

Devyani International | BUY

Operationally ahead of estimates despite muted SSSG

Devyani reported 11% revenue growth YoY led by 12% YoY growth in the India business and own brands growing 2.3x YoY (aided by consolidation of Sky Gate). Growth in core brands KFC and PH was led by store additions, and SSSG/ADS remained negative. However, in January, SSSG was positive for all brands barring PH. Management highlighted that the initial focus in PH is on closing loss-making stores, and expansion would be considered after the merger with Sapphire is completed. Operational performance was ahead of expectations primarily on account of (1) better-than-expected GM expansion, (2) Sky Gate turning EBITDA-breakeven ahead of time and (3) better-than-expected operational performance in the international business despite steady growth. Mr Manish Dawar has been appointed as the new CEO; his first priority will be to turn around SSSG and ADS numbers, which would require multiple initiatives at various levels with technology being at the forefront. DIL is putting a new leadership team in place before the merger gets consummated, after which it will announce the new strategic roadmap. Given that the road to recovery could be a bit longer vs. expectation, we are cutting our FY26-28 pre-Ind AS EBITDA estimates by ~7-9%, leading to a reduction in our TP to INR 175 from INR 180, based on 27x EV/EBITDA pre-Ind AS 116 (vs. 28x earlier), offsetting the roll-over to Dec'27. We maintain BUY as we believe management efforts are gradually starting to bear fruit and benefits could accelerate once overall demand recovery sets in.

- **Operational beat on better-than-expected gross margin:** Consolidated revenue grew 11% YoY to INR 14.4bn (2% miss), while EBITDA growth was restricted to 8% to INR 2.3bn (9% beat JMFe) as margin contracted ~40bps YoY to 15.8% (JMFe: 14.2%) due to ~50/10bps YoY higher employee cost/other expense despite gross margin (GM) expanding 20bps YoY to 68.9% (JMFe: 68.7%). Excluding Sky Gate, GM improved by ~70bps YoY. Reported APAT of INR 35mn (JMFe: loss of INR 84mn) was led by 5%/14% YoY growth in interest/ depreciation expense partially offset by 36% YoY higher other income. Consolidated brand EBITDA expansion was restricted to 8% YoY to INR 2bn as margin contracted by ~40bps YoY to 13.9%. Pre-Ind AS EBITDA fell 5% YoY to INR 1.2mn as margin shrank ~150bps YoY to 8.6% led by 40% YoY higher corporate overheads to INR 764mn (higher by ~110bps YoY as 5.3% of sales).
- **SSSG remains weak for Q3FY26; green shoots visible in Jan'26:** KFC revenue grew 6 % YoY to INR 6bn (2% below JMFe) with brand margin at 16.8% (down ~40bps YoY; JMFe: 16%) as GM expanded 120bps YoY to 69.8 %; it added 54 stores QoQ. **Pizza Hut (PH)** revenue fell 6% YoY to INR 1.8bn (5% below JMFe) with brand margin at 0.8% (down ~130bps YoY; JMFe: 0.5%) as GM contracted ~20bps YoY to 76%; it added 18 stores QoQ. Management has guided that there will be no net store addition for PH as focus is on closing unprofitable stores. **Franchise brands** revenue grew 9% YoY to INR 563mn (15% ahead JMFe) with brand contribution margin down ~110bps YoY at 15.7% (JMFe: 12.5%) despite GM expansion of ~20bps YoY to 75.7%; it closed 13 stores QoQ. **KFC/ PH SSSG** were 2.9/9.1%. **ADS** for **KFC/PH** fell 6/11% YoY and rose +4% YoY for Costa Coffee. Management noted that SSSG turned positive in January in all brands except PH. **International** revenue grew 10% YoY to ~INR 4.7bn (4% miss) with brand contribution margin at 17.1% (up ~50bps YoY; JMFe: 17%).



