PRESS RELEASE **FOR IMMEDIATE CIRCULATION**

WESTLIFE DEVELOPMENT LTD REPORTS SECOND QUARTER RESULTS 2016

Records a double digit revenue growth of 15.6 per cent
Continues to report positive Comparable Sales of 6.5 per cent
Gross Margin expanded by ~90 bps

Mumbai, October 28, 2016: Westlife Development Limited (WDL), a company listed on the Bombay Stock Exchange (BSE: 505533), today announced its unaudited financial and operating results for the quarter ending September 30, 2016. The results were taken on record by the Board of Directors at a meeting held in Mumbai.

WDL recorded 15.6 per cent revenue growth of ₹2,342.9 million Y-o-Y (year-over-year) led by the restaurant operations of its subsidiary, Hardcastle Restaurants Pvt. Ltd. (HRPL), a master franchisee for west & south India operations of McDonald's Restaurants.

Commenting on the financial results for the quarter ended September 30, 2016, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited said, *"WDL, once again, demonstrated its capacity to successfully rebalance its growth model and transform its way to operate to deliver immediate key priorities while ensuring progress on its journey towards Strong, Sustainable and Profitable growth in line with our 'Vision 2022'.*

Over the past 5 quarters, we have been making the changes necessary to take up the challenges of a new and ever changing world, as we pursue our purpose to provide 'Good Food' to our consumers each and every day. During the quarter under review, we sharpened our focus on the consumer relevance of McDonald's brand, invested more in research and reshaped our organization for greater efficiency and deeper expertise. At the same time, we have enhanced our knowledge and capabilities to protect and grow our businesses, and have moved towards an optimal combination of more agility and discipline in our resource allocation and decision processes. Our solid growth and performance across all of our offerings in Q2FY17 enabled us to deliver a fifth consecutive quarter of comparable sales growth of 6.5 per cent with a 15.6 per cent growth in our revenues.

Over the mid and long term, WDL will continue to invest behind the McDonald's brand in strengthening the brand and drive innovation across menu and digital platforms to enhance customer experience while creating value for all its stakeholders - employees, consumers, customers, suppliers and our shareholders."

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Q2FY17 RESULT ANALYSIS:

- WDL reported 15.6 per cent increase in total revenues for the Q2FY17 to ₹2,342.9 million from ₹2,026.9 million Y-o-Y riding on its restaurant expansion. Topline performance growth was driven by restaurant network expansion in the existing & new cities and by significant increase in accruals from brand extensions and innovative menu additions.

- Y-o-Y gross additions stood at 30; 3 new restaurant openings in Q2FY17; WDL expanded its total network of restaurants to 245 across west and south India.

- System-wide comparable sales (SSSG)[1] grew to 6.5 per cent as against 1.7 per cent in the same quarter of the previous year

- The gross margin for Q2FY17 increased to 60.5 per cent as against 59.6 per cent in corresponding quarter of the previous fiscal. As a percentage of total revenues, gross margin expanded by ~90 bps Y-o-Y; driven by efficiencies in product management and menu pricing

- Restaurant Operating Margin (RoM) [2] in Q2FY17 stood at ₹251.6 million compared to ₹223.6 million, growth of 12.5 per cent Y-o-Y. As a percentage of total revenues, RoM stood at 10.7 per cent compared to 11.0 per cent in the same quarter of the previous year.

- Operating EBITDA in Q2FY17 stood at ₹126.9 million compared to ₹109.4 million, representing a growth of 16.0 per cent and as a percentage of total revenues, operating EBITDA margin remained flat at 5.4 per cent Y-o-Y

- General and administrative expenses in Q2FY17 improved to 5.3 per cent (as a percentage of total revenues) as compared to 5.6 per cent Y-o-Y

- Profit/(Loss) After Tax stood at ₹(33.1) million as against ₹(94.1) in the same quarter of the previous year

- WDL reported cash profit of ₹136.4 million in Q2FY17 demonstrating strong growth of 61.1 per cent Y-o-Y

WDL sustained investments in expanding McDonald's footprints and entered new city of Vijayawada in the quarter. The company opened 03 new restaurants, 01 each in Andhra Pradesh, Telangana and Chennai taking the total count to 245 restaurants across 33 cities and 10 states. The company is on track to take its restaurant footprint to 450-500 by 2022.

The Consumer Confidence Index score for India decreased by six index points to 128 in Q2FY17, from a high of 134 last quarter (Q1FY17) as per the Nielsen Global Survey. Given that there was a tilt towards savings, versus discretionary spending; WDL took a holistic approach to building demand with a combination of new menu introductions and Limited-Time Offers across day-parts. The company innovated and launched new McAloo Fest and offered McAloo Tikki Burger in Mexican and Lebanese flavour along with Mexican Cheesy fries during the quarter under review.

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The successful launch of New Restaurant Operating Platform (ROP) 2.0 in Q4FY16, today, the company has rolled out more than 25 restaurants under this platform delivering 20-25 per cent savings in CAPEX.

