

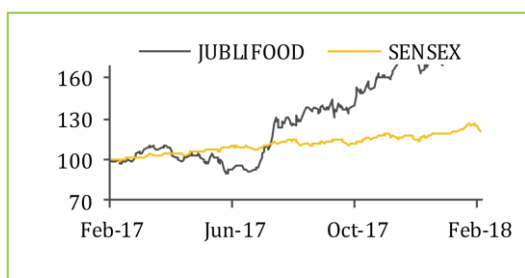
February 7, 2018

<b>Rating:</b>	<b>BUY</b>
Ticker:	JUBLFOOD
CMP:	Rs. 1979
Target:	Rs. 2612
Upside:	32%

Key Stock Data	
Sector	Restraunts
No. of shares	6.5 Crs
FV (Rs)	10
MCAP (Rs)	13057 Crs
MCAP (\$)	200 Crs

Key Financials (Rs. in Crs)			
Y/E March	FY17 A	FY18 E	FY19 E
Revenue	2546	2898	3420
EBITDA	247	420	581
PAT	67	182	274
EPS /sh.	10.21	27.61	41.46
BV /sh.	129	139	167
P/BV (x)	15.32	14.20	11.85
PE (x)	193.63	71.60	47.68
ROE (%)	8%	20%	25%

Shareholding Pattern	
Promoters	44.94%
FIIs	33.74%
DIIIs	10.09%
Others	11.23%



Research Analyst  
Foram Parekh  
[Foram.parekh@indiabulls.com](mailto:Foram.parekh@indiabulls.com)

## Jubilant Foodworks Ltd. – JUBLIFOOD

### 3QFY18 Result Update

The Company reported stupendous set of 3QFY18 numbers whereby its top-line grew by 21% Y-o-Y and 9% Q-o-Q to Rs. 795 Crs in 3QFY18 as against Rs. 659 Crs in 3QFY17 and Rs. 727 Crs in 2QFY18. Its EBITDA jumped by 114% Y-o-Y and 34% Q-o-Q to Rs.137 Crs in 3QFY18 as against Rs.64 Crs in 3QFY17 and Rs. 102 Crs in 2QFY17. Its PAT grew by robust 231% Y-o-Y and 36% Q-o-Q to Rs. 66 Crs in 3QFY18 as against Rs. 20 Crs in 3QFY17 and Rs. 48 Crs in 2QFY18. EBITDA Margin increased by 749 bps Y-o-Y and 315 bps Q-o-Q to 17.21% in 3QFY18 as against 9.72% in 3QFY17 and 14.06% in 2QFY18. PAT Margin increased by 527 bps Y-o-Y and 163 bps Q-o-Q to 8.30% in 3QFY18 as against 3.03% in 3QFY17 and 6.67% in 2QFY18.

### New Management at the helm

After more than a decade-long time with the Company, Mr. Ajay Kaul stepped down as CEO cum Wholtime Director in March 2017. JUBLIFOOD appointed Mr. Pratik Pota for the role of CEO and whole time director. Mr. Pota comes with rich experience and a great track record and we are witnessing stupendous turnaround in the company with his experience and leadership. Mr. Pota strategy of focusing on profitability and expansion has delivered result over the past 2-3 quarters.

### Outlook & Valuations

JUBLIFOOD is currently walking on the successful path of turnaround with all key parameters growing in the right direction. The company's value added segment of 'Dunkin Donuts' is also expected to breakeven in FY19. We feel at CMP the stock is fairly valued at 31.79x FY20 PE and we would like to allot a PE multiple of 42x on account of its growth trajectory on an FY19 EPS of Rs. 62.20 per share to arrive at a target price of Rs. 2612 per share.

### Quarterly Financial Highlight Table (Rs. In Crs)

Particulars	3QFY18	2QFY18	3QFY17	Q/Q	Y/Y	FY2017
Revenue	795	727	659	9%	21%	2546
EBITDA	137	102	64	34%	114%	247
PAT	66	48	20	36%	231%	67
EPS	10.01	7.4	3.03	35%	230%	10.21
EBITDA M	17.21%	14.06%	19.72%	315 bps	749 bps	9.69%
PAT M	8.30%	6.67%	3.03%	163 bps	527 bps	2.64%