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	175
Upside/(Downside)	42.0%
Previous Price Target	180
Change	-2.8%

Key Data – DEVYANI IN

Current Market Price	INR123
Market cap (bn)	INR152.0/US\$1.7
Free Float	39%
Shares in issue (mn)	1,206.3
Diluted share (mn)	1,232.9
3-mon avg daily val (mn)	INR516.4/US\$5.7
52-week range	191/110
Sensex/Nifty	83,818/25,776
INR/US\$	90.4

Price Performance

%	1M	6M	12M
Absolute	-16.8	-24.8	-32.6
Relative*	-14.8	-27.3	-36.8

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	35,563	49,511	56,039	65,626	77,133
Sales Growth (%)	18.6	39.2	12.5	17.1	17.5
EBITDA	6,524	8,422	8,380	11,590	14,766
EBITDA Margin (%)	18.3	17.0	15.1	17.8	19.3
Adjusted Net Profit	473	91	-343	1,479	3,286
Diluted EPS (INR)	0.4	0.1	-0.3	1.2	2.7
Diluted EPS Growth (%)	-82.2	-80.6	0.0	0.0	122.2
ROIC (%)	15.7	7.2	7.4	15.3	23.6
ROE (%)	4.7	0.9	-3.2	12.9	25.2
P/E (x)	313.8	1,621.7	-442.2	102.5	46.2
P/B (x)	14.0	13.6	14.1	12.4	10.9
EV/EBITDA (x)	24.3	18.8	19.0	13.6	10.5
Dividend Yield (%)	0.0	0.0	0.0	0.0	1.1

Source: Company data, JM Financial. Note: Valuations as of 04/Feb/2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Quarterly consolidated performance (INR mn)

	Quarterly			Chg (%)		Q3FY26E		Reported		Chg (%)
	Q3FY25	Q2FY26	Q3FY26	YoY	QoQ	JMe	Chg (%)	9MFY25	9MFY26	YoY
Net operating income	12,944	13,768	14,409	11	5	14,674	(2)	37,385	41,746	12
Material cost	(4,052)	(4,438)	(4,481)	11	1	(4,589)	(2)	(11,569)	(13,237)	14
Gross profit	8,892	9,329	9,928	12	6	10,085	(2)	25,816	28,510	10
Employee costs	(1,882)	(2,017)	(2,175)	16	8	(2,250)	(3)	(5,398)	(6,203)	15
Other Expenses	(4,907)	(5,421)	(5,475)	12	1	(5,750)	(5)	(14,093)	(16,088)	14
EBITDA	2,103	1,892	2,278	8	20	2,085	9	6,325	6,219	(2)
Other income	91	51	123	36	140	130	(5)	238	310	30
Interest expense	(670)	(688)	(700)	5	2	(710)	(1)	(1,953)	(2,056)	5
D&A	(1,468)	(1,552)	(1,666)	14	7	(1,640)	2	(4,181)	(4,715)	13
PBT	56	(297)	35	NM	NM	(135)	NM	429	(243)	NM
Provision for taxes	(162)	52	(5)	NM	NM	31	NM	(253)	42	NM
PAT	(105)	(245)	30	NM	NM	(104)	NM	176	(201)	NM
Minority interest and JV	(71)	(19)	(5)	NM	NM	(20)	NM	(197)	(36)	NM
PAT after MI before EO items	(35)	(226)	35	NM	NM	(84)	NM	373	(164)	NM
Exceptional Items	30	7	(139)			15		(76)	(121)	
PAT after EO items	(5)	(219)	(104)	NM	NM	(69)	NM	296	(286)	NM
Recurring EPS	(0.1)	(0.2)	0.0	NM	NM	(0.1)	NM	0.1	(0.2)	NM
% of net operating revenues										
Gross margin (%)	68.7	67.8	68.9	20 bps	113 bps	68.7	17 bps	69.1	68.3	-77 bps
EBITDA margin (%)	16.2	13.7	15.8	-44 bps	206 bps	14.2	159 bps	16.9	14.9	-203 bps
Material cost	31.3	32.2	31.1	-21 bps	-114 bps	31.3	-18 bps	30.9	31.7	76 bps
Employee cost	14.5	14.6	15.1	55 bps	44 bps	15.3	-24 bps	14.4	14.9	41 bps
Other expenditure	37.9	39.4	38.0	8 bps	-138 bps	39.2	-119 bps	37.7	38.5	83 bps
Income tax rate (% of PBT)	286.8	17.5	13.2	NA	NA	23.0	-977 bps	58.9	17.4	-4157 bps
Segmental Performance										
KFC	5,698	5,723	6,032	6	5	6,171	(2)	20,437	21,787	7
Pizza Hut	1,902	1,860	1,781	(6)	(4)	1,873	(5)	7,092	7,322	3
Costa Coffee	517	514	563	9	10	489	15	1,518	1,985	31
International	4,300	4,495	4,734	10	5	4,936	(4)	4,436	16,335	268
Brand Contribution										
KFC	981	807	1,013	3	26	987	3	4,008	3,797	(5)
Pizza Hut	40	(4)	14	(64)	(483)	9	52	508	201	(60)
Costa coffee and franchisee brands	87	54	88	2	64	61	45	258	319	24
International	714	749	810	13	8	839	(3)	603	2,600	331
Brand Contribution Margin										
KFC	17.2	14.1	16.8	-42 bps	270 bps	16.0	79 bps	19.6	17.4	-219 bps
Pizza Hut	2.1	(0.2)	0.8	-131 bps	100 bps	0.5	30 bps	7.2	2.7	-442 bps
Costa coffee and franchisee brands	16.8	10.5	15.7	-113 bps	520 bps	12.5	320 bps	17.0	16.1	-93 bps
International	16.6	16.7	17.1	50 bps	44 bps	17.0	11 bps	13.6	15.9	232 bps

