MIRAE ASSET Sharekhan

Jubilant FoodWorks Ltd

Eyeing volume and store-driven growth

Consumer Discretionary		Sharekhan code: JUBLFOOD	
Reco/View: Buy	⇔	CMP: Rs. 606	Price Target: Rs. 750 ⇔

3R MATRIX	+	=	-
Right Sector (RS)	✓		
Right Quality (RQ)	✓		
Right Valuation (RV)	✓		

+ Positive = Neutral – Negative

What has changed in 3R MATRIX

	Old		New
RS		⇔	
RQ		⇔	
RV		⇔	

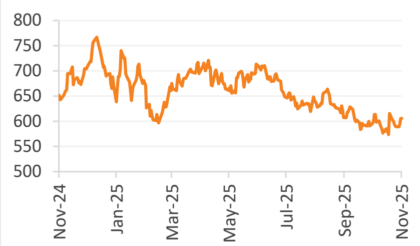
Company details

Market cap:	Rs. 39,960 cr
52-week high/low:	Rs. 797/565
NSE volume: (No of shares)	15.6 lakh
BSE code:	533155
NSE code:	JUBLFOOD
Free float: (No of shares)	39.4 cr

Shareholding (%)

Promoters	40.3
FII	20.4
DII	33.3
Others	6.1

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	1.6	-5.6	-9.1	-7.1
Relative to Sensex	0.6	-11.6	-14.1	-13.8

Source: Mirae Asset Sharekhan Research, Bloomberg

Summary

- Jubilant Foodworks (JFL) continues to focus on free delivery, loyalty programs, product innovation, value offerings and faster delivery to drive growth. It expects Domino's India to grow ~15% y-o-y in FY26, led by 5-7% LFL growth and 7-10% from store additions.
- Management reiterated its guidance of a 200-bps rise in EBITDA margins by FY28 (over FY24 base) led by better gross margins (procurement/mix), operating leverage (rentals/other lines), calibrated pricing, and productivity (supply chain, G&A).
- JFL plans to add ~1,000 stores across brands over three years, targeting higher openings in Q1 and Q2, ahead of the festive period.
- Stock trades at 24x/20x/17x its FY26E/FY27E/FY28E consolidated EV/EBIDTA, respectively. We maintain a Buy rating with an unchanged PT of Rs. 750.

Outperformance continued in Q2FY26 with strong operating performance. Festive cheer spurred demand in October 2025 and the company is confident of sustaining healthy momentum in November-December 2025. For the long run, prospects of the company are strong driven by multiple industry tailwinds - Strong demand for QSRs, a rising middle income class, rapid growth in smartphone penetration and adoption of online commerce and change in consumer preference towards branded/organised chains coupled with company-led initiatives such as store expansion across brands and geographies, free delivery, loyalty programs, product innovation, value offerings and 20-minute delivery. Domino's India is likely to maintain its growth trajectory, while other key brands (Popeyes and Coffy) and other geographies (Turkey, Bangladesh, Sri Lanka, Azerbaijan and Georgia) to perform well and scale up. We expect revenue to clock 14% CAGR over FY25-28E. EBITDA margins are expected to rise by 200 bps by FY28 (over FY24 base) led by gross margin improvement, operating leverage, calibrated pricing, and productivity. We expect PAT to clock 46% CAGR over FY25-28E.

- **Strong near and long-term prospects:** Domino's reported a LFL growth of 9.1% in Q3FY26, driven by a strong 16.5% growth in the delivery channel. For FY26, the company expects Domino's India to grow by ~15% y-o-y, led by 5-7% LFL growth and 7-10% from store additions. In the medium-long term, JFL expects strong momentum to continue driven by the company's focus to expand its presence across geographies coupled with supportive industry dynamics such as strong demand for QSRs, with a 14% CAGR expected in India's chained QSR market during CY24-28.
- **Domino's India growth prospects intact; other bands/geographies scaling up well:** JFL's focus on customer acquisition and order frequency has been driving strong delivery growth, while value offering and product innovation drive order growth in Domino's India. The company continued innovation in core pizza offerings with launches such as Four Cheese Sourdough Pizza & Breads. Popeyes opened eight new stores in India in Q2 (entered West region by opening 4 stores in Mumbai) taking the count to 68 restaurants at Q2FY26-end. Popeyes' delivered strong double-digit SSG in Q2, with expansion in gross margins. It added seven new variants to the Flavor Burst Burger range to strengthen its bold flavours positioning. Coffy continues to lead the market with youth focused product innovation and currently has a network of 172 cafes across 38 cities. The management has indicated that Turkey is a positive contributor to JFL's earnings as it operates on an asset-light, margin-accretive model, with a high single-digit PAT margin.
- **Multiple drivers to aid margin expansion:** JFL benefited indirectly from GST-related advantages through lower raw material costs, particularly in cheese and sauces, which positively contributed 50 bps to margins in Q3. Management remains confident of medium-term margin expansion as non-Domino's losses reduce and store productivity improves. Management has reiterated its guidance of 200 bps EBITDA margin expansion by FY28 (over FY24 base) led by - 1) Gross margin improvement through better procurement and improved mix, 2) operating leverage in rentals and other fixed costs, 3) Calibrated pricing, and 4) Productivity (supply chain, G&A).

