



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	✗	↔	✗

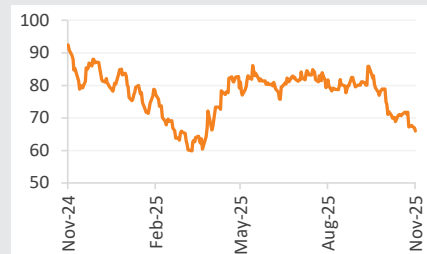
Company details

Market cap:	Rs. 3,842 cr
52-week high/low:	Rs. 93/60
NSE volume: (No of shares)	15.5 lakh
BSE code:	543248
NSE code:	RBA
Free float: (No of shares)	51.7 cr

Shareholding (%)

Promoters	11.3
FII	27.1
DII	40.1
Others	21.5

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-11.9	-19.3	-18.6	-28.7
Relative to Sensex	-13.5	-22.5	-21.6	-33.3

Source: Mirae Asset Sharekhan Research, Bloomberg

Restaurant Brands Asia Ltd

India biz healthy; Indonesia continues to drag

Consumer Discretionary	Sharekhan code: RBA	
Reco/View: Buy	↔	CMP: Rs. 66 Price Target: Rs. 99 ↔

Summary

- Restaurant Brand Asia's (RBA's) Q2FY26 performance was driven by healthy India business performance, while Indonesia business remained a laggard.
- Consolidated revenues grew 11.2% y-o-y, EBITDA margin was flat y-o-y at 10.1%, with a loss of Rs. 63 crore (flat y-o-y). India business revenue grew by 16% y-o-y on a 15% y-o-y rise in store count and SSSG at 2.8%. Indonesia business revenues down by 4% y-o-y.
- India biz eyes 800/580 restaurants by FY29/FY26-end with a 70% gross margin by FY29. In Indonesia, focus is on improving profitability by strengthening dine-in business and optimizing stores.
- Stock has corrected by 23% from recent highs and trades at 11x/8x/6x its FY26E/FY27E/FY28E EV/EBITDA, respectively. We maintain a Buy with an unchanged PT of Rs. 99.

Consolidated revenues grew by 11.2% y-o-y to Rs. 703 crore; missing our expectation of Rs. 720 crore. India business grew by 15.6% y-o-y to Rs. 569 crore on 15% y-o-y store additions (15% addition y-o-y) and same store sales growth (SSSG) of 2.8%, while Indonesia business declined by 3.9% y-o-y to Rs. 135 crore. Gross margin improved by 122 bps y-o-y to 66.1% led by better mix and supply chain and distribution efficiencies, while EBITDA margin stood flat y-o-y at 10.1%. EBITDA margin came in lower than our expectation of 10.6%. Gross margin of India business improved by 80 bps y-o-y to 68.3% driven by better mix and supply chain efficiencies. EBITDA grew by 12.2% y-o-y to Rs. 71 crore. The company posted a loss of Rs. 63 crore versus Rs. 66 crore in Q2FY25. We had expected the loss to be at Rs. 59 crore. In H1FY26, consolidated revenue grew by 9.5% y-o-y to Rs. 1,401 crore, EBITDA margin rose by 43 bps y-o-y to 10.3% and loss came in at Rs. 109 crore against loss of Rs. 118 crore in H1FY25. The India business had 533 operational restaurants and Indonesia business had 161 operational restaurants (including 25 Popeyes) as of Q2FY26-end.

Key positives

- India business gross margins rose by 80 bps y-o-y to 68.3% driven by change in menu mix and supply chain efficiencies.

Key negatives

- Indonesia business revenue fell 4% y-o-y due to store rationalization (7% y-o-y decline in the BK store count) and geopolitical headwinds.

Management Commentary

- Strong show in October following GST rate cuts and healthy festive season. Management has guided for a robust Q3 as well.
- RBA plans to open 60-80 BK restaurants in India each year, targeting 800 restaurants by FY29 from 533 stores currently (20 stores opened in H1). By FY26-end, it aims to reach 580 stores in India.
- In Indonesia, store optimisation is largely complete and the company has no plans for store expansion for both Burger King and Popeyes. Instead, it is prioritizing profitability by strengthening its dine-in business and optimising the store portfolio.
- The company has recently launched a new broiler that will be available in all restaurants by FY26-end. This new broiler will consume half the energy versus the current one, thus aiding in better profitability.
- It aspires to achieve a 70% gross margin in India business by FY29 from 68.3% currently.

