

When it's about money..



India Private Clients

Jubilant Foodworks



The Rise of the Quick Bite

Jubilant Foodworks Ltd

The Rise of the Quick Bite!!!

Jubilant Foodworks Ltd (JUBI), the master franchisee for Domino's pizza chain and Dunkin Donuts in India, is a great play on Indian consumption story. To go with its focus on menu innovation, new technology and capex-light/margin positive formats like delivery-centers, the company is aggressively promoting its online food ordering system, which will help it expand reach. We are betting big on urban cycle story driven by revival in discretionary spends due to: 1) boost from the 7th Pay Commission, 2) lower interest rates, and 3) boost in household savings. JUBI is well placed to benefit from the growing QSR (quick service restaurant) penetration in India. Further, JUBI has immense potential in terms of strong execution capability, as it continues to outperform peers, not only in same store sales growth (SSSG) but also with a faster store rollout, better margins, higher absolute ad-spend, a much stronger balance sheet and superior cash generation. As the company is on an expansion phase, operating leverage will play out once the SSSG materializes. We expect the SSSG growth, that fell from 27%+ FY11-13 to zero in FY15, to recover to 10% by FY18E. We believe the calibrated price hikes, core business strength and A&P spends will help JUBI outpace competition. We recommend BUY rating with a TP of Rs1,937 (based on 43x PE and 22x EV/EBITDA FY18E), an upside of 35%.

JUBI enjoys strong execution of store expansion and likely revival of SSSG

The company enjoys a strong execution capability of store expansion. The continuous innovation, acquisition of new consumers, expanding reach in the Tier I/II/III/IV cities, early digitalizing of online order placement has not only helped the company in gaining market share but will also keep competition at bay. The company had posted a third successive positive SSSG unlike its competitor Like Yum Brands and Westlife Development, who posted negative SSSG. We feel that due to slower-than-expected pick-up in urban consumption, the near term performance might remain slightly under pressure, though we expect gradual recovery and JUBI to achieve 5.5%/8%/10% SSSG in FY16/FY17/FY18E, respectively. In addition, JUBI had taken an YTD FY16E ~7% price hike recently. With continuous price hike, we expect JUBI to report a margin expansion even if there is no volume growth.

Financial summary (Standalone)

Y/E Mar (Rs cr)	FY15	FY16E	FY17E	FY18E
Revenues	2,074	2,528	3,193	3,891
YoY Growth %	20.4	21.9	26.3	21.9
EBITDA	263	324	433	576
EBITDA (%)	12.7	12.8	13.6	14.8
PAT	123	144	206	295
EPS (Rs)	18.7	21.9	31.4	45.1
PE (x)	76.6	65.5	45.6	31.8
EV/EBITDA (x)	35.7	28.9	21.3	15.5
RoE (%)	19.9	19.6	23.4	26.8
RoCE (%)	25.5	25.4	30.0	34.1
RoIC (%)	22.6	22.4	30.2	43.9

Source: Company, India Infoline Research

Rating: BUY

Target: Rs1,937

CMP: Rs1,433

Upside: 35%

Sector: Restaurant

Sector view: Positive

Sensex: 25,591

52 Week h/l (Rs): 1,984 / 1,297

Market cap (Rscr): 9,398

6m Avg vol ('000Nos): 600

Bloomberg code: JUBI IN

BSE code: 533155

NSE code: JUBLFOOD

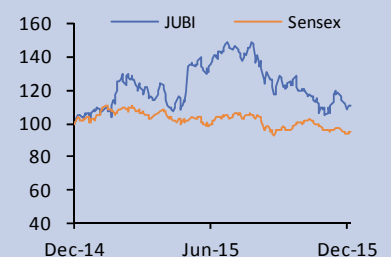
FV (Rs): 10

Price as on December 22, 2015

Company rating grid

	Low → High				
	1	2	3	4	5
Earnings Growth				4	
Cash Flow			3		
B/S Strength			3		
Valuation appeal				4	
Risk			3		

Share price trend



Share holding pattern

%	Mar-15	Jun-15	Sep-15
Promoters	48.8	48.8	48.8
Insti	41.4	41.5	41.4
Others	9.8	9.7	9.8

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December 23, 2015

Domino's maintains its SSSG leadership over its competitors

As compared to 4.6%/3.2% SSSG of Domino's in Q1FY16/Q2FY16, Yum reported (11%)/(18%) and McDonalds (West and South) reported (4.9%)/1.7%, respectively. Domino's has historically maintained a lead except for a few quarters when competitors like Yum indulged in heavy discounting. However, Domino's has fought its way back through (1) new product launches, (2) rising share of online ordering and (3) lower store openings in larger cities and greater focus on small towns.

Dunkin Donuts aspires to be the next BIG thing

The positioning of Dunkin Donuts in India is “all day dining” as against strong “breakfast” positioning in the US. Initially, JUBI was struggling to offer right menus under its Dunkin Donuts brand to suit the Indian taste buds for the past few quarters. After a few iterations, JUBI has been able to achieve the same. Dunkin has good store economics—gross margins are similar to Domino's, rent is much higher but employee costs are lower. The store level breakeven has already been achieved. Corporate breakeven is now a matter of reaching a scale of 120-150 stores where overhead absorption is better, mass media advertising can commence and wastage reduces. We expect a corporate breakeven in FY18.

Impressive free cash flow despite continuous store expansion

JUBI has reported sustained growth in cash flows, alongside the expansion in stores network. The company generated operating cash flow of Rs1.0bn, Rs2.0bn, Rs2.2bn and Rs2.7bn in FY11, FY12, FY13 and FY14 respectively. The store network also expanded from 241 to 876 over FY09-FY15 respectively. We like this cash generating ability of its business model - operating cash flow of Rs3.6mn per outlet on annual basis against capital expenditure of Rs9.8mn per outlet - which indicates a payback period of less than 3 years. Considering this, we believe that JUBI would continue to meet its cash flow requirements for store expansion plans. We expect JUBI to generate operating cash flow of Rs3.3bn, Rs3.9bn and Rs4.8bn in FY16E, FY17E and FY18E respectively.

Return Ratios to improve significantly

The year FY10-FY13 was a stupendous year for JUBI where the company had registered SSSG of 22%/37.2%/29.6%/16.2% in FY10/FY11/FY12/FY13, respectively. During the same period, the core RoIC stood at 51.9%/44.5%/58.5%/50.2%, in FY10/FY11/FY12/FY13, respectively. However, with the poor economic condition and lower spending power, the company reported SSSG of 1.6%/0.1% in FY14/FY15, respectively. With poor SSSG, the core RoIC declined to 30.9%/22.6% in FY14/FY15, respectively. We believe that the decline in RoIC has bottomed out and will witness an uptick from FY17E as the SSSG will improve going forward. The revival in the urban cycle and the under-penetration of the QSR provides immense growth potential for the ensuing years, which we believe will be the growth drivers for the company. We expect the company to post RoIC of 22.4%/30.2%/43.9% in FY16E/FY17E/FY18E, respectively.

Valuation & Recommendation

During FY09-FY13, the QSR industry grew at a rapid pace on the back of favorable business conditions, better GDP growth, favorable economic, micro and macro conditions and growth in urbanization. JUBI being a strong play on the QSR industry reported significant improvement in SSSG in the same period. However, with slowdown in economy and weak consumer sentiment, the SSSG started losing its pace and de-grew in FY14 and H1FY15. The status of economic scenario plays a strong catalyst for SSSG. If we analyze the current economic condition, we are of the view that the recovery is on the cards, which will help augment the overall QSR industry and in turn will benefit JUBI at large. Further, we believe that as the SSSG improves, it will augment higher revenues which will outpace operating costs. Hence, we expect operating margins to improve by 213bps to 14.8% over FY15-FY18E.

We expect the operational performance to improve on the back of 1) favorable business environment, 2) changing socio-economic factors, 3) product innovation, 4) acquisition of new consumers, 5) penetration into Tier II/III/IV cities and 6) improving operational efficiency with increase in revenue growth. With improvement in operational performance, we expect the company to report high earning growth in the coming years. We expect earnings of Rs21.9/share, Rs31.4/share and Rs45.1/share for FY16E, FY17E and FY18E respectively - representing YoY growth of 17%, 43.5% and 43.5% during the same periods.

We are optimistic with JUBI's strong business model and its ability to generate cash. In addition, despite poor economic conditions, the company is on a store expansion spree on the presumption that when the cycle turns favorable, JUBI will be in a much better position to play on the revival. Further, the addition of stores to newer untapped locations will not only help industry growth but also give JUBI an upper edge than its competitors in terms of customer reach and scalability. As the company is the only listed player with robust business model and ability to generate cash, we are of the view that the company will continue to demand premium valuations. Hence, we value JUBI at 43x - ~50% premium to consumer companies – in line with its historical valuations considering the nature of the business and growth opportunity that lies ahead.

We initiate coverage on JUBI with a BUY and a target price of Rs1,937 (based on 43x FY18E PE and 22x EV/EBITDA), potential upside of 35%.

