

General Outlook Report

Jubilant Foodworks Ltd. (BSE: 533155, NSE: JUBLFOOD)

Introduction:

- Jubilant FoodWorks Limited (the Company) is a public limited Company domiciled in India and incorporated under the provisions of Companies Act, 1956.
- The Company is a food service company and engaged in retail sales of food through two strong international brands, **Domino's Pizza and Dunkin' Donuts** addressing different food market segments.
- For Domino's Pizza, the Company has exclusive rights to open and operate Domino's Pizza Restaurants in **India, Sri Lanka, Bangladesh and Nepal**.
- Currently, Domino's Pizza is operated by the Company in India and by its subsidiaries in Sri Lanka and Bangladesh.
- The Company has also entered into the Chinese cuisine segment through its indigenous brand **Hong's Kitchen**.
- Domino's Pizza India has a network of **1,335 restaurants** across 282 cities.
- JFL also has exclusive rights for developing and operating Dunkin' Donuts restaurants in India, with 34 restaurants under the brand across 10 cities.
- The Company is focussing extensively in technology, data science and digital infrastructure to increase market share.
- JFL is well poised to drive growth in the Indian Food Service Industry.

BOARD OF DIRECTORS (Executive and Non-Executive Directors)

Mr. Shyam S. Bhartia- Chairman & Director

Mr. Hari S. Bhartia- Co-Chairman & Director

Mr. Pratik R. Pota - CEO and Wholetime Director

Ms. Aashti Bhartia -Non-Executive Director

Mr. Shamit Bhartia -Non-Executive Director

Independent Directors

Mr. Abhay Prabhakar Havaladar

Mr. Ashwani Windlass

Mr. Berjis Minoo Desai

Ms. Deepa Misra Harris

Mr. Vikram Singh Mehta

Chief Financial Officer Mr. Prakash C. Bisht

The Board has shown tremendous business execution skills in the past and corporate governance has been complied with and has also been in line with government regulations and have kept minority shareholder interest in mind as per Audit Report.

We have seen that management has a **track record** of keeping their commitments. **(Integrity - ✓)**

Industry Scenario:

- As the **COVID-19** hits the world economy, the **restaurant industry** is facing a tough time globally.
- Most of the restaurants are facing the **cash crunch** and huge losses, as the **consumer confidence dropped** and dine-in facilities are curtailed under lockdown restrictions.
- We expect the company to keep growing, because of the increasing young population and their **taste and preference** for quick service restaurants.
- The growth is expected in India, Sri Lanka and Bangladesh, as the per capita Income and **GDP growth** is good for the three countries.
- Due to the high number of **young people** preferring fast food, can boost demand for the industry.
- As consumers become more discerning about **hygiene**, they will move from the unorganised to the organised sector.

Risk Factors:

- The company is highly dependent on the **lease agreements**. Any fluctuations in this part, can affect the costs of the company adversely.

Current Scenario:

- While the industry is **facing huge problems**, JUBLFOOD stands as a ray of hope for long-term investors, as they were able to navigate better through the crisis. The management has taken active steps in managing the hygiene, and re-opening of stores.
- Financially, during the Q1, the **Revenue** of the company fell by 59% compared to Q1 of last year. (388.4 crores for Q1 this year vs. 949.1 crores for Q1 last year) The **Profits** also fell by 204% leading to a loss of 74.4 crores of Q1 this year vs Profits of 71.4 crores of Q1 last year.
- While the industry faces a lot of **headwinds**, the company was still able to survive **without any debt**. The growth of new stores for this year stays stagnated.
- The management has decided to **shut down 105 stores**, mainly in malls and TechParks, as there is uncertainty of business for these stores.
- The management has also envisioned to **open around 100 new stores** this year. We have seen that management has a track record of keeping their commitments.
- The company is expecting increased demand in **online order and take-away services**, and reduced dine-in demand.
- The company is also getting a boost in demand as the customers of closed restaurants move to their brands.
- The company has moved to a new vertical for Ready-to-cook food, with a brand named as **"ChefBoss"**. The management expects a huge market opportunity for this. They have also launched value-added beverages under the brand name **"Thirsteez"**.
- JFL has also embarked on an ambitious goal of moving from 30 minutes to **20 minutes** which is expected to significantly add to market share
- The performance of Sri Lanka and Bangladesh is good.

