gone up in some -- from our internal data. So that's where it is. So it's largely broad-based, both combination of frequency and penetration has worked when you look at this growth.

Tejas Shah: Very encouraging. And sir, we have seen it in the past, not in our category, but in some other categories, consumer categories in the recent past, that there are such fall start, which happens for a quarter or 2 and then again, it fizzles out. And then based on your experience of converging or mapping macro cycle to QSR cycle, how do you see this quarter's number? Do you see there is a very structural turnaround at least for medium term, which should sustain or is it a bit early for you to confirm that?

Saurabh Kalra: I think I answered that a little earlier also because if you look at it, we spoke about it in December when we said what we want to do is create a value platform, which will give us both guest counts, which are driving penetration and frequency. And we are not really worried about sales at that point in time.

We then gave it in Jan, Feb, March, saying the momentum on guest count has reached double digit. Then we said it will translate into sales next quarter. It did. And then we talked about high single-digit growth, which we want to be at a sustainable basis, banking upon high consumer traffic.

I think the crux of it is what gives me confidence. Nobody knows the future, but what gives me confidence is the structure. And whenever we have seen in the past cycles, when we are in good stead is when the number of consumers walking in the restaurants and ordering delivery is increasing at a great number, not only value. Value is easy.

If you're going to get growth out of bill value, I think it lasts for two, three quarters and then fizzles. When it's guest count momentum, normally, it's an indication that there is a sustainable momentum underneath, which is improving the base amount of consumers you have as a brand. So that's what I would believe, and I would like to believe that this shows that it's quite sustainable, and we are actually quite confident and excited about it.

Tejas Shah: Sure. And sir, last one on the recovery in South. And if I have to kind of converge or reconcile it with the macro news, which are around all the IT hirings and the

slowdown there. Definitely, our numbers and other numbers are also not suggesting any such slowdown. Any nuance there in terms of IT heavy centres or IT park centres? Are the numbers too divergent from what we have reported or they are as strong as what the broader consensus shows?

Saurabh Kalra: Yes, a beauty of a great value platform, whether you launch it in South or West, is that it will bring in customers because it's an invitation. And it also makes them stay because even if in an adverse condition, you might not be earning as much. But you know this is still great value. And to me, a lot of it is a function of in a business like McDonald's, how strong is that value platform along with the brand.

Now if people are doubting the brand, then value platform might not work. But if both brand and value and running great restaurants work in tandem, it works out quite well. We have not seen too much of difference in Bangalore, Hyderabad at all as far as these IT areas are concerned. In fact, they've grown quite in line with what we have seen as growth in West, too.

Moderator: Next question is from the line of Rudraksh Raheja from iThought Financial Consulting.

Rudraksh Raheja: I wanted to check if there is any base kind of effect in our SSSG number because Q2 last year was Navratri. So any meaningful impact of that in our business?

Saurabh Kalra: We have never seen Navratri as an adverse or an improved impact. It is business as usual. And we've always maintained festivals come, they shift a month here and there. As we've never maintained that, that makes any difference for us because we've got enough portfolio of even vegetarian products to be able to have -- celebrate for all occasions. That's why we pride ourselves in being a multi-occasion, multi-day part-omnichannel brand because we are able to cater to all consumers' need across the year. So I wouldn't look at Navratri as positive or negative at all.

Rudraksh Raheja: Got it, sir. And sir, from a footfall point of view, how is October and this quarter coming along for you guys?

Saurabh Kalra: While we don't give any forward-looking statement, we talked about the momentum being strong. And like I said, we are very, very optimistic, and we are very -- our internal belief is that we will -- we should continue the momentum we have been able to build in July, August, September. So high single digit, we have maintained is a minimum for us -- for the growth, which we aspire to do. We will continue that.

Rudraksh Raheja: Got it. Sir, if we go by the global McDonald's commentary, there's a slight shift from value to quality kind of narrative. So should we expect something like that to flow to Indian franchise also going forward?

Saurabh Kalra: So I don't know which data have you looked at it. I think McDonald's always thrives itself as a core value being the core platform. Quality is how we run business -- quality, hygiene and how we run our business. Sometimes we highlight it depending on the needs of the consumer, sometimes we don't. But for us, quality, hygiene, these are all table stakes and foundations of the business. And value will always be intrinsic to the McDonald's brand because that's who we are.

Akshay Jatia: And just to add to that, I think quality, service, friendliness and value, as we call it internally is our foundation. So we always offer all together. So it's not either or it's always and.

Moderator: The next question is from the line of Sidharth Negandhi from CWC.

Sidharth Negandhi: Congrats on a good set of numbers. Just to understand on inflation that we are seeing on the CPI front, especially food inflation, right? How do you perceive that as having an impact both on consumer demand, especially considering this is discretionary? And in that context, your need to take higher than the 2% or 3% price increase that you earlier alluded to? That's question one?

Question two was, given that the footfall is really what has driven growth, would it be fair to say that delivery growth -- same-store sales growth and delivery is significantly lower than the overall 10% number? And if you could give some indication of that, that will be helpful. Yes, those were my two questions?

Akshay Jatia: So I think that in terms of your first question, we've answered it a couple of times. I think we have a very strong approach in terms of pricing as well as cost optimization. So as a result, I think this guidance we've given in terms of price increase will remain constant. We will take 2% to 4% year-on-year to mitigate inflation and make sure that our business further strengthens from a profitability point of view.

But at the same time, continue to offer customers great value. So I think that's one. And second, in terms of its impact on customers, I think, in fact, we are a business that does really well when inflation is high because we are able to absorb it and continue to offer great value to our customers. So actually, inflation in that sense is our friend because McDonald's is the one place where you get great value for money

even when times are tough. So I think that, that's something we have in our DNA. And number two, sorry, could you repeat that?

Sidharth Negandhi: The second one was breakdown of the SSSG into dine-in and delivery, if you could give some indication?

Akshay Jatia: Yes, yes, I got that. So thank you. I think in terms of your second question, I don't think I would look at it like that. Like we maintained -- our growth has been broad-based. In fact, on-premise and off-premise, as Saurabh highlighted in his commentary, have both grown healthily at similar numbers, in fact, of 17% and 15%, respectively.

So that signifies that our delivery also continues to grow and so does our dine-in business as well as channels that are beyond delivery as well as channel -- as well as across regions. So as we mentioned, we're very encouraged and pleased that this growth is broad-based. And hence, we feel that it is sustainable and we will continue to build on this momentum.

Sidharth Negandhi: Got it. Thank you.

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

Akshay Jatia: Great. Thank you so much for joining us, everyone and wishing all of you all a Happy Diwali and looking forward to speaking to you all next quarter. Thank you.

Saurabh Kalra: Thank you. Happy Diwali.

Moderator: Thank you. Ladies and gentlemen, on behalf of Westlife Foodworld Limited, that concludes the conference call. Thank you 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.