Peer comparative analysis

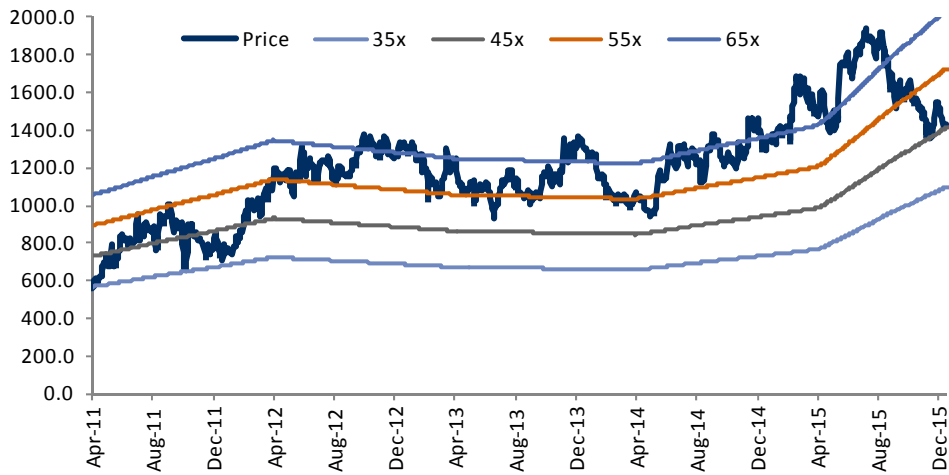
Company Name	Mkt Cap (Rs Bn)	Net Sales FY15	EBITDA %				CAGR (FY15-FY18E) %			PE			
			FY15	FY16E	FY17E	FY18E	Sales	EBITDA	PAT	FY15	FY16E	FY17E	FY18E
Jubilant (JUBI)*	94.3	20.7	12.7	12.8	13.6	14.8	23.3	29.9	34.0	76.6	65.5	45.6	31.8
Britannia*	350.0	77.8	11.0	13.3	14.1	14.3	16.7	27.4	23.0	50.8	40.8	32.7	27.3
Nestle	552.5	98.1	21.2	20.2	21.1	21.8	7.4	8.3	10.2	46.6	54.4	43.4	34.6
Dabur	489.2	78.1	17.1	18.1	18.4	18.5	13.6	16.6	17.8	45.7	37.9	32.2	27.5
ITC	2572.4	384.3	36.8	35.1	37.6	37.8	7.9	8.8	11.0	26.4	25.2	22.2	19.5
Glaxo Consumer	284.2	43.1	22.5	17.8	18.0	18.8	10.4	3.9	17.1	48.7	41.5	35.6	30.4
HUL	1842.4	319.7	16.9	17.9	18.4	18.5	10.3	13.8	9.4	42.2	42.4	36.9	32.1
Godrej Consumer	448.9	82.8	16.6	17.9	18.1	18.2	14.4	17.9	21.6	49.5	39.2	32.7	27.4
Marico	285.4	57.3	15.5	16.7	17.0	17.3	12.7	17.0	19.6	49.8	41.3	34.8	30.0
Berger Paints	174.7	43.2	12.1	13.4	14.1	14.1	14.2	23.3	33.0	65.9	47.2	37.4	30.5
Asian Paints	845.0	140.1	16.1	17.9	18.3	18.2	14.5	19.2	21.5	60.6	47.2	39.2	33.8
Westlife Development	36.7	230	2.5	3.8	4.1	4.7	19.4	46.3	-188.7	-126.2	-108.5	-236.0	181.5
Global Players													
Yum Brands (US)	31.5	74	17.3	20.8	21.8	23.0	2.7	13.0	15.9	23.1	20.4	18.2	23.1
McDonalds (US)	108.1	118	35.0	34.6	37.8	41.2	-5.9	-0.5	0.7	24.2	22.0	19.9	24.2

Source: Bloomberg, India Infoline Research, *IIFL estimate, Price as on 22nd December 2015

Company Name	EV/EBITDA				P/B				RoE %			
	FY15	FY16E	FY17E	FY18E	FY15	FY16E	FY17E	FY18E	FY15	FY16E	FY17E	FY18E
Jubilant (JUBI)*	35.7	28.9	21.3	15.5	14.0	11.9	9.7	7.6	19.9	19.6	23.4	26.8
Britannia*	40.4	26.8	21.2	17.4	28.2	20.1	14.7	11.1	67.7	57.5	52.0	46.3
Nestle	29.0	31.2	24.7	20.5	21.7	18.8	17.1	15.1	45.5	33.7	40.8	45.5
Dabur	34.4	31.0	26.6	23.1	13.9	11.9	9.9	8.4	35.5	34.4	33.3	33.0
ITC	17.2	17.2	15.2	13.5	8.2	7.4	6.7	6.1	32.8	31.0	31.4	32.6
Glaxo Consumer	32.1	32.7	28.2	23.8	12.5	11.5	9.9	8.7	29.7	30.0	30.0	31.3
HUL	33.1	29.5	25.8	22.4	47.0	41.7	36.5	34.0	115.4	102.9	105.0	111.2
Godrej Consumer	30.8	28.0	23.9	20.6	8.2	8.7	7.3	6.1	22.4	24.0	24.0	24.1
Marico	29.0	26.5	22.7	19.7	13.6	12.9	10.6	9.1	36.0	34.3	32.8	32.8
Berger Paints	28.3	27.1	22.3	18.6	11.5	11.7	9.7	8.1	22.2	26.3	28.1	29.1
Asian Paints	34.2	30.0	25.2	21.9	16.4	14.9	12.6	10.6	31.8	33.9	34.0	33.3
Westlife Development	171.5	112.6	86.3	59.5	8.5	7.1	7.1	6.6	-5.3	-6.6	-3.5	2.0
Global Players												
Yum Brands (US)	15.6	12.4	11.3	10.2	20.5	22.4	NA	NA	56.6	95.7	90.7	81.1
McDonalds (US)	14.4	14.1	13.4	13.1	7.0	13.8	NA	NA	33.0	41.1	59.7	304.6

Source: Bloomberg, India Infoline Research *IIFL estimate, Price as on 22nd December 2015

One Year Forward P/E Band



Source: Company, India Infoline Research

Investment Rationale

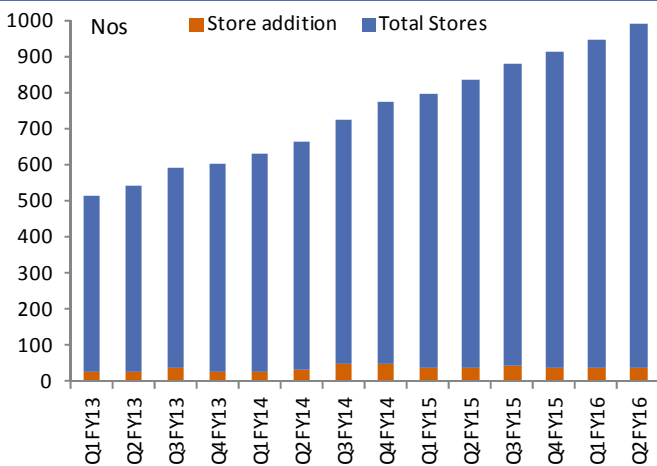
JUBI enjoys strong execution of store expansion and likely revival of SSSG

The company enjoys a strong execution capability of store expansion, continuous innovation, acquisition of new consumers, expanding reach in the Tier I/II/III/IV cities and early digitalizing of online order placement. This has not only helped the company in gaining market share but will also keep competition at bay. The company posted third successive positive SSSG unlike its competitors who posted negative SSSG. Due to slower-than-expected pick-up in urban consumption, we feel the near term performance might remain slightly under pressure though we expect gradual recovery and JUBI to achieve 5.5%/8%/10% SSSG in FY16E/FY17E/FY18E, respectively.

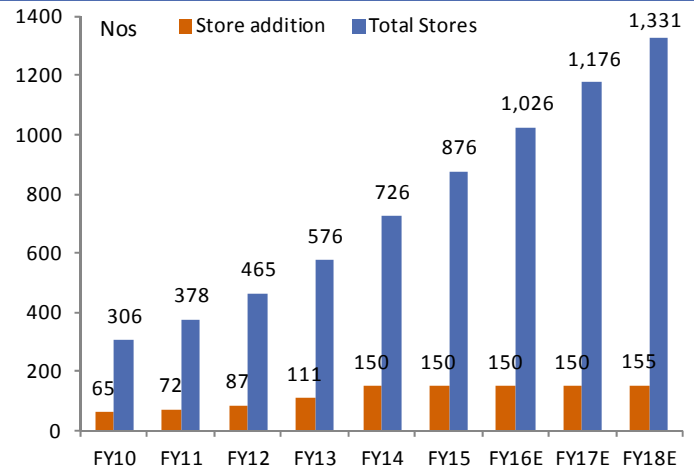
JUBI, currently, has 950+ stores and is targeting 100 new cities and open 150+ new stores annually over the next few years. In addition, the company had taken an YTD FY16E ~7% (3.8% in September 2015 and 3% in November 2015) price hike recently. As per management, the affordability metrics that are used to track Domino's is not showing any sign of improvement but has not deteriorated either. With continuous price hike, we expect JUBI to report a margin expansion even if there is no volume growth.

Further, we expect JUBI to open 150/150/155 new stores in FY16E/FY17E/FY18E, respectively to take the total count to 1,331 stores.

Healthy addition of stores during the quarters



JUBI to achieve 1,331 stores by FY18E



Source: Company, India Infoline Research

Strong execution of stores in Tier I/II/III cities

States/ Union Territory	Cities	Dominos
West Bengal	9	49
Uttaranchal	9	14
Uttar Pradesh	20	64
Tamil Nadu	11	68
Sikkim	2	2
Rajasthan	9	18
Punjab	17	39
New Delhi	1	78
Meghalaya	1	1
Maharashtra	23	199
Madhya Pradesh	12	33
Kerala	5	14
Karnataka	12	108
Jharkhand	4	8
Jammu & Kashmir	2	4
Himachal Pradesh	7	7
Haryana	18	48
Gujarat	17	66
Goa	1	10
Daman	1	1
Chhattisgarh	6	14
Chandigarh	1	7
Bihar	5	12
Assam	4	11
Dadra And Nagar Haveli	1	1
Puducherry	1	1
Telangana	2	48
Seemandhra	9	15
Odisha	6	10
Total	216	950

Source: Company, India Infoline Research

SWOT analysis of Domino's

Strengths

- ✧ **High Brand Recall:** The company has invested heavily in advertising campaigns to create brand recall amongst its consumers. These aggressive marketing campaigns for eg. "30 mins nahi toh free" or "Yeh Hai Rishton Ka Time" not only created brand awareness but also promise for the brand in the market.
- ✧ **Strong channel network:** The company has extensive network with 959 stores spread across 29 states and in 218 cities across the country, highest compared to any QSR present in the country.
- ✧ **Quick service & wide menu:** As the name goes by QSR, the company lives up to its expectation of delivering delight to its customers, which help differentiate it from competitors. The main focus area for the company is to provide affordable pizza to attract the middle class and lower middle class group. With wide menu in the offering at affordable price, Domino's has emerged as the most preferable QSR destination for its consumers.
- ✧ **Low cost alternative:** The focus area for the company is home delivery rather than dining restaurant. Hence, the company has very limited area for dining, which also does not require high class ambience, looks, interiors, etc. Thus, the establishment cost is pretty low for the dealers and the price for pizza is also reasonable for its customers.
- ✧ **Healthier alternatives:** In the last couple of years, the consumers are becoming health conscious due to increase in diseases and unhealthy lifestyle. To combat this growing concern, Domino's has launched wheat base thin crust pizza for the health conscious consumers. Even, the toppings come with healthier options.
- ✧ **Efficient supply chain:** With its strong supply chain, the company had been able to home deliver pizzas within 30 minutes. Hence, Domino's had made it possible for quicker service so that the customers do not have to wait for long.