Our Call

View - Maintain Buy with an unchanged PT of Rs. 750: JFL continues to focus on network expansion, innovation, digitisation and operational excellence to drive revenue growth across brands and markets, while rise in margin is likely to be led by backward integration, focus on enhancing unit economics, better sourcing, operating leverage and improved efficiencies. In its ambition for FY28, JFL's focus is on growth acceleration (targets double-digit revenue CAGR), profit maximisation (aims for a 200-bps rise in PAT margins) and smart capital allocation (maximise FCF). Stock trades at 24x/20x/17x its FY26E/FY27E/FY28E consolidated EV/EBIDTA, respectively. We maintain a Buy with an unchanged PT of Rs. 750.

Key Risks

Slowdown in Domino's India LFL growth, rise in commodity prices, higher-than-expected increase in competitive intensity and currency devaluation in the international business.

Valuation (Consolidated) Rs cr

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	5,655	8,142	9,417	10,782	12,222
EBITDA Margin (%)	20.2	19.3	20.0	20.5	20.9
Adjusted PAT	258	238	355	556	746
Adjusted EPS (Rs.)	4.2	3.5	5.4	8.4	11.3
P/E (x)	-	-	-	72.7	54.1
P/B (x)	18.6	19.2	17.0	14.1	11.5
EV/EBITDA (x)	39.1	28.6	23.5	19.9	16.8
RoNW (%)	12.3	11.1	15.9	21.2	23.4
RoCE (%)	10.2	12.2	15.0	19.2	23.6

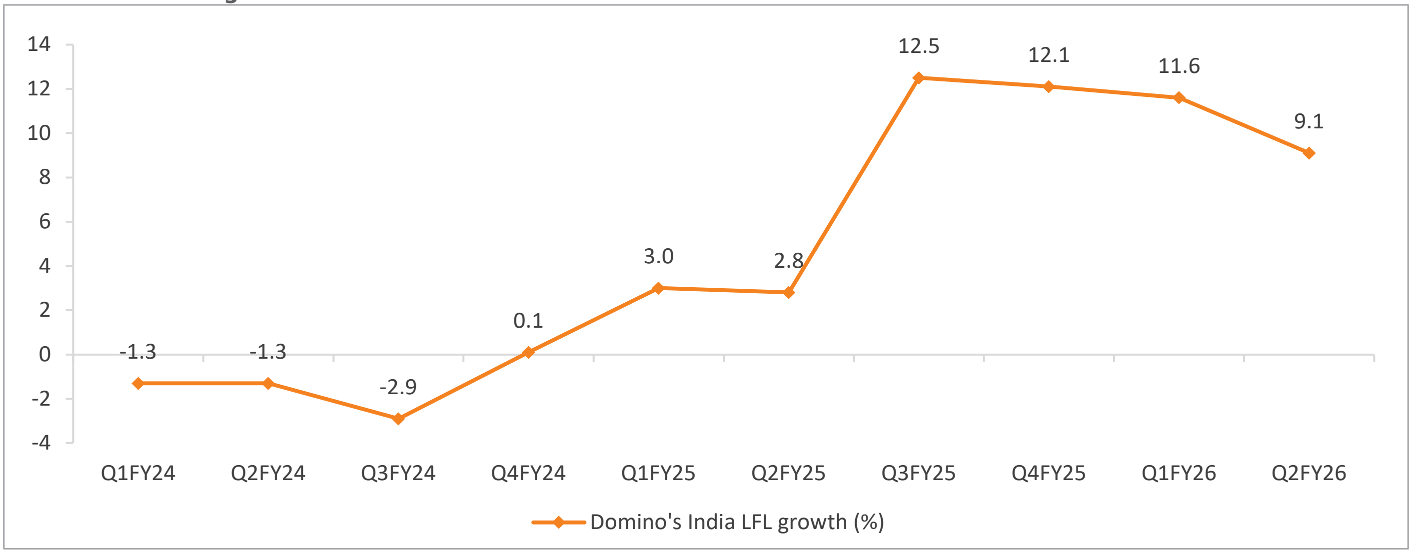
Source: Company; Mirae Asset Sharekhan estimates