Some Important Numbers

EBITDA - **22.6%**

Operating Revenue Growth - **10%**

Like-for-Like (LFL) Sales Growth - **4.5%**

Same Store Growth(SSG) - **3.2%**

New Openings - **130** restaurants

123 were Domino's Pizza, 4 were Dunkin' Donuts and 3 were Hong's Kitchen restaurants.

Online ordering (OLO) at **86%** vs 79% last year, driven by continuous improvisations in the Domino's app

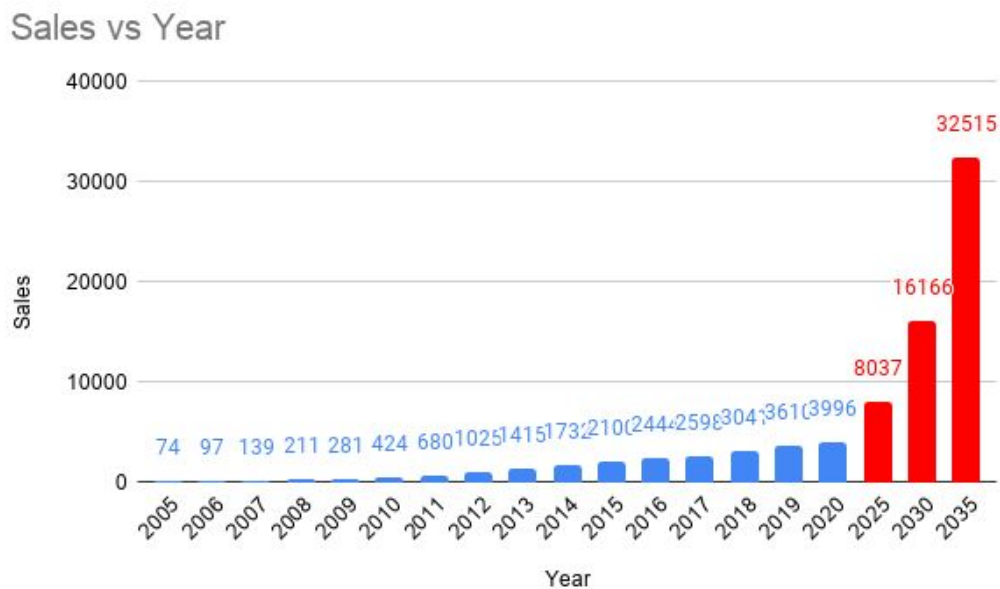
(Source: Company Annual Report)

Long Term Expectations

- The brand Domino's enjoys top-of-the-mind recall across all age groups, cities and towns in India
- **Strong Brand**, online presence, and quality service are also fueling growth.
- Young population and **growing per capita income** is also a factor in boosting the growth of the industry.
- **Committed management**, and growing industry, we conclude that the Revenue growth could be expected in the range of **13% to 18% CAGR**.

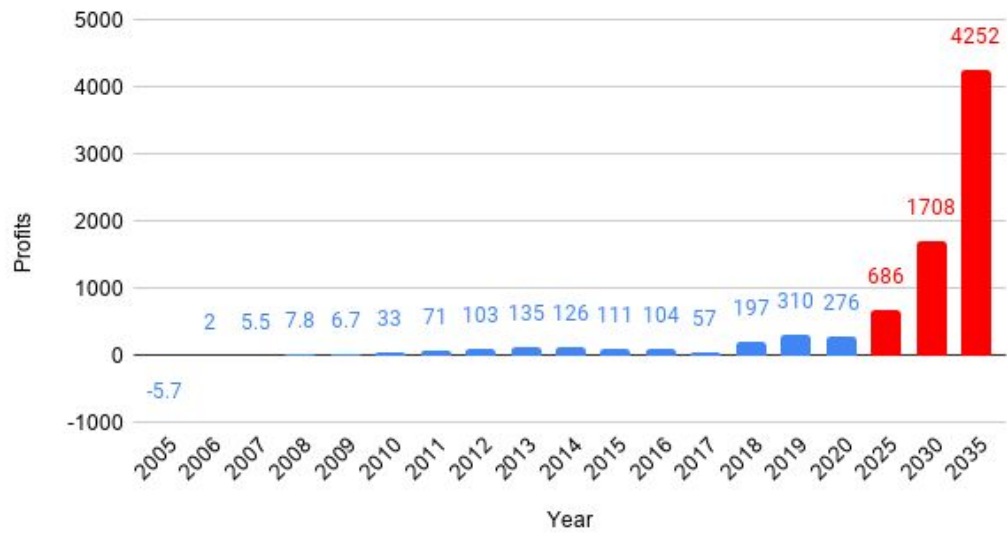
Hence, according to our analysis:

Caution: 2025, 2030 and 2035 are our expectation



Source: Company Annual Reports, BSE. Estimates are our analysis only.

Profits vs Year

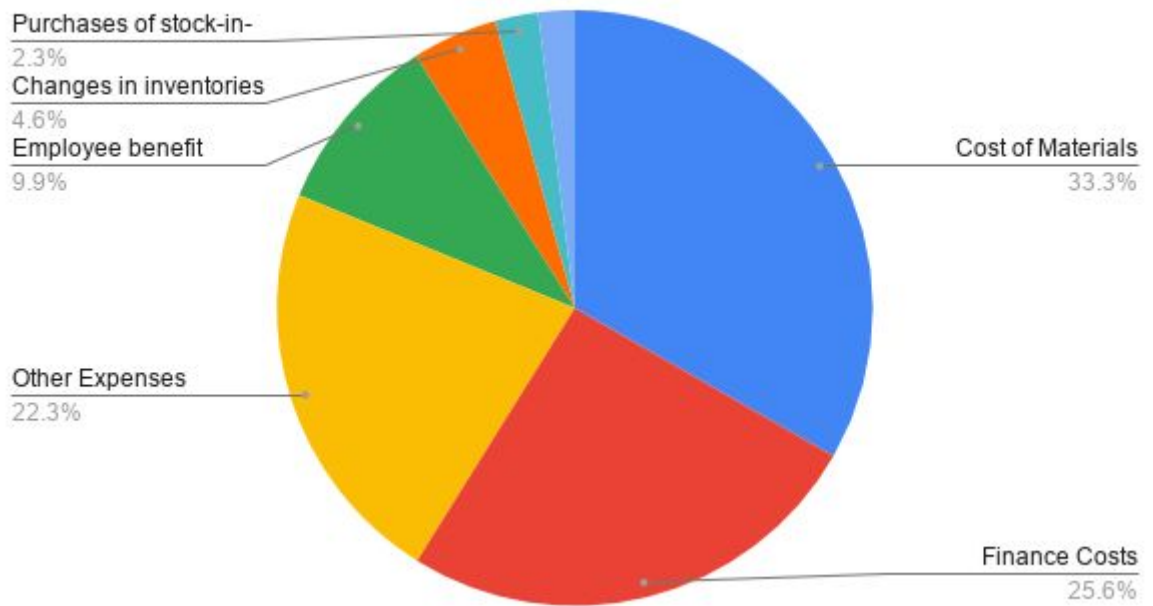


Source: Company Annual Reports, BSE. Estimates are our analysis only.

From the above Revenue and Profit growth Projections, we strongly suggest JUBLFOOD as a good candidate for **long term wealth creation**. We expect JUBLFOOD Target Price of 4533 for year 2025, 11,278 for year 2030 and 28,064 for year 2035.