Weaknesses

- ✧ **Operations:** As the company largely operates in franchise outlets, it creates difficulty in handling operations and quality control too becomes challenging.
- ✧ **Saturated sales in mature markets:** Some of the mature markets witnessed saturation in sales due to increase in health conscious consumers who are opting for healthier options than pizzas (despite whole wheat option being available).
- ✧ **Low staff retention:** The company faces the high attrition rate in the manpower as they are delivery boys (highly unskilled) who quickly change job when a slight higher salary is offered. To reduce attrition rate, the company is providing proper training and development for their staff.
- ✧ **Lesser number of eateries:** Domino's has been opened with a focus of home delivery rather than an eating joint with limited sitting place. This sometimes poses a problem to the consumers who prefer to dine out especially in places like malls and other locations where ideally customers want a sitting place.

Opportunities

- ✧ **Market/Geographic Expansion:** Besides having a strong foothold in the metros and Tier I cities, the company has become aggressive in expanding its presence in the Tier II/III/IV cities. As the number of QSR per city is still very low, the company has immense growth potential. Further, the company is also targeting to grow in other developing economies like Sri Lanka, Bangladesh and Nepal, as these markets are infant in QSR industry, providing uninterrupted growth for the ensuing years.
- ✧ **Penetration:** Pizza consumption in India remains under-penetrated with average consumption just 4 times in a year. This provides growth opportunity for the company not only in newer markets, but also in mature markets. Strengthening its outlet network by further penetrating the current market will help Domino's to increase its revenues.
- ✧ **Healthier options:** With people turning more and more health conscious, the company introduced a host of healthy menu options with new flavor additives (low in fat). Such initiatives will help delight customers and maintain growth prospects.

Threats

- ✧ **Increase in direct and indirect competition:** Off-late, many pizza players like Pizza Hut, Smokin Joes', etc have become aggressive in opening stores in newer areas and this can pose a threat to the company. Also, players, indirectly competing like McDonalds, KFC and Haldiram also pose a threat as customers may opt for burgers/local food over pizza.
- ✧ **Changing eating habits:** With rise in health awareness and more healthy options available in the market (like Haldiram), people are becoming more choosy about what they consume and this is affecting the business of Domino's.
- ✧ **Rise in cost may impact cash flow:** The rise in cost of vegetables and cheese will result in decline in gross margins for the company. Hence, the cost of maintaining pizza chain goes up, which may affect the bottom-line of the company. Managing cash flow become difficult.

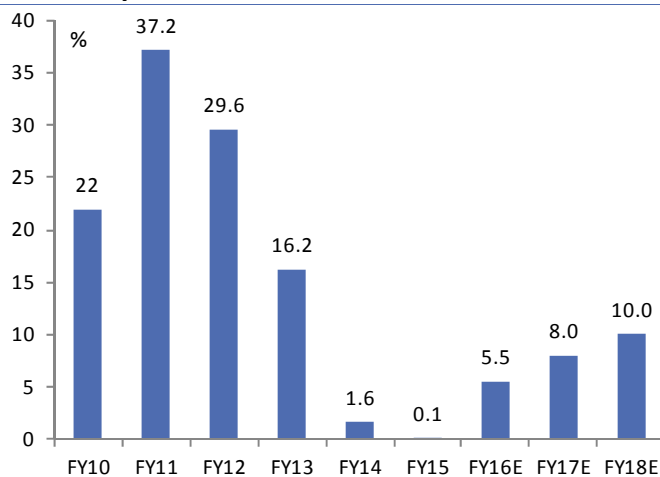
Domino's to maintain its SSSG leadership over its competitors

Domino's, unlike its counterparts like Pizza Hut of Yum Brands and Westlife Development franchisee of McDonalds (West and South), have managed to report positive SSSG for the past couple of quarters despite prevailing tough environment, weak consumer sentiment and competition from food aggregators. As compared to 4.6%/3.2% SSSG of Domino's in Q1FY16/Q2FY16, Yum reported (11%)/(18%) and McDonalds (West and South) reported (4.9%)/1.7%, respectively. The company has been able to post positive SSSG on the back of 1) new product launches, 2) rising share of online ordering; and 3) increased focus in smaller towns and lower store opening in larger cities.

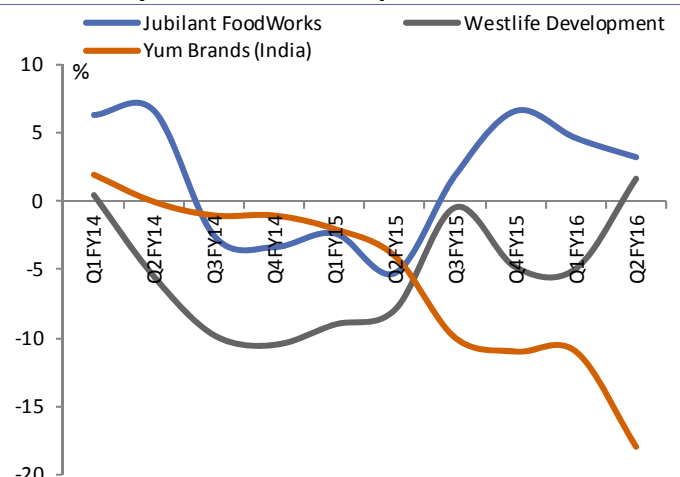
We feel that JUBI will be able to maintain its leadership position against its peers as it enjoys: 1) widest reach not only in metros and Tier I cities but the company has well expanded in the Tier II and Tier III cities, 2) has established itself as a leader in the delivery segment with lots of initiatives to back like "30 minutes delivery or free"; and 3) proven supply chain (strong hold in commissaries). We believe that the change in business conditions and uptick in the general domestic markets especially in the urban economy would support JUBI to record increase in SSSG. Hence, we expect company to post 5.5%/8%/10% SSSG in FY16E/FY17E/FY18E, respectively.

JUBI had taken ~7% price hike YTD FY16, which in our view suggests better demand sequentially. We also believe that the company is well placed to harness the cyclical recovery in the QSR industry led by increased discretionary demand on the back of 1) widest reach in the Tier I/II/III cities, 2) product innovation as per Indian taste buds, 3) proven supply chain, and 4) way ahead of competitor in the delivery segment.

JUBI to report SSSG revival from FY17E



JUBI is way ahead of its competitors in SSSG



Source: Company, India Infoline Research

Dunkin Donuts aspires to be the next BIG thing

The positioning of Dunkin Donuts in India is “all day dining” as against strong “breakfast” positioning in the US. Initially, JUBI was struggling to offer right menu under its Dunkin Donuts brand to suit the Indian taste buds for the past few quarters, which in our view after few iterations, JUBI has been able to achieve the same. The company has launched burgers as a centre of the menu with donuts and beverages completing the format of “all day dining” QSR. The burger is widely accepted by consumers despite being priced premium compared to McDonalds.

Not only are the offerings priced at a premium, the look of the store is also premium compared to other QSR or even JUBI. **Further, the concept of “All day dining” can be highly scalable in different parts of India unlike “breakfast” positioning, which would have been restricted to only metros and Tier I cities given that breakfast dining concept is still in its infancy.**

Product Innovations as per Indian customer taste bud

Quarters	Product Initiatives
Q3FY13	Launched New varieties of winter donuts and hot chocolate
Q4FY13	Valentine’s Day Celebrations with Dunkin’ Donuts
Q1FY14	Launched Dunkin’ Burgers in veg & non-veg. The veg range includes Potato Hash Brown Burger, Spicy Veg Burger, Green Veg Burger and Chef’s Special Veg Burger. The non-veg range includes Classic Chicken Burger, Smoked Chicken, Pepper Chicken Burger and the Heaven Can Wait Chicken Burger Launched new Dunkaccino Range made by blending Dunkin’ Donuts unique espresso coffee with ice, milk and great flavors –available in 4 new delicious variants - Choco, Frosted Mint, caramel Butterscotch and Muesli
Q2FY14	Launch of Dunkin’ Donuts Premium Donuts Collection to capture the festive season of Diwali and add a delicious new twist
Q3FY14	Launched the “Get your Mojo Back” positioning, focused on the urban youth consumer and aimed to get Dunkin’ Donuts better placed in the sweet spot between the QSR and the Café markets
Q4FY14	Stir Accino, Dunkin Iced teas & Wicked Wraps
Q1FY15	The Tough Guy Brute Veg Burger, New range of Dunkaccino, Mocha Chip, Dunkaccino, The Tough Guy Brute Chicken Burger
Q2FY15	Jamaican Rum & Almonds Dunkaccino Coffee
Q3FY15	Naughty Lucy Burger, New Donuts Range
Q4FY15	Crunchy Joe Burger
Q1FY16	Voodoo Wraps (Veg & Non Veg), Virgin Mojito Coolatta, Salty Jmoonade, Classic Lemonade Coolatta
Q2FY16	Donut Cakes & Alliance with Grofers

Source: Company, India Infoline Research

Dunkin is launched as a premium version of McDonalds

Unlike its positioning in US as a breakfast menu, Dunkin is launched in India as an all day dining menu option with focus around burgers, wraps, donuts and beverages as add-on. After a basic ground research on pricing front, we are of the view that the price points offered by Dunkin is premium compared to McDonalds in the same category. In addition, we feel Dunkin can have a wide footprint of stores in the long run.

Premium to McDonalds

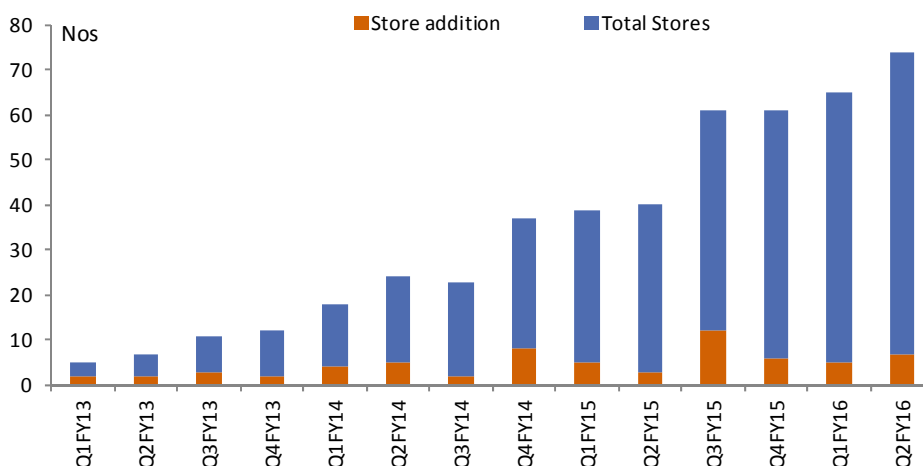
Segment	Dunkin	McDonalds
Entry Level	Crunchy Joe Veg: Rs58	Mc Aloo Tikki: Rs29
Mid-level	Spicy Veg: Rs152	Mc Veggie: Rs75
Premium Level	Tough Guy Veg/Non-Veg: Rs188	Mc Spicy Chicken: Rs125
Cold Beverage	Dunkaccino: Rs112	McCafe Frappe: Rs145

Source: Industry & India Infoline Research

Similar store economics as of JUBI

Dunkin has good store economics—gross margins are similar to Domino's at around 75%, which will also improve with scale, as wastage at store level will reduce. Rent though is much higher than Domino's as Dunkin stores are larger and are also located in high street versus Domino's. However, employee cost per store is lower as there is no delivery staff at Dunkin. The store level breakeven has already been achieved. The key now would be to achieve throughput per store as large as Domino's, which will be tough as delivery makes Domino's a much higher throughput model. Corporate breakeven is now a matter of reaching a scale of 120-150 stores where overhead absorption is better, mass media advertising can commence and wastage reduces. We expect a corporate breakeven in FY18. We therefore do not expect Dunkin to have the two- to three-year payback period that Domino's took in India. However, management has said that at the full scale of operations, a three-year payback can be targeted for Dunkin.