## Investment Rationale

### 1. Improvement in SSG (Same Store Growth)

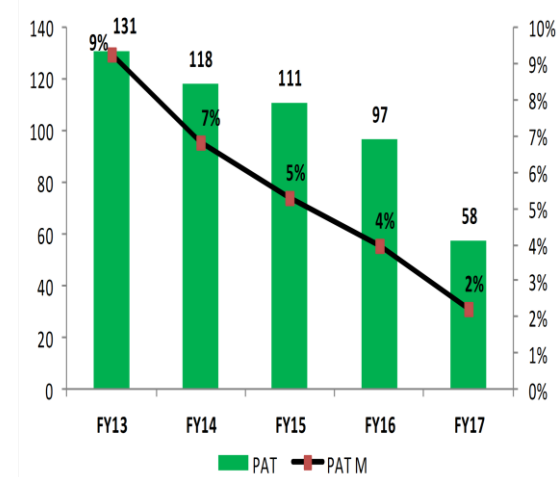
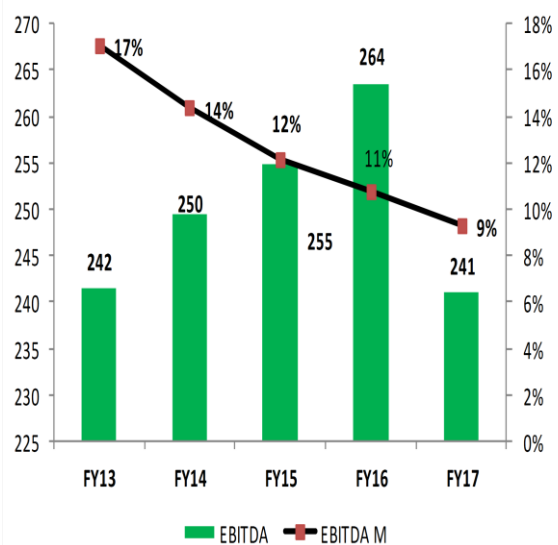
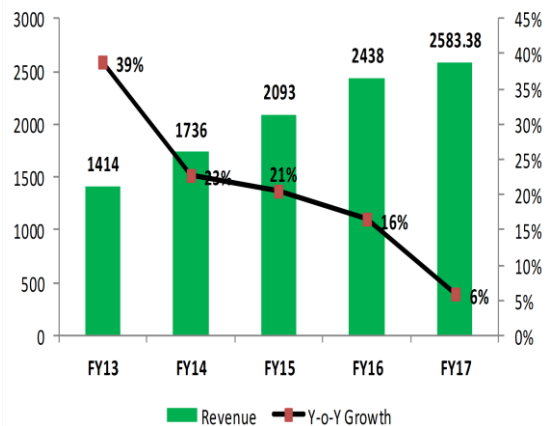
JUBLIFOOD’s focus on customer satisfaction and its efforts to revamp its products have led to SSG (Same store growth) of 17.8% in 3QFY18 from -3.3% in 3QFY17. 9MFY18 SSG stood at 10% as against -0.8% in 9MFY17. New restraunts at the beginning of 3QFY18 grew by 4% and stood at 1125 as against 1081 in 3QFY17 and at the end of the 3QFY18 total restraunts stood at 1127 as against 1107. Only 1 restraunt was closed in 3QFY18 as against 6 restraunts were closed in 3QFY17. The management claims that ‘All New Dominos’ has received overwhelming response across geographies from the customers primarily due to its all new marketing strategy.

### 2. Improvement in Dunkin Donuts

Dunkin Donuts which is a value added segment of the company also continuous to do good chiefly due to its initiative to close loss making business. In 3QFY18 Restraunts at the beginning of the period stood at 52 as against 73 in 3QFY17. JUBLIFOOD closed 9 restraunts in 3QFY18 as against 1 restaurant in 3QFY17. This shows management initiative to take bold and prudent decision of closing loss making business which will enhance more profitability from the segment. As a result of this act, Management expects Dunkin Donuts segment to break-even in FY19.

### 3. Business development to led by digitization

Investment in digital initiatives and technology is one of the key push areas of its core strategy. The new management has recently created a new digital team under the leadership of chief digital officer. The motive is to improve efficiency, enhance customer experience, advertise the brand extensively on the digital platform, and track behavior of consumers on an ongoing basis across geographies using analytics and so on. We feel these initiatives will continue to drive the market share of Online Ordering (OLO) and will be revenue as well as margin-accretive in the medium term.



February 7, 2018

JUBLIFOOD has a network of 1128 Domino's Pizza restaurants across 265 cities as of January 19, 2018.

The company has 67% market share in the organized pizza segment. The company has 70% market share in home delivery take away segment.

The Company & its subsidiary have the exclusive rights to develop and operate Domino's Pizza brand in India, Sri Lanka, Bangladesh and Nepal.

