PRESS RELEASE **FOR IMMEDIATE CIRCULATION**

Westlife Development Ltd Announces Consolidated Unaudited Results for the Second Quarter

Mumbai, November 7, 2014: 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, 2014. The results were taken on record by the Board of Directors at a meeting held in Mumbai, today.

WDL reported sales of ₹1,870.2 million for the quarter ended September 30, 2014, 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.

The environment continued to be challenging in terms of inflation and a general economic slowdown. In this context, WDL continued to drive innovation and execution to strengthen its service, convenience, value and menu initiatives that differentiate the McDonald's experience.

Commenting on the financial results for the second quarter ended September 30, 2014, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited said, "*Our Q2FY15 results remained muted, with our business and financial performance being pressured by several external headwinds that impacted sales performance.*

Moving forward, we will continue to relentlessly work to navigate the current market scenario. Our long-term development plans are on target with our previously guided range of 175 - 250 new restaurants in the next 5 years. We will continue to expand the McDonald's restaurant base through a committed and disciplined restaurant unit growth.

McDonald's is a destination for 320 million customers, annually, in India and our top priority is to serve them great tasting, high-quality food in a contemporary setting. Our focus on remaining relevant to our customers is particularly important in today's economic environment, where weak economic growth and rising inflation continue to dampen consumer sentiment and purchasing power.

For the long term, we remain focused on fortifying the foundational elements of our business by concentrating our efforts on enhancing the customer experience across our entire business to become a more relevant and trusted brand".

FINANCIAL HIGHLIGHTS FOR QUARTER ENDED SEPTEMBER 30, 2014:

- **Revenue growth of 1.9 per cent at ₹1,870.2 million**
- **Operating EBIDTA stood at ₹29.2 million**
- **Profit/(Loss) After Tax (PAT) stood at ₹ (132.9) million**
- **Cash Profit stood at ₹8.9 million**
- **Total restaurants at 192; gross addition of 24 new restaurants Y-o-Y; Q2FY15 addition at 04**

Q2FY15 FINANCIAL RESULT ANALYSIS:

- WDL reported 1.9 per cent increase in total revenues in Q2FY15 to ₹1,870.2 million from ₹1,834.2 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 & brand extensions and innovative menu additions

- WDL expanded its restaurant base to 192; Y-o-Y gross additions stood at 24; 04 new restaurant openings in Q2FY15

- System-wide comparable sales (SSSG)[1] remained under pressure due to the overall dampened economic scenario and stood at (7.9) per cent as against (5.5) per cent 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 ~90 bps in Q2FY15 as against the corresponding quarter in the previous fiscal

- Restaurant operating margin[2] dipped by ~600 bps Y-o-Y in Q2FY15; gross additions of 24 new restaurants resulted in increased occupancy and utility costs; 45 percent of our total 192 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

- General and administrative expenses in Q2FY15 increased to ₹112.8 million compared to ₹102.9 million Y-o-Y on account of building capability and talent to meet the company's long term objectives of growth and brand.

- Operating EBITDA in Q2FY15 stood at ₹29.2 million compared to ₹138.3 million Y-o-Y

- Depreciation increased by 18.6 per cent in Q2FY15 on account of 24 restaurant openings Y-o-Y; resulting in PAT of ₹(132.9) million.

- Re-imaging initiative in Q2FY15 led to temporary restaurant closures which led to sales loss and resulted in write-offs of approximately ₹ 15.0 million

- WDL reported cash and cash equivalents of ₹1,674.5 million

During the quarter, WDL balanced its focus around actively building the Brand Extensions portfolio with strategic investments in expanding the online capabilities for McDelivery, increasing its McCafe footprint, and reimaging the restaurants to remain relevant to its customers. The company continued to invest in advancing the Drive-Thru format to help build brand differentiation and yield long term results.