Steady addition of Dunkin stores



Source: Company, India Infoline Research

Scalability of stores to lower costs and improve revenues– improve store economics

- ✧ **Full fledged media advertising to drive revenues:** Revenues of Dunkin Donuts are set to pick up once the company decides to mass advertise, which will happen after the brand crosses 120-150 stores. As the company is not into mass advertising, large section of target audience is not aware of menu centered around burgers as it is not intuitive. The company had faced the same kind of experience with Domino's as well. As of now Dunkin Donuts is largely dependent on word of mouth publicity and print media to limited consumers.
- ✧ **With increase scalability, overheads costs to get absorbed:** The corporate overheads of Dunkin are at levels that can sustain a much wider store footprint. As of now, Dunkin stores are at a very sub-scale in most cities other than NCR with only 1-5 stores per city. With such low number of stores, the cost overheads are high. As scale improves, these overheads would be better absorbed over a large turnover.
- ✧ **Higher store footprint will lead to lower wastage at store level:** As Dunkin stores are very low in number, this leads to high wastage of unsold stock at the end of each day. As the store footprint becomes denser, the need for keeping high stock levels will go down and wastage will reduce.

Dunkin expects to repeat the success of Domino's

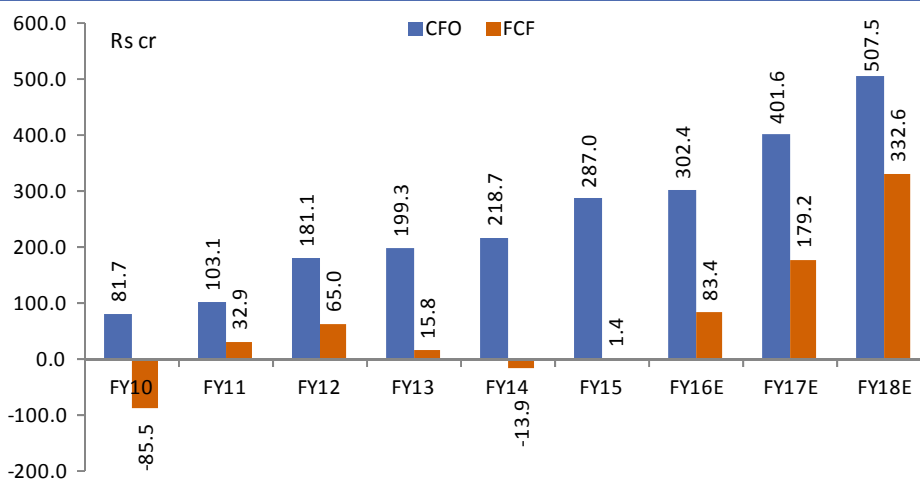
JUBI, by far the most successful QSR operator in India, with strong execution capability of stores, menu catering to Indian taste buds, product innovation, acquisition of consumers, pricing power, have helped it enjoy market share of +70%. With Dunkin partnering with JUBI, we are confident of success replicating with Dunkin as JUBI management has great understanding of taste buds of Indian consumers, which is a key ingredient for success in the business besides execution of stores. For instance, Dunkin in its original format has a breakfast positioning in USA. In India, breakfast dining is still in an infant stage and struggling to grow as India consumers are yet to be accustomed to the concept of breakfast dining. JUBI in its proactive approach and better understanding of the mindset of Indian consumers, launched Dunkin Donut as an "All day dining" concept with burgers, wraps revolving around the menu.

In addition, the company positioned Dunkin as an "added food" option, as in India, burgers, wraps, sandwiches, etc can never be considered as a main food item. This positioning in its initial stage helped the company differentiate itself in the minds of its customers, which in our view will help expand its reach rather fast.

Impressive free cash flow – despite continuous store expansion

Despite continuous store expansion, JUBI had reported a sustained growth in cash flows. The company had generated Rs103cr/Rs181cr/Rs199cr/Rs219cr/Rs287cr in FY11/FY12/FY13/FY14/FY15, respectively. The company had increased its store count from 241 in FY09 to 876 in FY15. The company has a strong business model to generate cash despite having a high capex every year. The capex amounts to Rs9.8mn per outlet having a payback period of 3 years. Hence, we believe that the company will continue to meet its cash flow requirements for store expansion. We expect JUBI to generate operating cash flow of Rs302cr/Rs402cr/Rs508cr and free cash flow of Rs83cr/Rs179cr/Rs333cr, in FY16E/FY17E/FY18E, respectively.

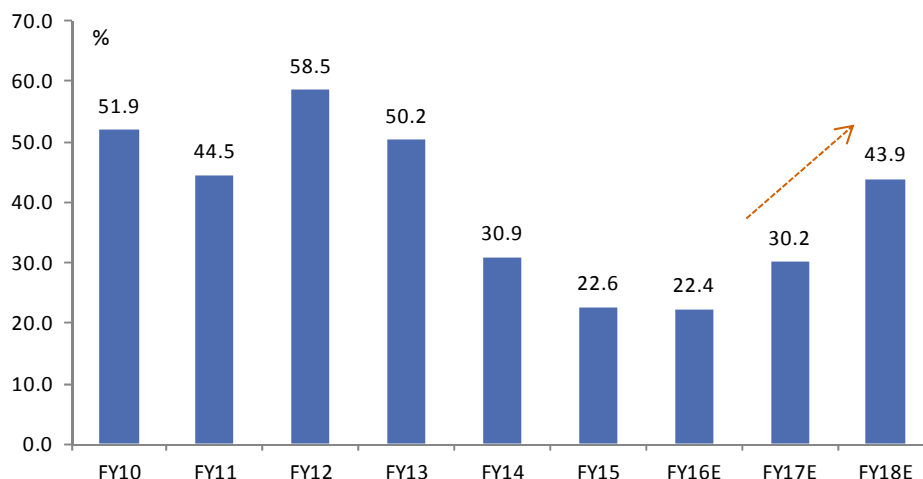
JUBI to report a sustained growth in cash flows despite store expansion



Source: Company, India Infoline Research

Return Ratios to improve significantly

The year FY10-FY13 was a stupendous year for JUBI where the company had registered SSSG of 22%/37.2%/29.6%/16.2% in FY10/FY11/FY12/FY13, respectively. During the same period, the core RoIC stood at 51.9%/44.5%/58.5%/50.2%, in FY10/FY11/FY12/FY13, respectively. However, with poor economic conditions and lower spending power, the company reported SSSG of 1.6%/0.1% in FY14/FY15, respectively. With poor SSSG, the core RoIC declined to 30.9%/22.6% in FY14/FY15, respectively. We believe that the decline in RoIC has bottomed out and will witness an uptick from FY17E as the SSSG will improve owing to the revival in the urban cycle and under penetration of the QSR provides immense growth potential for the ensuing years, which we believe, will be the growth drivers for the company. Hence, we feel that the company will post RoIC of 22.4%/30.2%/43.9% in FY16E/FY17E/FY18E, respectively.

Core RoIC to improve significantly from FY17E


Source: Company, India Infoline Research

Other Key Rationale

- ❖ **Food Aggregators; New Avenue to expand:** The company has tied up with food aggregators like Food Panda & Zomato – and delivery platform, Grofers for Dunkin. This in our view will help the company in expanding its reach and will act as an additional source of revenue.
- ❖ **The IRCTC tie-up:** The management will spend Rs2.5bn capex in FY16 including on one of the largest commissaries in Noida. With the opening of the commissary, the company will be able to support 1,500 outlets. The management reconfirmed that the IRCTC tie-up has huge potential and it will be a significant growth driver in the long term.
- ❖ JUBI has set up Domino’s kiosks at metro railway stations. The company has around 8-10 such kiosks. While the sales per kiosk may be lower than average sales of a Domino’s store, the return on investment is high. The management sees this as a big opportunity in future.
- ❖ **Old stores to maintain growth momentum:** Non-home dining is just seven times in a month on an average in an urban household in India compared to more than 40 times in the developed countries. This provides immense growth opportunities. The food expenditure in the pizza category is a mere 3%-4%. We feel the old stores will continue to maintain the growth momentum and contribute positively to the bottom-line of the company for many years.
- ❖ **Expansion in new cities:** Apart from expansions in Tier-I and metro cities, the company is aggressively expanding in the next league of growth areas present in Tier-II, Tier-III and Tier-IV cities on the back of increase in population, mass advertisement, high disposable income, growing aspirations, outside food becoming a norm, more number of working women population and growing urbanization. We feel that JUBI will benefit the most from these expansions.

- ✧ **Online ordering (OLO): the company is increasingly focused in the online ordering for the past couple of quarters, which** has become a very important source of business generation for JUBI. The contribution of OLO has increased to 36% in Q2FY16 as against 18% in Q2FY14.

Online ordering (OLO) Contribution sets to rise

	Q2 FY13	Q3 FY13	Q4 FY13	Q1 FY14	Q2 FY14	Q3 FY14	Q4 FY14	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	Q1 FY16	Q2 FY16
Average OLO contribution to delivery sales (%)	13.6	14.6	17	20	18	16	18	21.8	27	27	29	33	36
Mobile Ordering sales contribution to overall OLO (%)	10.0	10.2	10	10	12	15	15.5	21.5	21	21	23	28	30
Downloads of mobile ordering app (mn)	0.1	0.4	0.6	0.8	0.9	1.3	1.6	1.8	2	2.3	2.6	3.1	3.5

Source: Company, India Infoline Research

- ✧ **Entering new geographies:** JUBI has license to market the Domino's brand in India, Sri Lanka, Nepal and Bangladesh. Apart from expanding aggressively in India and Sri Lanka, the management is scouting for opportunities in Bangladesh and Nepal to expand its business. In FY15, JFL had 15 stores in Sri Lanka and would add 4 more in FY16E.