Store network across brands/geographies Rs cr

Particulars	India	Turkey & others	Bangladesh	Sri Lanka	Total
Domino's	2,321	768	40	50	3,179
Popeyes	68	-	-	-	68
Coffy	-	172	-	-	172
Dunkin	28	-	-	-	28
Hong's Kitchen	33	-	-	-	33
Total	**2,450**	**940**	**40**	**50**	**3,480**

Source: Company; Mirae Asset Sharekhan Research

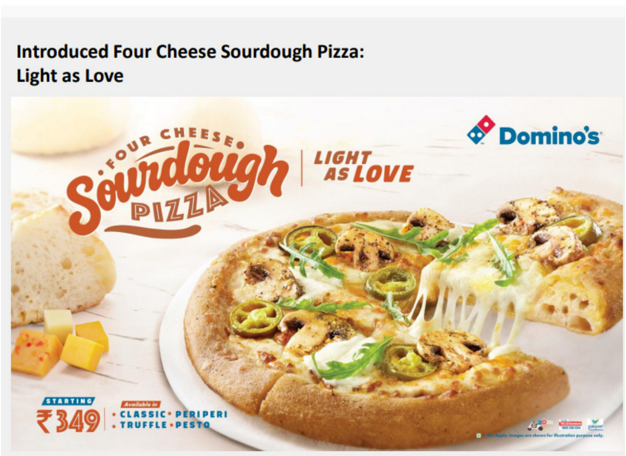
Domino's India LFL growth



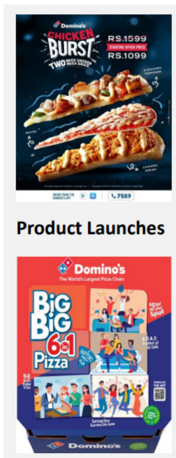
Source: Company; Mirae Asset Sharekhan Research

Innovation in Q2

Domino's India



Domino's International



Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Long-term growth prospects for QSRs intact

QSRs' long-term growth prospects are intact with expected 14% CAGR of India Chained QSR Market during CY24-28. QSRs are poised to beat the food services industry on higher demand for out-of-home consumption, market share gains from unorganised players, increased online delivery and food technology, menu innovation driving new demand, and incremental demand on account of offers and discounts. With robust growth drivers, QSRs are likely to grow strongly, outpacing other sub-segments in the food service industry in the coming years.

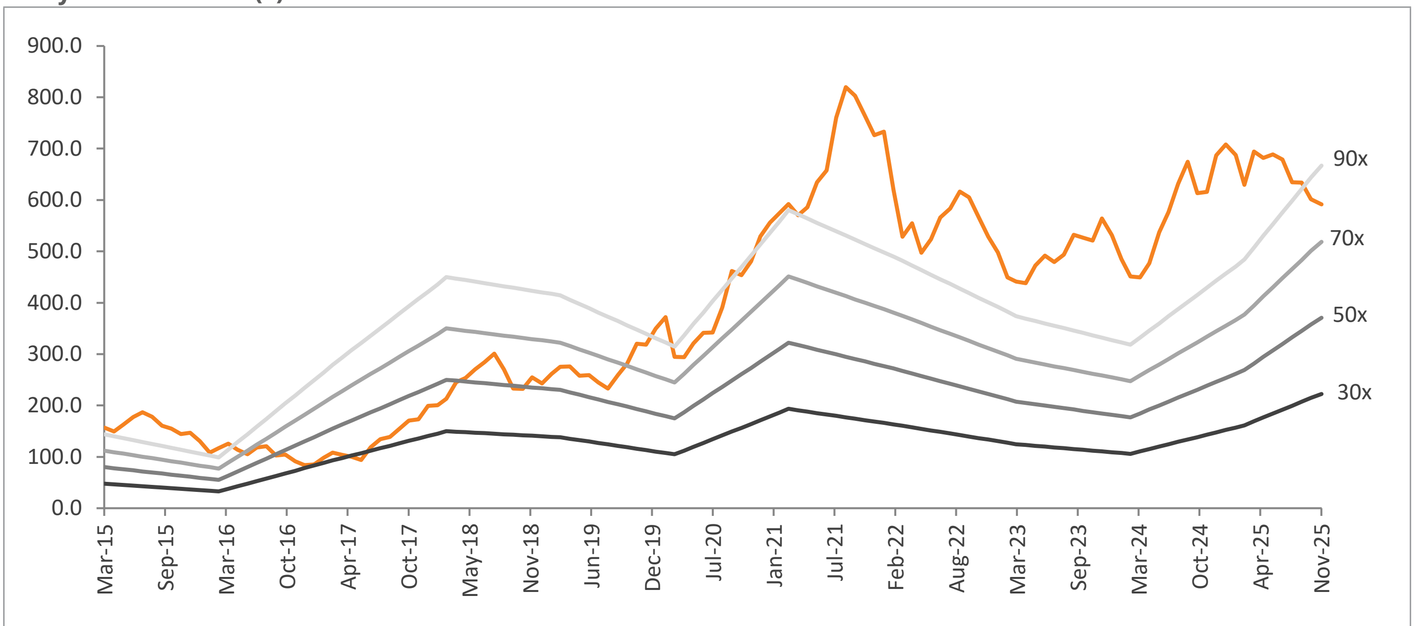
■ Company Outlook – Domino's India LFL to maintain positive growth trajectory

