

Sector Update

3Q recovery lower than expected

Quick Pointers:

- QSR demand remains mixed, Westlife lags while Jubi/RBA see steady growth
- Jubi witnesses muted October, however things picked up quickly in Nov & Dec with footfalls seeing MoM growth
- Westlife sees trends like Q2 with no improvement in demand, while RBA sees steady growth.

The QSR sector continues to witness slow demand across industry and segments despite festival season. The footfalls are lower than 3Q expectations and any rub off from GST rationalisation on consumer wallet is not seen so far. JUBI is witnessing QoQ higher footfalls and should sustain mid to high single digit LTL growth. Demand trends show steady SSG for RBA while Westlife is unlikely to show much improvement over 2Q26.

Jubilant FoodWorks (JFL) witnessed a muted start to the quarter; however, momentum improved meaningfully in November and December, driven by a strong MoM bound. The recovery was led by 1) higher order volumes from urban catchments supported by college festivals and localized events, 2) lower competitive intensity and 3) improving consumer perception of Domino's as offering superior value-for-money relative to others.

Westlife Foodworld (WFL) demand is muted even as core offerings of McVeggie and McChicken continue to see healthy traction. West continue to recover while South remains a drag to overall performance. Premium and gourmet burger categories remain under pressure, as consumers increasingly prefer regional and local burger chains offering more value. Notably, select high-density urban catchments in western India continue to record healthy footfalls in December with higher ticket sizes.

RBA is witnessing steady recovery in 3Q26 with low single digit SSG. RBA had a good start in October; however, demand has failed to show an uptick in November and December has been decent. RBA is also witnessing rising competition from national players in value both national and regional players.

Channel Check – Jubilant Foodworks (Domino's)

Overall demand witnessed a sequential improvement during 3Q26. October made a muted start; however, momentum picked up meaningfully in November and December, driven by healthy footfall growth led by strong traction in value pizzas. The balance of December, particularly the Christmas period, is expected to deliver double-digit growth, driven by healthy delivery growth amidst high volume of events and promotional offers. We expect Sales/EBITDA/PAT to grow by 14.3%/16.6%/26.3% YoY in Q3FY26.

December 29, 2025

Jubilant FoodWorks (JUBI IN)

Rating: BUY | CMP: Rs564 | TP: Rs700

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	61,047	71,327	82,364	96,738
EBITDA (Rs. m)	11,807	13,845	17,016	20,916
Margin (%)	19.3	19.4	20.7	21.6
PAT (Rs. m)	2,188	2,881	4,824	7,153
EPS (Rs.)	3.3	4.4	7.3	10.8
Gr. (%)	(11.0)	31.6	67.5	48.3
DPS (Rs.)	1.3	2.0	4.0	6.0
Yield (%)	0.2	0.4	0.7	1.1
RoE (%)	9.8	11.9	17.7	22.9
RoCE (%)	20.6	24.2	30.4	36.6
EV/Sales (x)	6.1	5.2	4.4	3.7
EV/EBITDA (x)	31.6	26.7	21.4	17.1
PE (x)	169.9	129.1	77.1	52.0
P/BV (x)	16.4	14.5	12.8	11.1

Restaurant Brands Asia (RBA IN)

Rating: ACCUMULATE | CMP: Rs64 | TP: Rs87

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	19,680	22,856	27,222	32,443
EBITDA (Rs. m)	2,846	3,326	4,319	5,525
Margin (%)	14.5	14.5	15.9	17.0
PAT (Rs. m)	(873)	(623)	(525)	51
EPS (Rs.)	(1.5)	(1.1)	(0.9)	0.1
Gr. (%)	26.6	(28.7)	(15.8)	(109.6)
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	(4.2)	(2.8)	(2.4)	0.2
RoCE (%)	1.4	2.0	4.4	7.7
EV/Sales (x)	1.7	1.5	1.3	1.1
EV/EBITDA (x)	11.6	10.3	8.1	6.2
PE (x)	(42.7)	(59.8)	(71.0)	737.1
P/BV (x)	1.6	1.7	1.7	1.7

Westlife Foodworld (WESTLIFE IN)