Further commenting on the financial results Mr. Amit Jatia said, "*As customers evolve in their preferences and lifestyles, we sharpened our strategy of customer centricity to evolve and offer new, trendy, and value-oriented offerings for them. In Q2FY15, WDL expanded its restaurant footprint with additions of 04 new restaurants in Mumbai, taking the total count to 192 in west and south India.*

During the quarter, our new product initiatives successfully leveraged our brand heritage of quality food innovations. To cater to the evolving customer taste preferences, we launched two new products – Saucy Wraps, and Classics with a Twist'- a limited-time offer. Both products were launched in multiple variants to offer choices to customers. The launch of the new products was supported by a multi-channel advertising campaign.

Furthermore, we increased our accessibility and convenience by investing in further building our online capabilities for McDelivery to engage more effectively with our guests. We extended our McDelivery Mobile App to IOS, Android, Windows and Blackberry users. With the implementation of web and mobile ordering for McDelivery, it is very rewarding to report positive results in the face of an intensely competitive market.

We continued to modernize the customer experience through our major re-imaging initiatives, which provides contemporary restaurant designs and retailing efforts. A significant number of existing restaurants were re-imaged during Q2FY15 to accommodate McCafé's®.

Tapping into the US$230 million organized cafe market in India; we aggressively expanded our McCafé® footprint - an important growth lever – taking the total count to 27[*] across our markets in rest of west India. We seeded our first McCafé® in the city of Ahmedabad, Pune and Nasik, since the first McCafé® launch in October 2013, and continued to build on our McCafé® presence in Mumbai. We added 09 McCafé® during the quarter – 07 in Mumbai, 01 each in Ahmedabad and Pune. McCafé® has been a key factor in accelerating our beverage growth strategy and adding value to our customers' experience; it has also been a key driver in optimizing the use of our restaurants at all hours of operation thereby providing a higher profit margin. WDL is on track on its stated goal of establishing 75-150 McCafé® over the next 3-4 years, expanding its café market presence in west and south India.

Looking ahead, we expect economic challenges to persist in the near-term. However, the immediate challenges do not take away from the strong long-term prospects for growth in the market. The young and growing consumer base favours convenience and away-from-home eating options, and will continue to drive sales growth in the years to come. Despite the current challenges, the market remains substantially under penetrated and WDL is intent on optimizing current initiatives by strengthening its focus on menu choice, customer engagement and operations excellence to drive sales and profitability. WDL is well positioned to capture the demand."

~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, 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 of total revenue.*

[*] *27 McCafe's as of date*

WDL Consolidated Financial Performance

(₹ in millions)

Particulars	For the Quarter ended September 30, 2014	For the Quarter ended September 30, 2013
REVENUES		
Sales	1857.5	1,815.9
Other Operating Income	11.5	16.2
Other Trading Revenues	1.2	2.1
TOTAL REVENUES	**1870.3**	**1,834.2**
OPERATING COSTS AND EXPENSES		
Restaurant Operating Cost and Expenses		
Food & Paper	786.4	788.5
Payroll and Employee Benefits	231.8	176.2
Royalty	79.0	57.8
Occupancy and Other Operating Expenses	654.2	580.5
General & Administrative Expenses	112.8	102.9
Other (Income)/Expenses, (net)	(23.2)	(10.0)
TOTAL OPERATING COSTS AND EXPENSES	**1,841.0**	**1,695.9**
OPERATING EBIDTA	**29.2**	**138.3**
[1]Extra-ordinary Expenses	14.9	14.7
Net Financial Expense (Interest & Bank Charges)	21.1	11.1
Depreciation	125.9	106.1
PROFIT BEFORE TAX	**(132.7)**	**6.4**
Taxes	0.2	(4.0)
PROFIT AFTER TAX	**(132.9)**	**10.4**
CASH PROFIT	**8.9**	**115.5**

[1]Re-imaging initiative led to temporary restaurant closures which led to sales loss and resulted in some write-offs

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 170 million customers, annually, at its 192 (as of September 30, 2014) McDonald's restaurants 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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