Waiver of delivery charges, 20-minute delivery, better app features and strong traction in value offerings will help delivery channel LFL sustain. JFL has undertaken several steps (including launch of value meals at Rs. 99) to arrest the dip in the dine-in sales and expects dine-in sales to improve in the coming quarters. In the medium term, growth is likely to be driven by a large shift towards organised players, frequent ordering, better penetration of the delivery model in tier 2/3 towns, and a widening customer base. EBIDTA margins at ~19% have bottomed out. Better operating leverage and cost-saving initiatives will help EBIDTA margins to improve in the quarters ahead.

■ Valuation – Maintain Buy with an unchanged PT of Rs. 750

JFL continues to focus on network expansion, innovation, digitisation and operational excellence to drive revenue growth across brands and markets, while rise in margin is likely to be led by backward integration, focus on enhancing unit economics, better sourcing, operating leverage and improved efficiencies. In its ambition for FY28, JFL's focus is on growth acceleration (targets double-digit revenue CAGR), profit maximisation (aims for a 200-bps rise in PAT margins) and smart capital allocation (maximise FCF). Stock trades at 24x/20x/17x its FY26E/FY27E/FY28E consolidated EV/EBIDTA, respectively. We maintain a Buy with an unchanged PT of Rs. 750.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

Peer Comparison

Companies	EV/EBITDA (x)			RoCE (%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Restaurant Brands Asia	12.7	10.6	7.8	-2.7	-1.0	2.3
Devyani International	17.6	16.5	12.4	6.3	6.0	8.7
Jubilant Foodworks	28.3	23.3	19.7	12.2	15.0	19.2

Source: Company; Mirae Asset Sharekhan Research

About company

JFL, incorporated in 1995, ranks among the leading emerging markets' food service companies. Its group network comprises 3,387 stores across six markets – India, Turkey, Bangladesh, Sri Lanka, Azerbaijan and Georgia. The group has a strong portfolio of brands in emerging markets with franchise rights for three global brands - Domino's, Popeyes and Dunkin' - and two own-brands, Hong's Kitchen, an Indo-Chinese QSR brand in India, and a CAFÉ brand - COFFY in Turkey.

Investment theme

JFL has four strategic priorities - customers, technology, operations and organization's culture to drive growth, efficiency, and productivity. The company has exclusive full-territory rights for under-penetrated high-potential markets, making it one of the largest emerging market franchisees. JFL's unique, multi-brand, commissary-based sourcing and manufacturing model helps to control a significant part of the back-end supply chain. Expansion strategies along with recovery in SSSG, increasing number of stores, cost optimisation, and customer-satisfaction initiatives would be key long term growth drivers for JFL. We expect revenue/PAT CAGR of 14%/46%, respectively, over FY25-28E.

Key Risks

- Any slowdown in the demand environment would impact revenue growth.
- A significant increase in key raw-material prices would impact profitability.
- Increased competition in the QSR category would act as a threat to revenue growth.

Additional Data

Key management personnel

Name	Designation
Shyam S. Bhartia	Chairman
Hari S. Bhartia	Co-Chairman
Sameer Khetarpal	Chief Executive Officer and Managing Director
Suman Hegde	Executive Vice President and Chief Financial Officer
Mona Aggarwal	Company Secretary and Compliance Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	SBI Funds Management Ltd.	9.54
2	Nippon Life India Asset Management Ltd.	2.51
3	Vanguard Group Inc.	2.44
4	UTI AMC Ltd.	2.13
5	Blackrock Inc.	2.11
6	HSBC AMC India Pvt Ltd	1.87
7	Sundaram AMC Ltd.	1.84
8	Franklin Resources Inc	1.59
9	Norges Bank	1.39
10	L&T Mutual Fund Trustee Ltd.	1.35

Source: Bloomberg

SOMIL RAMESH MEHTA

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and detoriating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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