

### About the Company

Jubilant FoodWorks Ltd. incorporated in 1995, is among the leading food-tech companies in emerging markets. The Group operates a network of 3,260 stores across six markets—India, Turkey, Bangladesh, Sri Lanka, Azerbaijan, and Georgia. It has a strong brand portfolio, holding franchise rights for three global brands—Domino's, Popeyes, and Dunkin'—along with two own brands: Hong's Kitchen, an Indo-Chinese QSR brand in India, and COFFY, a café brand in Turkey.

### Investment Rationale

- Multi-year growth tailwinds in the QSR space:** The organised foodservice market is projected to grow at a 16% CAGR over FY23-28E, while the chain market, which holds a 43% share, is expected to expand at a 20% CAGR over the same period, outpacing other food segments. This growth will be driven by 1) a younger demographic profile, 2) increasing participation of women in the workforce, 3) consolidation and formalisation in the QSR space, and 4) the entry of new players, further expanding market opportunities.
- JUBI is well-placed to capture the QSR opportunity:** The company is well positioned to capitalise on the growing QSR opportunity, driven by: a) plans to open 1,000 Domino's stores, aiming to reach 3,000 stores across 700 cities by FY28, b) strengthening its backend with four new commissaries in addition to the existing eight, c) entry into high-growth categories such as fried chicken and expansion of its cheesy portfolio through innovations, including future launches beyond pizza, such as cheesy rice, Korean buns, and wraps, to drive overall snacking TAM, d) recent product introductions like the Lunch Thali (four-course meal) at Rs 99, Domino's Cheese Volcano, and new flavours in the Cheese Burst range, which are seeing strong traction in driving SSSG, e) expansion into the fast-growing fried chicken category with Popeyes, targeting 250 stores in the medium term, and f) scaling up Domino's and COFFY in the fast-growing Turkey market following the acquisition of DP Eurasia, positioning JUBI for sustained growth in the coming years.
- Return ratios likely to improve:** We expect Revenue/EBITDA to grow at a 14%/28% CAGR over FY24-27E, with EBITDA margins expected to remain in the 19-21% range in the near term. These initiatives are likely to enhance the company's overall return profile, with ROCE improving from 10% in FY24 to 28% in FY27. Given the recent 20% correction in the stock price from its peak and a strong growth outlook, we remain positive on JUBI from a medium to long-term perspective

### Valuation / Analyst recommendation:

- Considering robust growth prospects driven by strong industry tailwinds and improving operational metrics, we believe Jubilant FoodWorks offers a promising upside from current levels. **We recommend a BUY on the stock with a potential upside of 10% from the CMP.**

### Financial Summary

Y/E March	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	P/E (x)	EV/EBITDA (x)	RoE (%)	RoCE (%)
FY24	5,654	1,143	4,008	6	180	39.7	12.6	9.2
FY25E	7,962	1,634	4,878	7	85.1	27.6	12.2	10.2
FY26E	9,156	1,924	6,153	9	67.5	23.3	24.9	12.5
FY27E	10,480	2,226	7,497	11	55.4	19.8	41.8	28.1

 Source: Axis Securities; CMP as on 4<sup>th</sup> March, 2025

Duration: 3-6 Months

CMP (Rs)	627
Target Price (Rs)	690
Upside (%)	10%

#### | Why Jubilant FoodWorks Ltd

- ✓ **Well-placed to capture QSR opportunity**
- ✓ **Strengthening its backend with new commissaries**
- ✓ **Expansion into the fast-growing fried chicken category**
- ✓ **Return ratios likely to improve**

#### | Key risks

- ✓ **Regulatory hurdles**
- ✓ **Raw material inflation**
- ✓ **Lower disposable income**
- ✓ **Rising competitive intensity**

#### MARKET DATA

No. of Shares	65.9 Cr
Market Cap	41,609 Cr
52-week High / Low	796 / 420
BSE Code	533155
NSE Code	JUBLFOOD

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## | OBJECTIVE



Axis Punch is designed to generate solid return in short to medium term based on High Conviction Stock Ideas for both investors and traders. This fundamental medium-term product targets return of 10% plus with an investment horizon of 3 to 6 months. Recommendations under Axis Punch are driven by various business and economic events, company valuations, market direction, or a mix of these factors.

## | Axis PUNCH is strong research based idea based on



**Events Based:** Our recommendations are based on the following critical factors, providing a comprehensive approach to medium-term investment opportunities:

- **Company-Specific Events:** Recommendations consider significant company-specific events such as new orders, product launches, acquisitions, management changes, and the commissioning of new plants.
- **Commodity Price Fluctuations:** We analyze changes in commodity prices, including metals, cement, chemicals, and pharmaceutical materials.
- **Macro-Economic Events:** Key macroeconomic events such as RBI Monetary Policy, US Fed decisions, inflation rates, GDP figures, budget announcements, and changes in government policies are factored into our recommendations.
- **Sector Developments:** Material developments within sectors, including monthly production and sales numbers in industries like Auto, Cement, and Steel, as well as competitive landscape changes due to business actions or new entrants/exits, are considered.
- **Earnings Surprises:** We identify companies expected to report better-than-anticipated earnings in upcoming quarters.
- **Corporate Actions:** Corporate actions such as mergers and acquisitions, capital raising programs, and regulatory announcements that impact a company or its industry form crucial elements for our recommendations.

**Strategic Insights:** Benefit from insights based on a blend of critical business events, economic trends, and thorough company valuations.

**Informed Decisions:** Make well-informed investment decisions backed by the expertise of our dedicated research team.

**Medium-term Horizon:** Enjoy the medium-term investment strategy, perfectly suited for those looking to optimize returns over 3 to 6 months.

## | Why to choose Axis PUNCH



These medium-term recommendations are crafted by the fundamental research team of Axis Securities, ensuring a rigorous analysis of developments around the company. Please note that Axis Punch recommendations may differ from our long-term company recommendations. Key investment rational and risks are clearly highlighted in stock ideas.

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