Revision in earnings estimates – We maintain earnings estimates for FY26 and raise FY27 estimates on expectations of better margins. We also introduce FY28 estimates through this note.

Our Call

View – Maintain Buy with an unchanged PT of Rs. 99: RBA's focus on gaining greater traffic in India and Indonesia through value offerings, menu and format innovations and digitisation will help in achieving better SSSG in the coming years. The India business' focus is on optimising profitability in delivery channel and improving dine-in traffic, while in Indonesia, the focus is on becoming a profitable venture. We expect cash flows to improve in the coming years with both businesses attaining certain maturity and deliver consistent improvement in profitability. Stock has corrected by 23% from recent high and trades at 11x/8x/6x its FY26E/FY27E/FY28E EV/EBITDA, respectively. We maintain a Buy with an unchanged PT of Rs. 99.

Key Risks

Any disruption caused by store closures in key markets, heightened competition due to the entry of a new brand, or slower expansion in key markets are some of the key risks to our earnings estimates.

Valuation (Consolidated)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	2,437	2,551	2,901	3,332	3,811
EBITDA Margin (%)	9.9	10.5	11.6	14.0	16.1
Adjusted PAT	-237	-233	-199	-117	-22
Adjusted EPS (Rs.)	-4.8	-4.0	-3.4	-2.0	-0.4
P/B (x)	5.2	4.2	5.4	6.5	6.7
EV/EBITDA (x)	14.4	13.6	11.3	8.3	6.0
RoCE (%)	-4.3	-2.7	-1.0	2.3	6.3

Source: Company; Mirae Asset Sharekhan estimates

Results (Consolidated)

Particulars	Q2FY26	Q2FY25	Y-o-Y %	Q1FY26	Rs cr Q-o-Q %
Revenue from operations	703.4	632.4	11.2	697.7	0.8
Material cost	238.4	222.0	7.4	241.3	-1.2
Employee cost	123.2	110.5	11.5	116.6	5.6
Other expenditure	271.0	236.7	14.5	267.0	1.5
Total expenditure	632.5	569.2	11.1	625.0	1.2
EBITDA	71.0	63.2	12.2	72.8	-2.5
Other income	8.2	0.1	-	22.0	-62.5
Interest expense	45.6	38.0	19.9	46.8	-2.5
Depreciation	96.9	90.7	6.8	93.4	3.8
Profit Before Tax	-63.3	-65.5	-3.2	-45.4	39.4
Tax	0.0	0.0	-	0.0	-
Adjusted PAT	-63.3	-65.5	-3.2	-45.4	39.4
Adjusted EPS (Rs.)	-1.1	-1.3	-17.2	-0.8	39.4
GPM (%)	66.1	64.9	122	65.4	70
EBITDA Margin (%)	10.1	10.0	9	10.4	-34
NPM(%)	-9.0	-10.3	135	-6.5	-249

Source: Company; Mirae Asset Sharekhan Research

Geography-wise performance

Particulars	Q2FY26	Q2FY25	Y-o-Y (%)	Q1FY26	Rs cr Q-o-Q (%)
India business					
Revenue (Rs. crore)	568.7	492.1	15.6	552.3	3.0
Restaurant EBITDA (Rs. crore)	59.2	52.1	13.6	53.6	10.4
Company EBITDA (Rs. crore)	28.4	24.4	16.4	22.5	26.2
Restaurant EBITDA margin (%)	10.4	10.6	-18	9.7	70
Company EBITDA margin (%)	5.0	5.0	4	4.1	92
Indonesia business					
Revenue (Rs. crore)	134.8	140.3	-3.9	145.4	-7.3
Restaurant EBITDA (Rs. crore)	-6.3	-6.7	-6.0	0.2	-
Company EBITDA (Rs. crore)	-17.0	-20.6	-17.5	-10.6	60.4
Restaurant EBITDA margin (%)	-4.7	-4.8	10	0.1	-481
Company EBITDA margin (%)	-12.6	-14.7	207	-7.3	-532