Fast Food Industry in India

Indian fast food market is expected to clock CAGR of 18% by 2020 due to changing consumer behavior and demography. Fast food market in India is expected to be worth US\$ 27.57bn by 2020. About 10% of the fast food market in India is organized. NOVONOUS estimates that the organized fast food market in India is expected witness CAGR of 27% by 2020. Vegetarian fast food constitutes around 45% of the whole fast food market in India and is expected to see a CAGR of 18% by 2020. Fast food Casual Dining Restaurants (CDRs) market in organized fast food sector in India is projected to clock CAGR of 27% by 2019-20. Non casual dining restaurants (NCDR) or fast casual dining restaurants have gained tremendous market share in the last 10-15 years. Non-Casual dining restaurants (CDRs) market in organized fast food sector in India is also projected to witness CAGR of 27% in next 5 years. Quick Service Restaurants (QSRs) market in organized fast food sector in India is projected to see CAGR of 20% by 2019-20. Millions of people eat ethnic fast food every-day from pani-puri to vada pav to dosa. To leverage the growth of ethnic fast food market, many players are entering this market in an organised way. Ethnic fast food market in India is projected to clock CAGR of 31.95% by 2019-20.

Demand drivers

Youth is a growth driver for the food industry

India, with its population of 1.2bn, is one of the largest consumer markets in the world. It is also demographically one of the youngest with around 50% of its population below the age of 25 and around 65% below the age of 35. Majority of Indian consumption of fast food is driven by people between the ages of 18 and 40. The appetite of the young Indian population has been a key driver in QSR industry growth.

Increase in disposable income

Increase in disposable incomes of middle class families resulted in them spending more on food consumption. Per capita income increased by CAGR 9% to US\$1,350 in 2013 compared to US\$450 in 2000. Consumers are now spending as high as 51% of their income on food products.

Change in customer preferences

Food habits have changed due to changes in family structures. With changing habits, there is an increased preference for convenience and higher instances of eating out. Certain sections have been exploring culinary experiences due to the global mobility of the Indian consumer. This resulted in the emergence of the QSR industry and also the ready-to-cook/ ready-to-eat segments of the food & beverage industry.

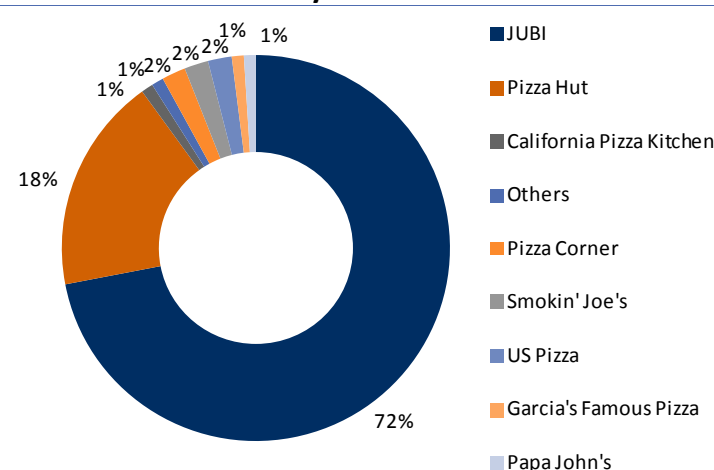
Rise in number of working women

Women form nearly 25% of the workforce now. With more women spending a substantial number of hours at work, there is little or no time to prepare elaborate meals at home, as generations before them did. More working women are spending their disposable incomes on eating out or serving ready-to-eat or prepared foods picked up on the way home from work.

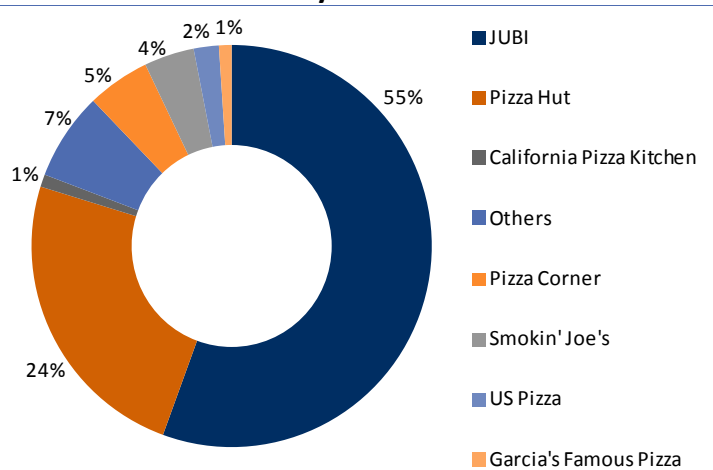
Health and hygiene consciousness

Rising awareness and incomes among upwardly mobile urban consumers are making them care more about health and fitness. The mushrooming of juice bars and kiosks selling salads and wraps are cases in point. Consumers are opting for healthy options at the supermarket as well. Many now cook with healthier oils as opposed to ghee and butter, the traditional cooking medium in India.