During the quarter under review, WDL continued to build emphasis on innovation, its brand extensions like McCafe's and the McDelivery business - an important growth lever. WDL sustained its investments to increase the McCafé footprint; adding 4 McCafé locations in Q2FY17, taking the total count to 93 as against a total of 52 Y-o-Y. McCafé enables WDL to broaden its addressable market beyond the QSR industry and grow baseline sales. WDL aims to become a leading player in the industry and is on track to double its McCafe base over the next 12-18 months.

Keeping its convenience initiatives in focus, the company made significant investments to innovate and accelerate efforts towards leveraging digital platforms to enhance user-friendly experience on the mobile and web platforms of McDelivery. WDL continued to see a surge in sales through its online & mobile platform. In the coming years, we will continue to invest in building these brand extensions to enhance the company's margin profile.

~ends~

NOTE TO THE EDITORS: *Westlife Development Limited and Hardcastle Restaurants follow an April-March fiscal year. The results reported are for the second quarter ended September 30, 2016.*

THE FOLLOWING DEFINITIONS APPLY TO THESE TERMS AS USED THROUGHOUT THIS RELEASE:

[1] *Comparable sales (SSSG) represent sales at all restaurants operated by the Company, in operation at least thirteen months excluding those temporarily closed. Some of the reasons restaurants may be temporarily closed include reimaging or remodeling, rebuilding, road construction and natural disasters. The number of weekdays and weekend days, referred to as the calendar shift/trading day adjustment, can impact comparable sales. In addition, the timing of holidays also can impact comparable sales.*

[2] *Restaurant Operating Margin represents the total revenue of company operated restaurants less the operating costs of these restaurants (including royalty etc.) before depreciation and corporate overheads; expressed as a percent of total revenue.*

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WESTLIFE DEVELOPMENT LIMITED Consolidated Financial Performance *(₹in millions)*		
Particulars	**For the Quarter ended September 30, 2016**	**For the Quarter ended September, 2015**
REVENUES		
Sales	2,312.9	2,014.9
Other Operating Income	30.0	12.0
TOTAL REVENUES	**2,342.9**	**2,026.9**
OPERATING COSTS AND EXPENSES		
Restaurant Operating Cost and Expenses		
Food & Paper	926.1	818.8
Payroll and Employee benefits	282.1	222.1
Royalty	92.1	74.3
Occupancy and other operating expenses	791.1	688.2
General & Administrative expenses	124.6	114.1
Total Operating costs and expenses	**2,216.0**	**1,917.5**
Operating EBIDTA	**126.9**	**109.4**
Other (income)/expenses, (net)	(42.8)	(8.2)
Extra-ordinary Expenses[1]	9.0	27.1
Financial Expense (Interest & Bank Charges)	39.8	37.8
Depreciation	154.0	146.5
PROFIT/(LOSS)BEFORE TAX	**(33.1)**	**(93.8)**
Taxes	-	0.2
PROFIT/(LOSS) AFTER TAX	**(33.1)**	**(94.1)**
CASH PROFIT	**136.4**	**84.6**

[1] Onetime expenses on account of assets written off pertaining to restaurants relocation/rebuild /closure

<u>About Westlife Development:</u>

Westlife Development Limited (BSE: 505533), focuses on putting up and operating Quick Service Restaurants (QSR) in India through its subsidiary Hardcastle Restaurants Pvt. Ltd. (HRPL). The Company operates a chain of McDonald's restaurants in west and south India, having a master franchisee relationship with McDonald's Corporation USA, through the latter's Indian subsidiary. Marquee investors such as Arisaig India Fund Ltd, SBI Mutual Fund, Tree Line Asia Master Fund (Singapore) and Ward Ferry Fund, among others are stakeholders in WDL and the company will continue to broad base its investors over the coming years.

About Hardcastle Restaurants:

Hardcastle Restaurants Pvt Ltd (HRPL) is a McDonald's franchisee with rights to own and operate McDonald's restaurants in India's west and south markets. HRPL has been a franchisee in this part of India since its inception in 1996.

HRPL serves approximately 185 million customers, annually, at its 245 (as of September 30, 2016) McDonald's restaurants across 33 cities in the states of Telangana, Gujarat, Karnataka, Maharashtra, Tamil Nadu,

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Kerala, Chhattisgarh, Andhra Pradesh, Goa and parts of Madhya Pradesh, and provides direct employment to over 7,000 employees. McDonald's operates through various formats and brand extensions including standalone restaurants, drive-thru's, 24/7, McDelivery, dessert Kiosks. The menu features Burgers, Finger Foods, Wraps, Hot and Cold Beverages besides a wide range of desserts. Several of the McDonald's Restaurant feature in-house McCafé.

The pillars of the McDonald's system – Quality, Service, Cleanliness and Value – are evident at each of the restaurants where HRPL operates.

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