Rating: HOLD | CMP: Rs543 | TP: Rs604

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	24,902	26,598	30,971	36,330
EBITDA (Rs. m)	3,189	3,288	4,190	5,304
Margin (%)	12.8	12.4	13.5	14.6
PAT (Rs. m)	121	(121)	284	869
EPS (Rs.)	0.8	(0.8)	1.8	5.6
Gr. (%)	(82.8)	(199.8)	(334.4)	206.6
DPS (Rs.)	-	0.8	0.8	2.8
Yield (%)	-	0.1	0.2	0.5
RoE (%)	2.0	(2.0)	4.8	14.1
RoCE (%)	13.2	11.4	19.4	28.9
EV/Sales (x)	3.4	3.2	2.7	2.3
EV/EBITDA (x)	26.8	25.9	20.2	15.8
PE (x)	698.3	(700.0)	298.6	97.4
P/BV (x)	14.0	14.6	14.2	13.3

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Delivery Platform Disruption: Gig and last-mile delivery workers affiliated with major food delivery and quick-commerce platforms including Swiggy, Zomato, Zepto, Blinkit, Amazon and Flipkart have announced an all-India strike on 31 December, following an earlier strike on 25 December. The action is in protest against declining per-order payouts, aggressive 10-minute delivery targets that raise safety concerns, and the absence of meaningful social security benefits. Our checks suggest that the move had very limited impact so far given large mass of Gig workers and fragmented industry. We believe JUBI has an edge to gain from material disruption due to its own fleet.

Competitive intensity lowered: Domino's continues to gain market share in tier-1 cities, with Pizza Hut's performance adversely affected by heightened competitive intensity. Faster delivery timelines and frequent, aggressive discount-led promotions by Domino's have emerged as key differentiators. Based on our channel checks, Pizza Hut's average delivery time remains in the 30–40 minute range, compared with sub-20 minute deliveries by Domino's. This material gap in delivery speed is increasingly influencing consumer choice, driving higher order preference toward Domino's versus other QSR pizza chains.

October: Demand muted, sourdough pizza fails to sustain traction

- Overall demand remained subdued in October vs. September, with Diwali delivering a largely flattish response; YoY footfall decline was observed in majority of stores.
- Sourdough pizza witnessed encouraging traction in the initial weeks; however, repeat consumption remained muted, limiting its incremental demand contribution.
- AOV stayed range-bound at ~Rs450–500, remaining flat YoY as value pizza continue to drive order growth

November: Demand recovery with strong MoM footfall growth

- Demand improved meaningfully on a MoM basis, with footfalls registering double-digit growth
- Delivery channel saw healthy MoM growth, supported by festive-led ordering in colleges and institutional clusters.
- AOV remained flat MoM at ~Rs450–500, indicating that demand recovery was largely volume-driven, with incremental order growth skewed towards value pizzas rather than higher-ticket offerings.

December: Demand momentum sustains; AOV trends improve

- December sustained November's momentum, with healthy footfall growth; store expect strong growth during Christmas week (25th–31st dec), driven by a regional and corporate events.
- AOV improved by ~9–10% MoM, led by higher online AOV (+Rs40–50) and a moderate improvement in dine-in AOV (+Rs25).

- Urban catchments outperformed during the quarter, while demand in Tier II and Tier III markets remained relatively subdued
- **The Cheese Lava Pizzas** witnessed a strong initial response along with moderate repeat orders, whereas **Sourdough Pizzas** saw initial traction but failed to generate sustained repeat demand.

Westlife Foodworld (McDonald's India)

Overall demand shows a flattish quarter with GST cuts seeing no positive impact on demand. October, November saw flat demand, however it saw slight improvement in December. The balance of December, particularly the Christmas period, is expected to deliver healthy delivery growth amidst high volume of events and promotional offers. Overall, the West region continues to deliver a steady performance, while the South remains a laggard and is likely to weigh on SSSG performance in Q3. We estimate revenue growth of ~4% YoY, while EBITDA is expected to decline by ~11.3% YoY with Adjusted PAT loss of is likely to come at ~Rs92 mn in Q3FY26.