Domestic Pizza Industry in 2011

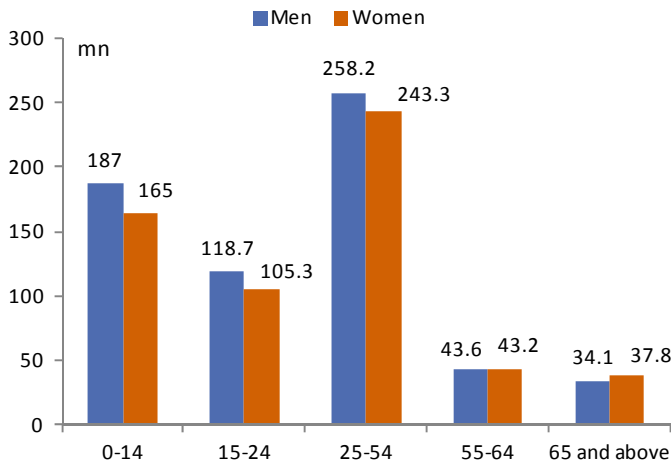


Domestic Pizza Industry in 2015

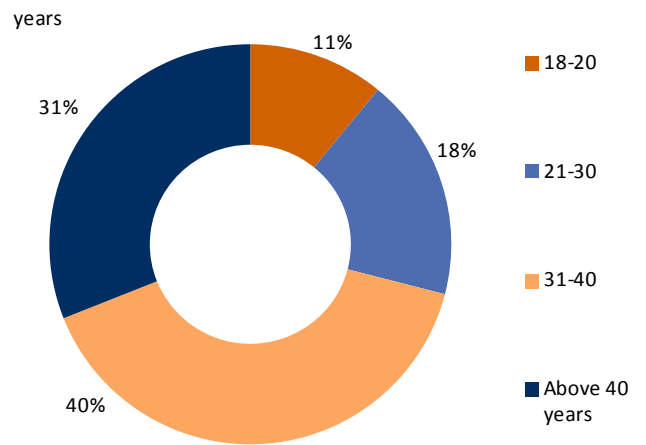


Source: Company, India Infoline Research

Age-wise consumption of food

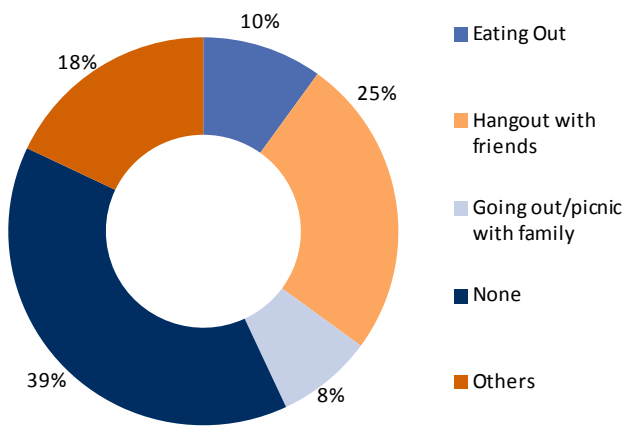


Age group profile of people eating out

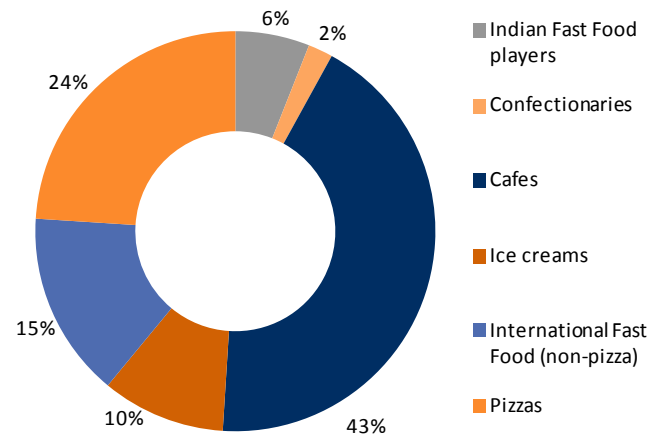


Source: Grant Thornton, India Infoline Research

Favorite outdoor entertainment activity

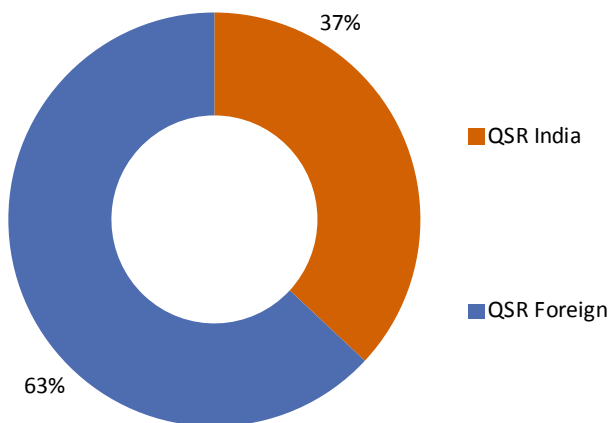


Outlets Composition in India

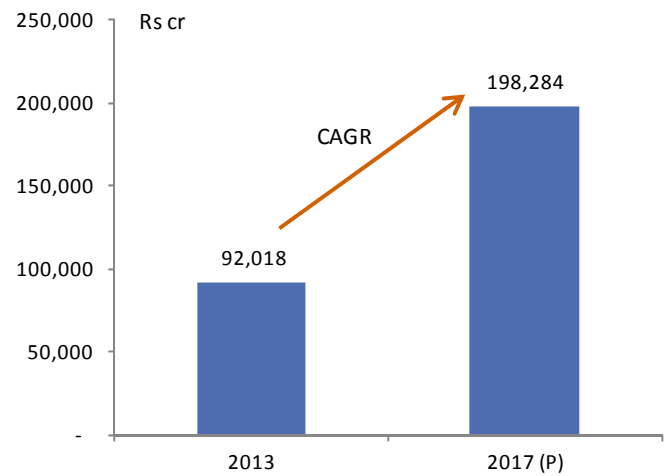


Source: Grant Thornton, India Infoline Research

Market break-up - QSR

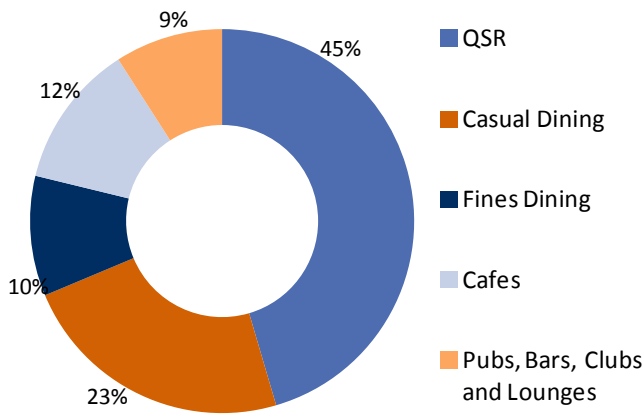


Market size of QSR



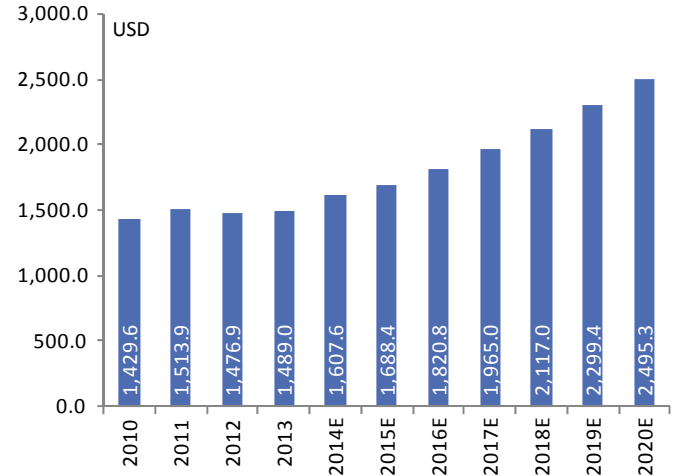
Source: Grant Thornton, India Infoline Research

QSR has the highest proportion in organized market



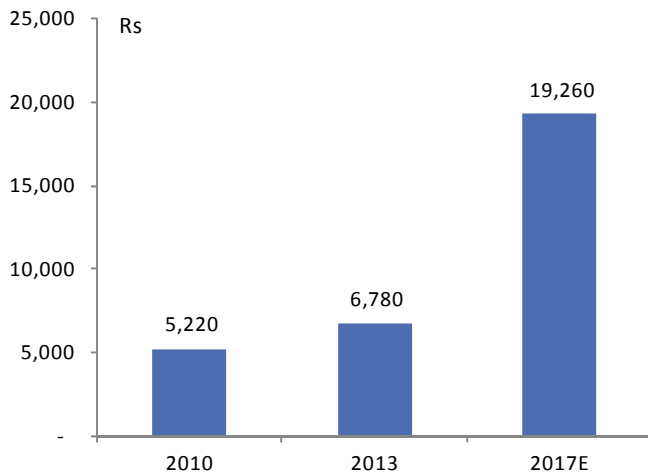
Source: Grand Thornton, India Infoline Research

Growing per capita GDP (USD)



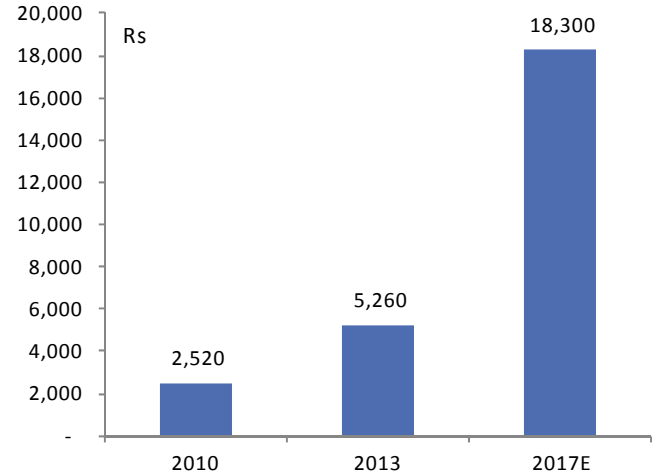
Source: IMF, India Infoline Research

Monthly household spending in Tier I

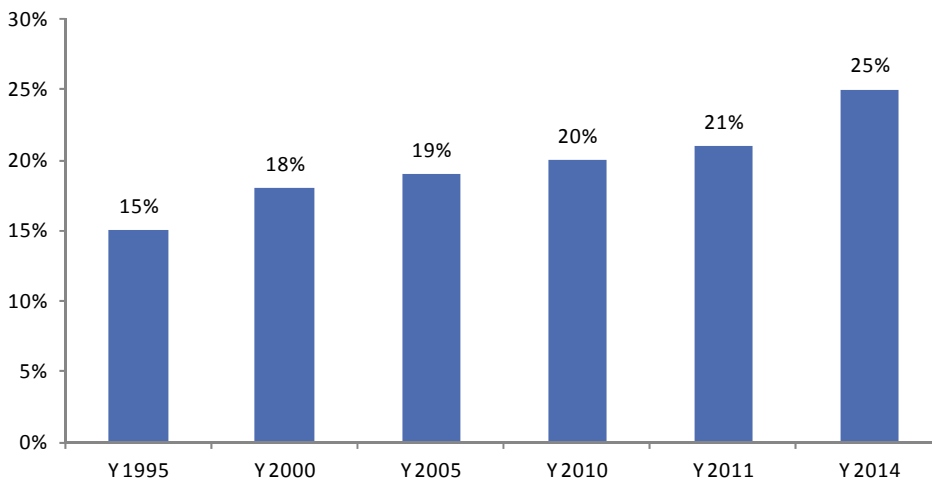


Source: Industry, India Infoline Research

Monthly household spending in Tier 2



Rise in Indian Working Women Population



Source: MOSPI, Grant Thornton, India Infoline Research

Supply drivers

Economic liberalisation

With economic liberalization in the early 1990s, barriers to doing business were either removed or minimised. Economic reforms helped India attract investments in the sector from foreign companies wanting to enter the Indian market and also from private equity firms.

Infrastructure development

As an offshoot of the growth in this sector, third party logistics providers, which transport the produce and food products from source to destination have also emerged.

Contract cultivation

Companies are signing contracts with farmers to grow a specific crop and providing guarantees to buy the produce at an agreed price; this has emerged as a preferred way to source agricultural produce. Take the case of potatoes. McCain Foods, which supplies McDonald's, has 400 farmers cultivating 2,000 acres of potato fields in Gujarat under contract. Pepsi Foods has over 2,000 farmers on contract, covering 7,000 acres across Haryana, Punjab, and Uttar Pradesh.

Multiple cuisines

The foray of Indian restaurants into a variety of global cuisines is having a positive impact on the F&B sector. Customers are more willing to experiment with different cuisines because it is now easily accessible in the cities they live in, and this trend could also increase Indian consumers' frequency of eating out.

New retail formats

Emergence of new and diverse retail formats in the F&B sector have resulted in companies finding a new format for operations in the form of food courts in large format malls. These food courts offer consumers, largely a conversion of mall's footfalls, easy access to food at the time of shopping and entertainment and also provide a choice of multiple cuisines.

Urban growth to remain strong

With lower monsoon for two consecutive years, rural growth had taken a backseat. The current government is becoming more aggressive in industrial progress, government spending, urban development and employment creation. The urban growth will take centre stage for the coming years. As per PWC, the urban population in India is currently around 31% of the total population and contributes over 60% of the country's gross domestic product (GDP). This contribution is only likely to increase over time as India rides high on the economic growth wave. With an urban population of 31%, India is at a point of transition where the pace of urbanisation will accelerate. India, currently, has over 360mn people living in cities. By 2030, this number is estimated to grow to 590mn (almost twice the population of present-day United States).

The food industry has major footprints in the urban geographies and hence, urban development plays a pivotal role in the growth prospects. JUBI is the master chef in the QSR industry, and we believe with urban upswing, it is positioned to reap the maximum gains.

With urban slowdown during H2FY14 and H1FY15, the company had posted negative SSSG. However, with the new government in formation and increasing focus in the urban cycle revival, the company had started posting positive SSSG in H2FY15 and H1FY16. We believe, the company will continue to maintain the momentum with the urban recovery and SSSG would remain positive in the midst of economic revival.

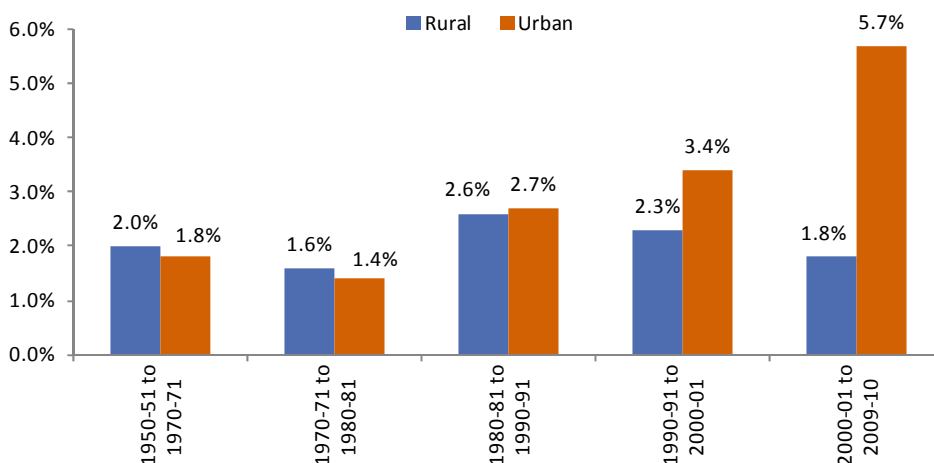
As GDP growth outlook improves over the next few quarters, we expect there to be a pick-up in discretionary spends with packaged food as one of the key beneficiaries of this improvement. We expect urban consumer demand to pick up quicker than rural demand and as JUBI over-indexes in the urban areas, we expect this to drive both top-line growth as well as provide improvement in margins.

