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HRPL to merge with BSE-listed company

Hardcastle Restaurants is the franchisee of McDonald's for West and South India

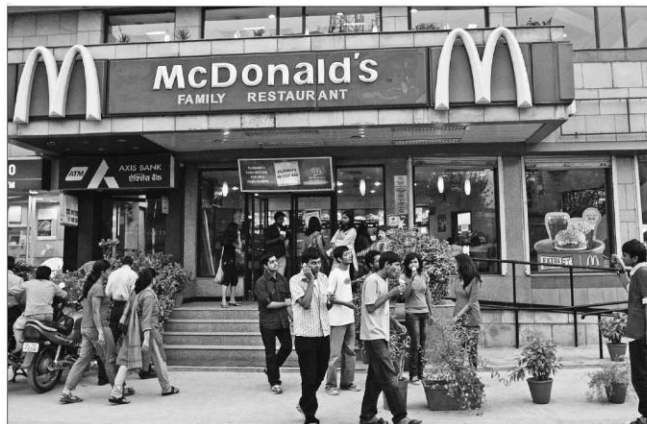
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IF you didn't buy a piece of Domino's India when it went public thus benefiting from the spectacular rise in its stock price you will now have a chance to own a piece of McDonald's west and south Indian operations.

On Friday, BL Jatia-group promoted, BSE-listed Westlife Development (WDL) announced a proposal to consolidate its group firms including Hardcastle Restaurants (HRPL) — the master franchisee for west and south India operations of McDonald's. With this development, HRPL will become a direct subsidiary of the BSE listed company. As part of the merger proposal, Westlife also disclosed for the first time the financial results of the McDonald's master franchise operation. The zero-debt HRPL reported a net profit of Rs 42.51 crore on total income of Rs 544.46 crore for the financial year ended March 31, 2012.

In contrast, for financial year 2011-12, WDL recorded a consolidated net profit of Rs 31.4 crore on a total income of Rs 547.41 crore, indicating that the parent company had losses in other businesses, which ate into the profits recorded by the McDonald's operations. The promoters at present hold 85.71 per cent of Westlife's equity. As per Sebi regula-



BIG PLAN: In February 2011, McDonalds India said it plans to invest Rs 500 crore over the next three years to double the number of outlets it operates in its licensed region to 250

tions, promoters would be required to dilute their shareholding to not more than 75 per cent by June 2013. Incidentally the public shareholding is largely held by two entities New Leaina Investments holding 4.84 per cent stake and Rajiv Himatsingka holding another 8.97 per cent stake in WDL.

In February 2011, McDonalds India said it plans to invest Rs 500 crore over the next three years to double the number of outlets it operates in its licensed region to 250. It also planned to double its employee headcount to 10,000. "This is a great moment for us as we have

matured to a point where we have been trusted with carrying forward the aggressive plans of McDonald's for India. In the immediate future, we will be investing Rs 500 crore and doubling our presence over the next three years. We now join other McDonald's businesses such as Latin America where the development licensee operates over 1,700 restaurants with sales of over \$3 billion," Jatia had said in a statement then. The reverse merger of HRPL into WDL would allow the Jantias to raise the resources necessary to fund the aggressive roll-out of restaurants by raising fresh equity from the

public at a premium, said industry experts. As of date HRPL has 148 outlets operational and a staff strength of 7,000.

Amit Jatia, vice-chairman of WDL said, "The consolidation of our firms under Westlife Development opens up options for us to accelerate our growth plans for expanding McDonald's restaurants in west and south India. The consolidation will also open up opportunities for the India market to invest in the growth of the McDonald's Franchisee, HRPL, through WDL."

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■ HRPL reported a net profit of ₹42.51 cr on total income of ₹544.46 cr for the financial year ended March 31

■ WDL recorded a consolidated net profit of Rs 31.4 crore on a total income of Rs 547.41 crore

■ Hardcastle Restaurants, franchisee for west and south operations of McDonald's, has 148 outlets operational