October: flattish trend, no major uptick seen

- Demand remains flat vs Sep, no major uptick seen post GST rationalisation, Mc chicken and Mc veggies sees healthy traction, however Gourmet burger sees muted traction as consumer opt for regional players for premium burgers
- Average daily footfalls in high-catchment stores of approximately 2,500–3,000 sq. ft. remain stable, with 300–350 orders per day. The AOV for these outlets stands at ₹250–300 for dine-in and ₹325–350 for online orders, largely stable QoQ
- **Big Yummy Cheese Burger** The Big Yummy Cheese Burger, launched in Q3, attracted strong initial interest from Gen-Z consumers; however, repeat purchases remained limited. The premium pricing was a reason for decline in consumer excitement after the first trial as consumers find regional player giving better variety at similar prices

November: Demand remains like October, Competition remains elevated

- Demand sees no major uptick MoM, Competitive intensity remains at elevated levels with regional players gearing up good on innovations
- Demand dynamics remained muted across key urban outlets. MoM footfall and average transaction values (ATV) registered no meaningful uptick, remaining flat. The competitive intensity continues to remain at elevated levels, with regional QSR and local chains aggressively innovating through hyper-localized menus, combo deals, and rapid delivery integrations, eroding McDonald's premium positioning in mid-tier markets.
- **Combos Outpacing Premium Offerings-** Consumer preference is clearly tilting towards combo meals over premium individual SKUs. This indicates a value-conscious consumption pattern amidst inflationary pressures.

- Channel checks highlighted a noticeable skew in customer age profiles, with the critical 20-30-year demographic (prime working professionals and young millennials) largely absent. Instead, traffic is dominated by teenagers (seeking affordable snacks and social hangouts) and family groups (opting for larger meal combos). This shift underscores consumers prioritizing experiential factors such as outlet ambience, menu variety, and value-for-money over established brand loyalty.

December: sees slight MoM improvement, Mixed demand on Christmas week

- December channel checks indicate a modest MoM demand uptick, primarily fueled by seasonal tailwinds from annual college fests boosting footfall among younger demographics in urban and peri-urban outlets. On Christmas week (25th-31st Dec) prospects: roughly half stores anticipate robust volumes from festive gatherings while the other half foresee flattish performance amid intensified competition and aggressive promotional salvos from regional QSR chains and local players
- AOV registered a healthy 4-5% YoY growth, reaching approximately ₹340-370 per transaction in sampled outlets, but stayed stable QoQ with no material MoM acceleration. This uptick is largely attributable to effective upselling of add-ons such as extra protein slices (e.g., chicken patties or cheese upgrades at ₹50-80 incremental), McNuggets bundles, and dessert prompts via digital kiosks. However, core menu pricing remains restrained to defend share against value warriors, limiting broader AOV expansion.

Burger King: Demand remains steady

- RBA Channel checks suggest that overall demand remains steady across the network, with average ticket size witnessing a marginal decline on a YoY basis, indicating focus on value segment and continued pressure on discretionary spending. October trends were showing positive momentum led by festive demand; however, November has been largely subdued. Promotional intensity has remained high and competition from other competing large burger chains is also rising. We expect sales to grow by 16% YoY while Adj. PAT loss is likely to come at Rs154mn in Q3FY26 vs 186mn in Q3FY25
- December has again seen rebound in demand despite strong competition from standalone outlets and regional QSR chains, which are perceived to offer lower priced products. Although some national chains are focusing more on the value segment with attractively priced combos, Burger king has a headstart in that and demand has been steady.

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,448	2,770
2	Avenue Supermarts	Hold	4,111	4,320
3	Britannia Industries	BUY	6,761	6,158
4	Colgate Palmolive	Hold	2,534	2,287
5	Dabur India	Hold	490	502
6	Emami	Accumulate	608	525
7	Hindustan Unilever	Accumulate	2,772	2,602
8	ITC	BUY	530	419
9	Jubilant FoodWorks	BUY	700	574
10	Kansai Nerolac Paints	Accumulate	272	246
11	Marico	Accumulate	787	739
12	Metro Brands	Hold	1,276	1,203
13	Mold-tekk Packaging	Accumulate	821	761
14	Nestle India	Hold	1,359	1,277
15	Pidilite Industries	BUY	1,714	1,445
16	Restaurant Brands Asia	Accumulate	87	72
17	Titan Company	BUY	4,397	3,725
18	Westlife Foodworld	Hold	604	583

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Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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