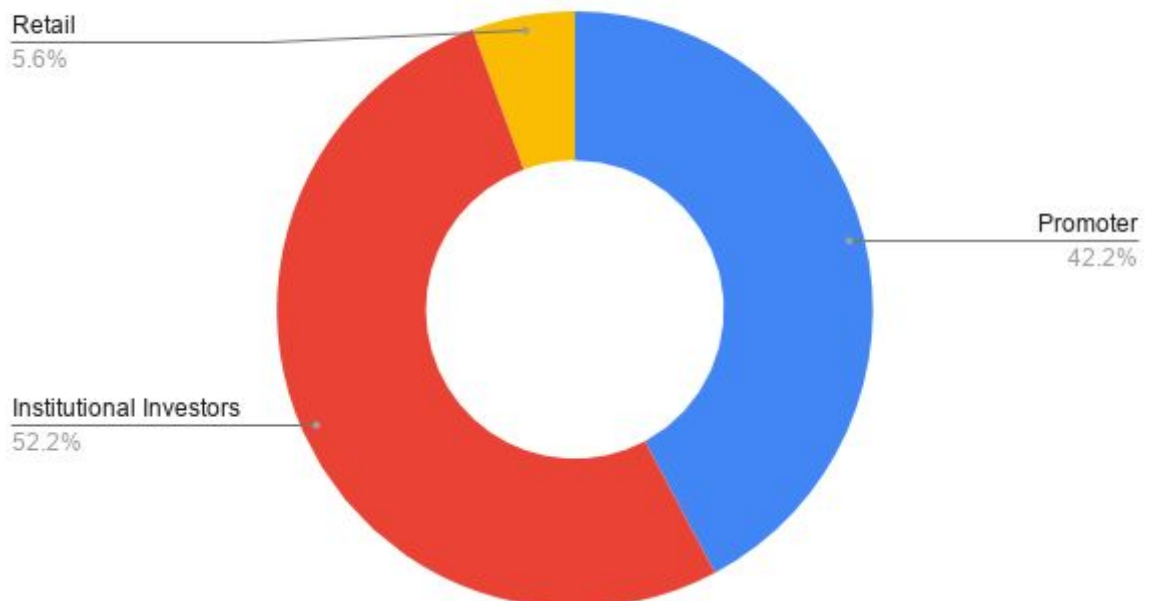
Other Important Charts:

Major Costs



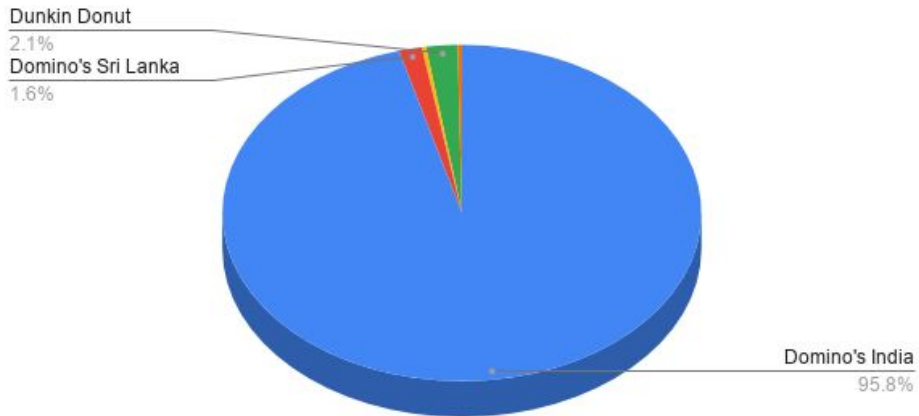
Source: Company Annual Report - FY 2020

Shareholding Pattern - Q1 This Year



Source: BSE

Restaurants of JUBLFOOD



Source: Company Annual Reports, Quarterly Reports, BSE

Technical Chart:



According to us, from the above technical chart, any price near 1600 to 1300 would be a good price range to buy the stock.

Disclosures:

Do not buy or sell before consulting your financial/investment advisor.

The stock discussed may or may not be in the portfolio of the analyst.

This is not an offer to sell or a solicitation to buy any securities or an attempt to influence the opinion or behavior of investors or recipients or provide any investment/tax advice.

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We also certify that no part of our compensation was, are or would be directly or indirectly related to the specific recommendations or views expressed in this report.

Principally,

We will be responsible for the preparation of this research report and have taken reasonable care to achieve and maintain independence and objectivity in making any recommendations herein.

Authors:

- **Kishore Suvarna** - Have cleared the NISM Research Analyst Exam. More than 5 years of experience in the financial markets with overall **20 years of experience** in the field. Applying for SEBI registered Research Analyst
- **Munirmahedi Paviwala** - Cleared NISM Research Analyst Exam. Not able to fulfill age criteria of SEBI registered Research Analyst.