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Long-term growth prospects of the QSR industry are intact

Organic same-store-sales of QSRs are likely to be muted due to weak consumer sentiments as higher inflationary pressures affect demand, while revenue growth is expected to be largely driven by strong store expansion. We expect this trend to continue in the near term. Having said that, QSRs' long-term growth prospects are intact and they 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 – Multiple strategies in place to drive profitability in the medium term

RBA has robust store expansion plans and aims to end FY29 with a count of ~800 restaurants in India from 513 restaurants currently. Strong store expansion plans, a differentiated menu strategy and robust traction on a digital platform will help revenue to register a 14% CAGR over FY25-FY28E and EBIDTA margins to reach ~16% by FY28 from ~11% in FY25. Further, the scale-up of BK Café and improving prospects of the Indonesia business will drive the next leg of growth.

■ Valuation – Maintain Buy with an unchanged PT of Rs. 99

RBA's focus on gaining greater traffic in India and Indonesia through value offerings, menu and format innovations and digitisation will help in achieving better SSSG in the coming years. The India business' focus is on optimising profitability in delivery channel and improving dine-in traffic, while in Indonesia, the focus is on becoming a profitable venture. We expect cash flows to improve in the coming years with both businesses attaining certain maturity and deliver consistent improvement in profitability. Stock has corrected by 23% from recent high and trades at 11x/8x/6x its FY26E/FY27E/FY28E EV/EBIDTA, respectively. We maintain a Buy with an unchanged PT of Rs. 99.

Peer Comparison

Particulars	EV/EBIDTA (x)			RoCE (%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Jubilant Foodworks	27.1	22.0	18.3	12.2	14.8	18.8
Devyani International	19.3	18.2	13.7	6.3	6.0	8.7
Restaurant Brands Asia	13.6	11.3	8.3	-2.7	-1.0	2.3

Source: Company; Mirae Asset Sharekhan Research

About company

RBA (formerly known as Burger King India) is the National Master Franchisee of the BURGER KING® brand in India and Indonesia. The company was incorporated in 2013 and launched its first restaurant in India in November 2014, with a target to open ~800 restaurants by FY29. RBA also operates BK Cafés™ that primarily serve coffees, shakes, and other beverages. As of September 30, 2025, the company operated 533 Burger King restaurants in India, including 509 BK Cafés and 161 restaurants (136 Burger King and 25 Popeyes) in Indonesia. The company's strategic pillars are its value leadership, brand positioning, specialised menu, and disciplined growth, among others.

Investment theme

RBA is one of the emerging and fastest-growing QSR players in India. Long-term franchisee agreement with Burger King, differentiated and localisation of menu provides an edge over its peers to scale up fast in the domestic market. This along with additional growth levers coming in from the scale up of BK Café and expansion in the Indonesian market will help the company to achieve strong and consistent revenue growth in the medium to long run. Improvement in new store fundamentals, better mix, and enhancing profitability of Indonesia business will drive earnings, while strong earnings growth with negative working capital will help in driving higher cash flows in the coming years.

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
Tara Subramaniam	Chairman
Rajeev Varman	Chief Executive Officer
Arijit Datta	Chief Financial Officer
Sweta Mayekar	Company Secretary and Compliance Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	HDFC Asset Management Co. Ltd.	9.58
2	ICICI Prudential Life Insurance Co. Ltd.	7.24
3	Nippon Life India Asset Management Ltd.	5.98
4	Amansa Investments Ltd.	4.85
5	Plutus Wealth Management LLP.	3.69
6	SBI Funds Management Ltd.	3.52
7	Tata Asset Management Pvt. Ltd.	3.44
8	JM Financial Asset Management Ltd.	3.15
9	Vanguard Group Inc.	2.93
10	Massachusetts Institute of Technology	2.64

Source: Bloomberg

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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 deteriorating 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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