

Westlife Foodworld (WLDL) - ADD

Q2FY26 Result Update

Current Market Price (CMP) Rs.588	Fair Value (FV) Rs.625
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Rationale:

- Westlife reported 3.9% yoy sales growth.
- Growth was on the back of 10.3% store growth and a 2.8% Same Store Sales (SSS) decline.
- A Gross Margin (GM) beat was more than offset by higher-than- expected costs (increments + strategic initiatives-led upfront costs).
- We expect earnings to grow by 81.2% in FY28E.
- Westlife is working on a major initiative to double its McDelivery app sales over two years.
- We cut our EBITDA estimates by 8-15% and revise the FV to Rs625. Maintain REDUCE.
- Stock is currently trading at valuation of 104.4 x P/E FY28E EPS.

👍 Positives:

- GM expanded 275/80 bps yoy/qoq to 72.4% (KIE: 71.5%), driven by supply chain efficiencies.

👎 Negatives:

- Westlife’s revenue grew 3.9% yoy to ~Rs640 cr (~2% miss).
- Same store sales growth (SSSG) was at (-)2.8% (versus BK India’s +2.8%), despite a weak base.
- Average sales per comparable store (TTM) declined 2.4% yoy to Rs6.15 cr.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

- BUY

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We expect the stock to deliver more than 15% returns over the next 12 months
- ADD

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We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE

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We expect the stock to deliver -5% - +5% returns over the next 12 months
- SELL

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We expect the stock to deliver < -5% returns over the next 12 months
- NR

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Not Rated. Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
- SUBSCRIBE

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We advise investor to subscribe to the IPO.
- RS

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Rating Suspended. Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
- NA

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Not Available or Not Applicable. The information is not available for display or is not applicable
- NM

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Not Meaningful. The information is not meaningful and is therefore excluded.
- NOTE

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Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

FUNDAMENTAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan Head of Research shrikant.chouhan@kotak.com +91 22 6218 5408	Arun Agarwal Auto/Auto Ancillary, Building Material Cement, Consumer Durable arun.agarwal@kotak.com +91 22 6218 6443	Amit Agarwal, CFA Transportation, Paints, FMCG agarwal.amit@kotak.com +91 22 6218 6439
Rini Mehta Research Associate rini.mehta@kotak.com +91 22 6218 6433	Sumit Pokharna Oil and Gas, Information Tech sumit.pokharna@kotak.com +91 22 6218 6438	K. Kathirvelu Support Executive k.kathirvelu@kotak.com +91 22 6218 6427
Pankaj Kumar Construction, Capital Goods & Midcaps pankajr.kumar@kotak.com +91 22 6218 6434	Amarjeet Maurya Internet Software & Services amarjeet.maurya@kotak.com +91 22 6218 6427	Veer Trivedi BFSI veer.trivedi@kotak.com +91 22 6218 6432

TECHNICAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan shrikant.chouhan@kotak.com +91 22 6218 5408	Amol Athawale amol.athawale@kotak.com +91 20 6620 3350	Sayed Haider sayed.haider@kotak.com +91 22 62185458
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DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

Sahaj Agrawal sahaj.agrawal@kotak.com +91 79 66041701	Prasenjit Biswas, CMT, CFTe prasenjit.biswas@kotak.com +91 33 6638 8331	Karan Kulkarni karan.kulkarni@kotak.com +91 20 66203350
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