PRESS RELEASE **FOR IMMEDIATE CIRCULATION**

Westlife Development Ltd Reports 9.0 per cent increase in Revenues for Quarter Ending December 31, 2014

Mumbai, February 6, 2015: Westlife Development Limited (WDL), a company listed on the Bombay Stock Exchange (BSE: 505533), announced it's audited financial and operating results for the quarter ending December 31, 2014. The results were taken on record by the Board of Directors at a meeting held in Mumbai, today.

WDL recorded a significant revenue growth of 9.0 per cent to ₹1,956.6 million Y-o-Y (year-over-year), riding on the restaurant operations of its subsidiary, Hardcastle Restaurants Pvt. Ltd. (HRPL), a master franchisee for west & south India operations of McDonald's Restaurants.

Amid a volatile environment, WDL sustained its growth momentum while steadily improving margins. WDL will continue to expand its restaurant footprint and tap into the opportunity in the underpenetrated markets of west and south India.

Commenting on the financial results for the third quarter ended December 31, 2014, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited said, "*Q3FY15 was a significant one for WDL as we continued to grow our restaurant footprint and crossed the 200th restaurant milestone in our market. The results, delivered against a backdrop of an uncertain economic environment, are reflective of the strength of McDonald's brand, consistency in our strategy and execution.*

In the coming quarters, we will continue to drive consistent performance by a relentless focus on brand building, bigger and better innovations and disciplined execution in the restaurants. We will continue to manage our business dynamically to deliver competitive, profitable and sustainable growth for the long term."

FINANCIAL HIGHLIGHTS FOR QUARTER ENDED December 31, 2014:

- **Revenue growth of 9.0 per cent at ₹1,956.6 million**
- **Operating EBIDTA stood at ₹130.1 million**
- **Cash Profit stood at ₹103.3 million**
- **Profit/(Loss) After Tax (PAT) stood at ₹(46.9) million**
- **Total restaurants at 202; gross addition of 25 new restaurants Y-o-Y; Q3FY15 addition at 11 restaurants**

Q3FY15 FINANCIAL RESULT ANALYSIS:

- WDL reported 9.0 per cent increase in total revenues in Q3FY15 to ₹1,956.6 million up from ₹1,794.5 million Y-o-Y. Topline performance growth was driven by restaurant network expansion in the existing & new cities and by significant increase in accruals from new formats like drive-thru's, brand extensions like McCafe, McDelivery and innovations in menu
- WDL expanded its restaurant base to 202; Y-o-Y gross additions stood at 25; 11 new restaurant openings in Q3FY15
- WDL reported flat comparable sales (SSSG)[1] after 5 quarters as against (9.8) percent in the same quarter of the previous year.
- Relentless focus on reduction in food, paper and distribution costs along with increased efficiency in product management and menu pricing helped in improving overall gross margins by ~110bps in Q3FY15 as against the corresponding quarter in the previous fiscal
- Restaurant operating margin[2] dipped by ~690 bps Y-o-Y in Q3FY15; gross additions of 25 new restaurants resulted in increased occupancy and utility costs; 46 per cent of our total 202 restaurants form a part of the new restaurant base which is less than three years. These restaurants initially open with lower margins and will grow significantly over time contributing positively to the cash flow
- Operating EBITDA in Q3FY15 stood at ₹130.1 million compared to ₹174.0 million Y-o-Y
- WDL reported cash and cash equivalents of ₹~1,778.1 million

WDL continued to build on accessibility for its customers through expansion of its restaurant base with gross additions of 25 new restaurants, taking the total count to 202 in west and south India. We added 11 new restaurants in Q3FY15 with a continued focus on drive-thru formats which help build on the competitive brand differentiation. WDL entered 04 new cities of Aurangabad, Belagavi, Mangaluru and Nadiad and expanded with 03 restaurants in Maharashtra, Karnataka and Gujarat and 01 each in Telangana and Kerala.

In Q3 FY15, WDL remained focused on modernizing the customer experience through its re-imaging initiatives, which provides contemporary designs and retailing efforts. WDL aggressively expanded the McCafe footprint with 15 additions in Q3FY15, taking the total count to 30 across its markets in west India. First McCafe was seeded in the city of Aurangabad while continuing to build the McCafe presence across Mumbai and Pune. Consistent and encouraging results have helped cement McCafe's status as a popular beverage destination. WDL is confident on its stated goal of establishing 50-75 McCafé's by December 2015 and adding 175-250 new restaurants in the next 5 years.

WDL also continued to see online and web-delivery contribute positive business results, boosted by the investments the company made this time last year on enhancing the digital capabilities and customer experience.

Furthermore, intensifying our focus on the critical tenets of the customer experience; we thoughtfully tailored our marketing promotions to remain relevant and appealing to our consumers. WDL for its south market launched the Piri-Pirilicious campaign in an effort to build stronger affinity and local relevance with its customer base. The campaign was well received by the consumers and delivered encouraging results.

Considering the prevailing muted consumer sentiment in India, McDonald's Corporation has reaffirmed its commitment in WDL, and provided a one-time relief of 1 per cent in its Royalty for 2015.

Commenting further on the financial results, Amit Jatia said, *"Looking ahead, although we expect the economy to improve, we recognise that the outlook remains demanding. We will therefore stay committed to offering great value and variety, as well as invest in our restaurants, our people and our menu to ensure our customers enjoy a great experience each and every time they visit."*

~ends~

NOTE TO THE EDITORS: *Westlife Development Limited and Hardcastle Restaurants follow an April-March fiscal year. The results reported are for the third quarter ended December 31, 2014.*

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 revenues.*

WDL Consolidated Financial Performance

(₹ in millions)

Particulars	For the Quarter ended December 31, 2014	For the Quarter ended December 31, 2013
REVENUES		
Sales	1,943.8	1,776.8
Other Operating Income	12.8	17.3
Other Trading Revenues	-	0.4
TOTAL REVENUES	**1,956.6**	**1,794.5**
OPERATING COSTS AND EXPENSES		
Restaurant Operating Cost and Expenses		
Food & Paper	808.9	762.0
Payroll and Employee Benefits	225.8	168.6
Royalty	82.5	56.6
Occupancy and Other Operating Expenses	678.8	535.9
General & Administrative Expenses	106.2	105.8
Other (Income)/Expenses, (net)	(75.7)	(8.4)
TOTAL OPERATING COSTS AND EXPENSES	**1,826.5**	**1,620.5**
OPERATING EBIDTA	**130.1**	**174.0**
[1]Extra-ordinary Expenses	16.2	14.4
Net Financial Expense (Interest & Bank Charges)	28.9	12.5
Depreciation	131.7	107.3
PROFIT BEFORE TAX	**(46.7)**	**39.7**
Taxes	0.2	(0.1)
PROFIT AFTER TAX	**(46.9)**	**39.8**
CASH PROFIT	**103.3**	**166.5**

[1]One-time expenses on account of assets written off pertaining to restaurant relocation/closure

About Westlife Development:

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, Vontobel Fund and Tree Line Asia Master Fund (Singapore), Ward Ferry Fund, SBI Mutual 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 180 million customers, annually, at its 202 (as of December 31, 2014) McDonald's restaurants across 24 cities in the states of Telangana, Gujarat, Karnataka, Maharashtra, Tamil Nadu, Kerala and parts of Madhya Pradesh, and provides direct employment to over 7,500 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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