Urban growth outpace rural growth

FMCG	Volume Growth (%)	
	July13'-Sept13' v/s July12'-Sept12'	July14'-Sept14' v/s July13'-Sep13'
Urban	2	2
Rural	-1	-4
Value Growth (%)		
Urban	2	7
Rural	3	3

Source: IMRB, India Infoline Research

Urban GDP contribution to rise 70%-75% by 2020



Source: PWC, India Infoline Research

Financial Analysis

Revenue expected to witness a 23.3% CAGR over FY15-FY18E

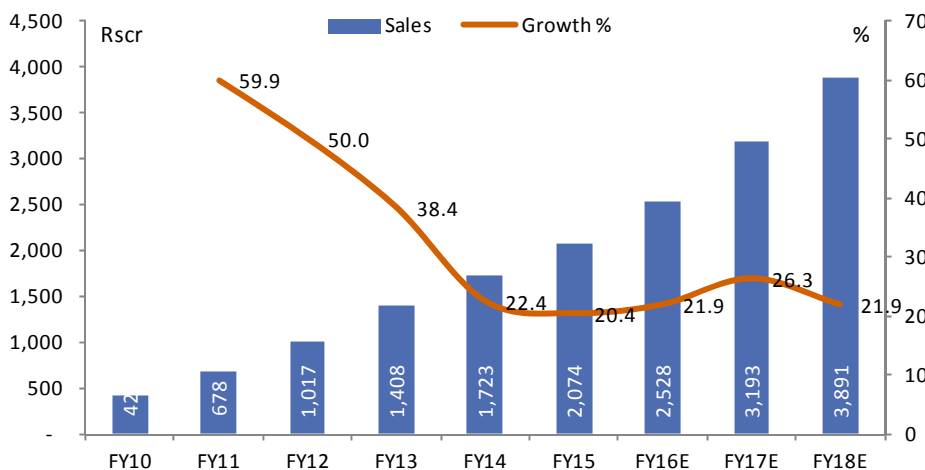
JUBI is the master franchisee for 'Domino's' brand in India, Nepal, Bangladesh and Sri Lanka. The company is also developing donut business with Dunkin's franchise in the domestic market. As on Q2FY16, the company had added 39 more stores to take the store count to 950 and reach 216 cities from 208 cities. Even under Dunkin, the company had opened 7 new stores in Q2FY16. The total count of the stores stood at 67 and is present in 23 cities.

Donut is still in a nascent stage in India. Hence, pizza will continue to remain a key driver for the company. JUBI is undoubtedly a market leader with 72% market share in the domestic organized pizza delivery market.

The revenue/EBITDA/PAT had grown at a CAGR of 42%/40.3%/39.9% over FY10-FY14 on the back of robust SSSG, store expansion and operating leverage in the business. However, in FY15, the company reported a modest growth due to slowdown in the SSSG.

We believe that QSR formats and pizza category is still under-penetrated in India, which provides ample amount of sustained growth in ensuing years. We believe that the company, which is busy expanding its store network despite weak SSSG, will be in a much better position to en-cash the revival in urban cycle. Hence, we believe, growth will come from new stores and sweating out of existing stores. We expect the company to add 150/150/155 stores in FY16E/FY17E/FY18E, respectively. The total store count will increase from 950 to 1,331 stores by FY18E. We also expect JUBI to report 5.5%/8%/10% SSSG in FY16E/FY17E/FY18E, on the back of expected cyclical revival in urban discretionary spending. Hence, we believe JUBI to report revenue CAGR of 23.3% over FY15-FY18E. We believe that JUBI would achieve revenue growth of 21.9%/26.3%/21.9% to Rs2,528cr/Rs3,193cr/Rs3,891cr, in FY16E/FY17E/FY18E, respectively.

Revenue to witness a CAGR of 23.3% over FY15-FY18E



Source: Company, India Infoline Research

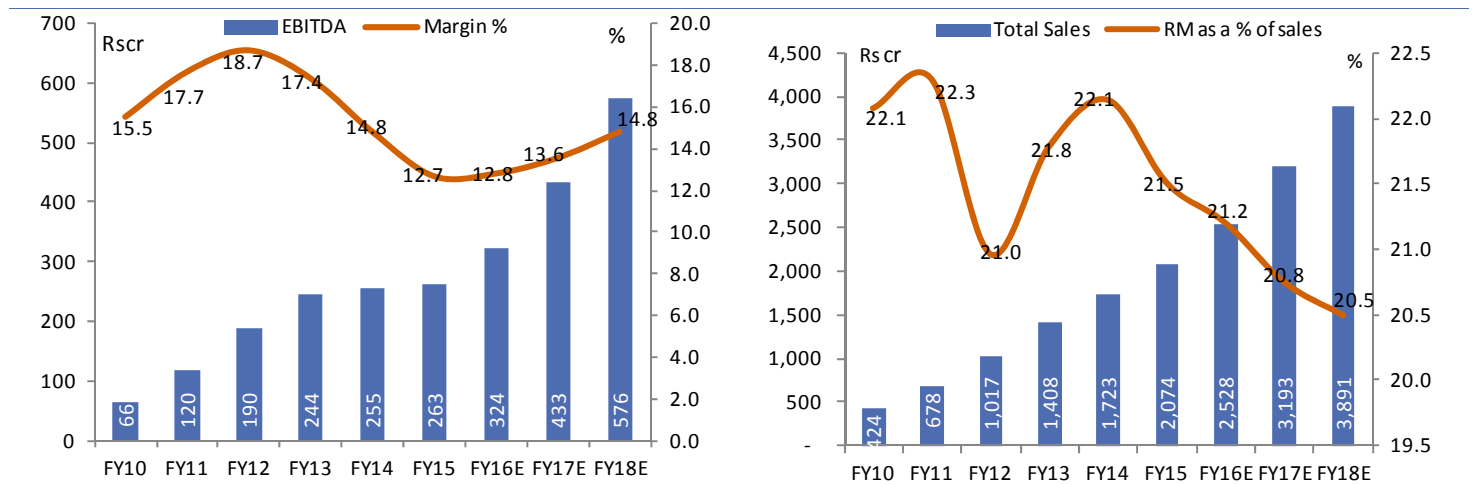
Operating margin to expand by 213bps over FY15-FY18E with SSSG revival

We like the JUBI business model on the back of its ability to enjoy operating leverage with improvement in operating margins and return ratios in the long run. Further, the company will witness a sustained growth in business volumes on the back of pick-up in urban revival cycle. JUBI had done an EBITDA margin of 18.7%/17.4% in FY12/FY13, respectively. However, JUBI’s EBITDA margins shrunk in FY14 and FY15 to 14.8% and 12.7% on the back of rise in pressure on SSSG, which affected operating margins.

With weak consumer sentiment and less spending power, the company reported a negative SSSG in 2HFY14 and 1HFY15. However, the company recorded positive SSSG in H2FY15 after a period of 12 months and continues to post positive SSSG compared to its peers (Westlife Development and Yum) which are still struggling. With positive SSSG, we believe operating efficiency would improve going ahead. We expect JUBI to close FY16 and FY17 with mid to high single digit SSSG and 10% SSSG in FY18E.

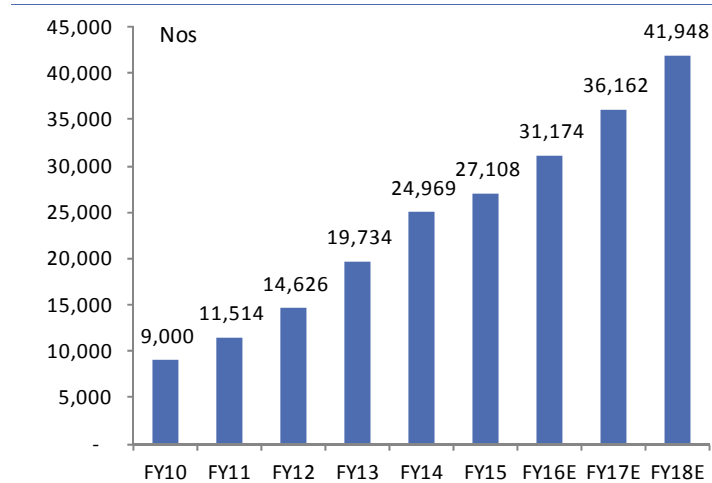
In addition, with improving operational efficiency and higher revenue growth over FY15-FY18E, we expect improvement in operating margins by 213bps to 14.8% in FY18E.

Operating margin to improve 213bps to 14.8% over FY15-FY18E **Raw-material as a % of sales to decline**