The Company also has exclusive rights for developing and operating Dunkin' Donuts restaurants for India and has 43 Dunkin' Donuts restaurants across 12 cities in India

JUBLIFOOD is all set to grow at a CAGR of 20% on a top-line over a period of next 3 years and over 50% CAGR growth on bottom-line

JUBLIFOOD is currently walking on the successful path of turnaround with all key parameters growing in the right direction

## Company Background

Jubilant Food works Limited (JUBLIFOOD) is part of Jubilant Bhartia group and is one of India's largest food service Company, with a network of 1128 Domino's Pizza restaurants across 265 cities (as of January 19, 2018). The company has 67% market share in the organized pizza segment. The company has 70% market share in home delivery take away segment. JFL focuses on a home delivery and takeaway oriented business model, which offers its customers the convenience of eating in the comfort of their own homes and workspaces. The Company & its subsidiary have the exclusive rights to develop and operate Domino's Pizza brand in India, Sri Lanka, Bangladesh and Nepal. At present it operates in India and Sri Lanka. The Company also has exclusive rights for developing and operating Dunkin' Donuts restaurants for India and has 43 Dunkin' Donuts restaurants across 12 cities in India (as of January 19, 2018).

## Risk & Concerns

1. Any slowdown in consumer demand will result in inability to sustain business growth.
2. Disruption of operations at supply chain Centre (SCC) will lead to inability to meet customer demand.
3. Any leakage of company information on consumer demand data will lead to exposure on multiple fronts.
4. Any unexpected changes in the regulations of FSI can lead to threat to the company.

## Outlook & Valuations

JUBLIFOOD is currently walking on the successful path of turnaround with all key parameters growing in the right direction. The company's value added segment of 'Dunkin Donuts' is also expected to breakeven in FY19. The management has taken all the steps in the right direction from shutting down the loss making business to opening up new stores in different geographies. The company has successfully revamped its product portfolio and with new management at helm, JUBLIFOOD is all set to grow at a CAGR of 20% on its top-line over a period of next 3 years and over 50% CAGR growth on its bottom-line. JUBLIFOOD has been reporting stupendous set of numbers over some quarter and we feel at CMP the stock is fairly valued at 31.79x FY20 PE and we would like to allot a PE multiple of 42x on account of its growth trajectory on an FY19 EPS of Rs. 62.20 per share to arrive at a target price of Rs. 2612 per share.

February 7, 2018

Analyst Stock Rating	
<b>Ratings</b>	<b>Expected absolute returns over 12 months</b>
BUY	>15%
HOLD	10- 15%
REDUCE	<10%

**Research Analyst:**

Foram Parekh – Fundamental Analyst – Equity Email: [foram.parekh@indiabulls.com](mailto:foram.parekh@indiabulls.com)

Indiabulls Ventures Limited is a SEBI Registered Research Analyst having registration number: INH100004906

**Disclosure:**

We /I,Foram Parekh author(s) hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. We/I, also certify that no part of our/my compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or Indiabulls Ventures Limited does not have any financial interest in the subject company. Also Research Analyst or his relative or Indiabulls Ventures Limited or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative Indiabulls Ventures Limited or its associate does not have any material conflict of interest.

**Disclaimer:**

This document has been prepared by Indiabulls Ventures Limited (IVL), for use by the recipient as information only and is not for circulation or public distribution. This document is published in accordance with Regulation 18 of the SEBI (Research Analysts) Regulations, 2014 & IVL research analysts have adhered to the code of conduct under Regulation 24 (2) of the SEBI (Research Analysts) Regulations, 2014. IVL researches, aggregates and faithfully reproduces information available in public domain and other sources, considered to be reliable and makes them available for the recipient through this document. However, IVL make no representations or warranties of any kind, express or implied, about the completeness, accuracy, reliability, suitability or availability, error, omissions with respect to the information contained in this document. Recipients should be aware that past performance is not necessarily a guide for future performance & value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities/financial instruments. Nothing in this document constitutes investment, legal, accounting and/or tax advice or a representation that any investment or strategy is suitable or appropriate to recipients' specific circumstances. Anything contained in, not contained in, assumed to be implied, warranted, excluded from being warranted or vaguely alluded to shall not be attributed to, blamed upon, or otherwise associated with IVL nor IVL shall be responsible, accountable, discountable, or in presence or absence thereof for any liability arising from the use of this document. IVL, its directors and/or employees doesn't accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research.

IVL directors/employees and its clients may have holdings in the stocks mentioned in the document. This report is based on technical, fundamental and derivative analysis on studying charts of a stock's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamentals.

Indiabulls Ventures Limited : [www.indiabulls.com](http://www.indiabulls.com)

**Corporate Office:** Indiabulls Ventures Limited, Indiabulls Finance Center, Tower 1, 8th floor, SenapatiBapatMarg, Elphinstone Road (W), Mumbai – 400013.