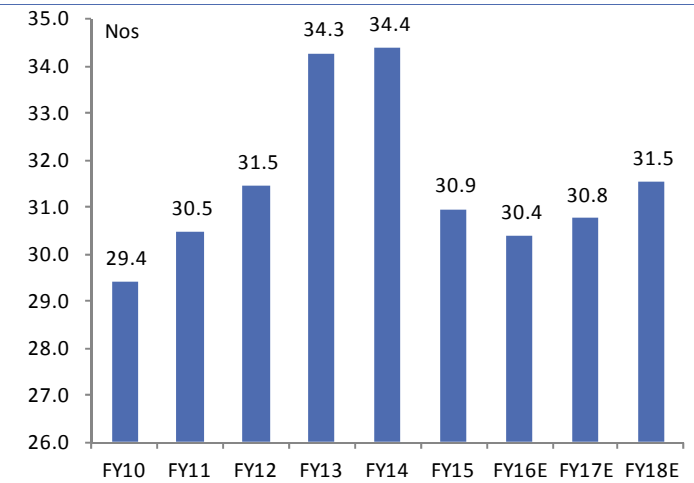


Source: Company, India Infoline Research

Employee Strength

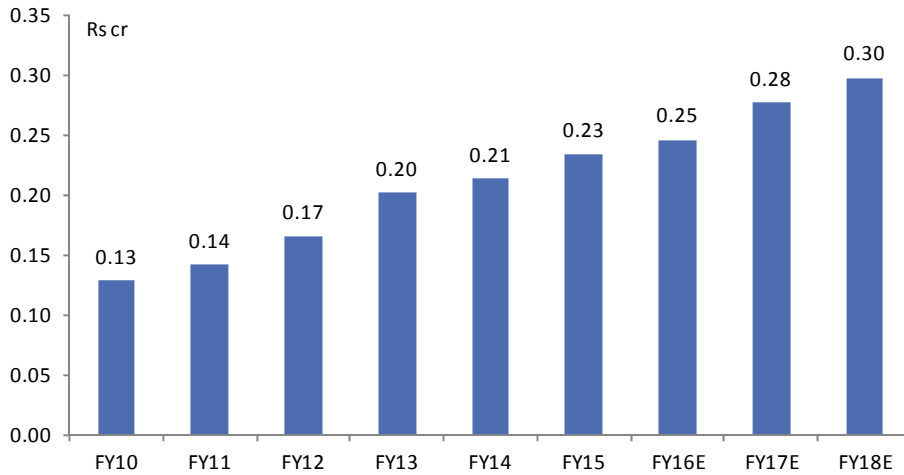


Employee per store



Source: Company, India Infoline Research

Rent per store

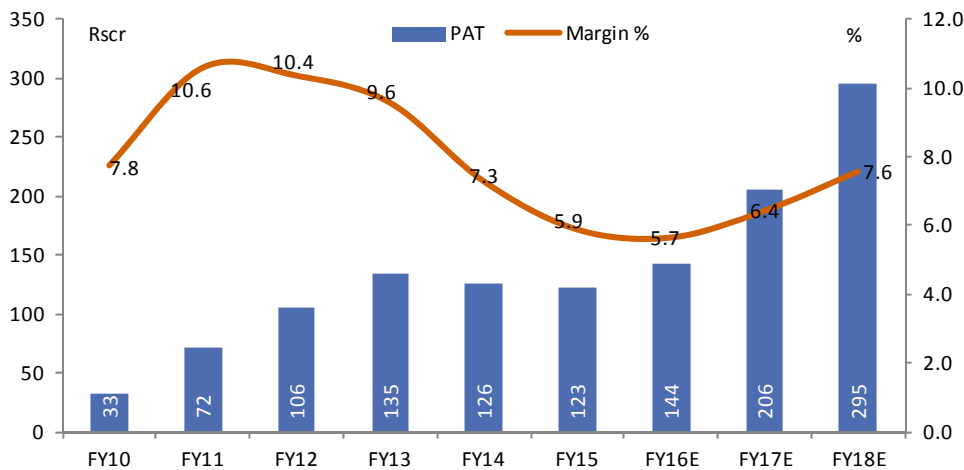


Source: Company, India Infoline Research

APAT to grow at 34% CAGR over FY15-18E

Because of strong operational efficiency and lower growth in depreciation cost, the company reported an APAT CAGR of 60% over FY10-FY13 from Rs33cr to Rs135cr. However, the growth momentum was lost in FY14 onwards and company reported APAT of Rs126cr in FY14 and Rs123cr in FY15 on the back of poor SSSG. Now, with better SSSG revival, higher revenue growth and improved operating margins, we expect APAT to register a CAGR of 34% over FY15-FY18E to Rs295cr in FY18E. Hence, we expect EPS of Rs21.9/share, Rs31.4/share and Rs45.1/share for FY16E, FY17E and FY18E, respectively.

APAT to grow 34% CAGR over FY15-FY18E led by operational efficiency



Source: Company, India Infoline Research

Key concerns

- a) **Delay in economic recovery:** The consumption in QSR industry is by and large dependent upon the increase in disposable income, which is the resultant of economic growth. Our thesis, based on JUBI is the revival in the economic growth. Though the company had been able to maintain the bottom-line growth, the top-line and SSSG is marred by the economic slowdown. Hence, any substantial delay in the economic improvement and GDP growth revival will adversely affect the anticipated growth potential and can dampen our estimates.
- b) **Aggressively expansion of store network:** Our margin improvement is based on the store expansion expectation. If for any reason, the company slows down in opening of stores, it will take longer time for margin expansion.
- c) **Slower acceptance of Dunkin Donuts:** The concept of donuts is still in an infant stage in India. Any slowdown in the consumer acceptance will impact the growth potential.
- d) **Health factor:** The consumers off-late have become more health conscious. To combat this, the company has already launched wheat base thin crust pizza to cater to the health conscious consumers. Nevertheless, the penetration of QSR is one of the lowest in India (per capita consumption of pizza is just 4 times a year). We feel that health related factors are unlikely to pose any concerns for at least few years.
- e) Inability to sustain infrastructure and trained manpower support required to keep pace with the expansion strategy.
- f) Growing competition from peer companies like McDonalds, Pizza Hut, KFC, etc.

Company Background

Domino's Pizza India (DPI), since its inception, has completely revolutionised the organised pizza market in India. With its overwhelming focus on consumer centricity, the brand has successfully resonated with people across all age segments and regions - be it metros or smaller cities. In the chained pizza market, moving from strength to strength, the Company has increased its market share from ~70% in CY2013 to ~72% in CY2014 for its Domino's brand. (As per Euromonitor Consumer Food Services Report 2015).

Jubilant Foodworks or JUBI is the largest player in the organized pizza market with 70%+ market share. It is the exclusive franchisee for Domino's Pizza for India, Sri Lanka, Bangladesh and Nepal geographies (valid until 2024). The company has 950+ stores spread across 216+ cities in India. Jubilant also owns the franchise to operate Dunkin' Donuts' stores in India. Currently, it has 67+ stores in North India (NCR region).

Financials

Income statement

Y/E Mar (Rs cr)	FY15	FY16E	FY17E	FY18E
Revenue incl OI	2,074	2,528	3,193	3,891
Operating profit	263	324	433	576
Depreciation	(98)	(127)	(149)	(166)
Interest expense	-	-	-	-
Other income	7	10	13	16
Extraordinary income	0	0	0	0
Profit before tax	172	206	296	425
Taxes	(49)	(63)	(90)	(130)
Exceptional	0	0	0	0
Net profit	123	144	206	295

Balance sheet

Y/E Mar (Rs cr)	FY15	FY16E	FY17E	FY18E
Equity capital	66	66	66	66
Reserves	606	726	905	1,170
Net worth	671	792	971	1,236
Minority Intt	0	0	0	0
Debt	13	13	0	0
Def.tax liability	56	81	116	167
Total liabilities	740	885	1,087	1,403

Net Fixed assets	716	807	877	883
CWIP	18	19	22	25
Investments	130	180	240	280
Net working capital	(155)	(187)	(233)	(279)
Inventories	42	55	69	83
Sundry debtors	12	14	18	22
Other current assets	145	177	223	272
Sundry creditors	(240)	(294)	(368)	(442)
Other curr lib & Prov	(114)	(139)	(176)	(214)
Cash	30	65	180	493
Total assets	740	885	1,087	1,403

Cash flow statement

Y/E Mar (Rs cr)	FY15	FY16E	FY17E	FY18E
Profit before tax	172	206	296	425
Depreciation	98	127	149	166
Tax paid	(49)	(63)	(90)	(130)
Working capital Δ	66	32	47	46
Operating cash flow	287	302	402	508
Capital expenditure	(286)	(219)	(222)	(175)
Free cash flow	1	83	179	333
Equity raised	216	337	405	473
Investments	(2)	(50)	(60)	(40)
Debt fin/disposal	4	-	(13)	-
Dividends paid	(231)	(360)	(432)	(504)
Other items	19	25	36	51
Net Δ in cash	8	35	115	313

Source: Company, India Infoline Research

Key ratios

Y/E Mar	FY15	FY16E	FY17E	FY18E
Growth matrix (%)				
Revenue growth	20.4	21.9	26.3	21.9
Op profit growth	3.0	23.1	33.7	33.1
EBIT growth	(8.3)	20.0	43.5	43.5
Net profit growth	(2.7)	17.0	43.5	43.5

Profitability ratios (%)

OPM	12.7	12.8	13.6	14.8
EBIT margin	8.3	8.2	9.3	10.9
Net profit margin	5.9	5.7	6.4	7.6
RoCE	25.5	25.4	30.0	34.1
RoE	19.9	19.6	23.4	26.8
RoA	12.5	11.9	14.0	16.0

Per share ratios

EPS	18.7	21.9	31.4	45.1
Dividend per share	29.3	45.7	54.9	64.0
Cash EPS	33.7	41.3	54.1	70.4
Book value per share	102.4	120.7	148.1	188.4

Valuation ratios (x)

P/E	76.6	65.5	45.6	31.8
P/CEPS	42.6	34.7	26.5	20.4
P/B	14.0	11.9	9.7	7.6
EV/EBIDTA	35.7	28.9	21.3	15.5

Payout (%)

Dividend payout	188.3	250.8	209.7	170.5
Tax payout	28.7	30.5	30.5	30.5

Liquidity ratios

Debtor days	2	2	2	2
Inventory days	9	9	9	9
Creditor days	48	49	49	49

Leverage ratios

Interest coverage	-	-	-	-
Net debt / equity	(0.0)	(0.1)	(0.2)	(0.4)
Net debt / op. profit	(0.1)	(0.2)	(0.4)	(0.9)

Du-Pont Analysis

Y/E Mar (Rs cr)	FY15	FY16E	FY17E	FY18E
Tax burden (x)	0.71	0.70	0.70	0.70
Interest burden (x)	1.00	1.00	1.00	1.00
EBIT margin (x)	0.08	0.08	0.09	0.11
Asset turnover (x)	2.11	2.10	2.17	2.11
Financial leverage (x)	1.59	1.65	1.67	1.67
RoE (%)	19.9	19.6	23.4	26.8

Source: Company, India Infoline Research

'Best Broker of the Year' – by Zee Business for contribution to broking

Nirmal Jain, Chairman, IIFL, received the award for The Best Broker of the Year (for contribution to broking in India) at India's Best Market Analyst Awards 2014 organised by the Zee Business in Mumbai. The award was presented by the guest of Honour Amit Shah, president of the Bharatiya Janata Party and Piyush Goel, Minister of state with independent charge for power, coal new and renewable energy.

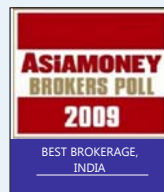
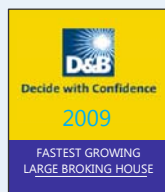
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Other awards



Recommendation parameters for fundamental reports:

Buy – Absolute return of over +15%

Accumulate – Absolute return between 0% to +15%

Reduce – Absolute return between 0% to -10%

Sell – Absolute return below -10%

Call Failure - In case of a Buy report, if the stock falls 20% below the recommended price on a closing basis, unless otherwise specified by the analyst; or, in case of a Sell report, if the stock rises 20% above the recommended price on a closing basis, unless otherwise specified by the analyst

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