Source: Company, JM Financial

Exhibit 2. We cut our pre-Ind AS EBITDA estimates by 7-9% over FY26-28E owing to elongated road to demand recovery

	FY26E			FY27E			FY28E		
	Revised	Earlier	Chng (%)	Revised	Earlier	Chng (%)	Revised	Earlier	Chng (%)
Revenues (INR mn)	55,669	56,462	-1.4	65,219	67,767	-3.8	76,685	79,728	-3.8
EBITDA (INR mn)	8,380	8,360	0	11,590	11,546	0	14,766	14,712	0
EBITDA (%)	15.1	14.8	24bps	17.8	17.0	73bps	19.3	18.5	80bps
PAT (INR mn)	-233	-210	11	1,479	1,493	-1	3,286	3,009	9
EPS (INR)	-0.2	-0.2	11	1.2	1.2	-1	2.7	2.4	9
Pre-Ind AS-116									
EBITDA (INR mn)	4,082	4,469	-9	6,363	6,936	-8	8,836	9,480	-7
EBITDA (%)	7.3	7.9	-59bps	9.8	10.2	-48bps	11.5	11.9	-37bps
PAT (INR mn)	92	452	-80	1,544	2,219	-30	3,276	3,776	-13
EPS (INR)	0.1	0.4	-80	1.3	1.8	-30	2.7	3.1	-13

Source: Company, JM Financial

Key takeaways from the con-call

SSSG and demand commentary: Management said SSSG was positive in January in all brands except Pizza Hut. It attributed the improvement to changes in approach to promotions and different strategy for both online vs. offline mix. However, management also highlighted that it was too early to conclude that this would sustain on the basis of just a month's performance.

KFC:

- Focus has shifted toward a clear differentiation between online and offline strategies, including how promotions, pricing and innovation are deployed across channels.
- Select experiments on deals, channel mix and promotions were undertaken; early impact was seen in January, though management cautioned against extrapolating from a single month.
- Brand contribution margin dipped ~40bps YoY due to impact of deleverage from lower ADS and higher delivery mix.
- Management reiterated SSSG recovery remains a priority, alongside improving contribution margins at lower ADS than earlier benchmarks.
- Management acknowledged cannibalisation from high store density given rapid expansion over the last few years. However, store additions under existing development agreements remain in place, as brand-level strategy is under review and will be discussed further with Yum! Brands.

Pizza Hut:

- Management has initiated a clean-up of loss-making stores. The decision has been taken to maintain net-neutral store count for CY26, with new openings largely offsetting closures. The strategy is centred on loss containment first, rather than aggressive turnaround expectations in the near term.
- Management indicated that full turnaround will take time, and actions are being sequenced over the next few years rather than being front-loaded.
- Management identified gaps include technology, marketing effectiveness, and innovation pipeline, which are expected to be addressed post transition of these functions from Yum! to DIL. A combined strategy for Pizza Hut with Sapphire Foods will be worked out after regulatory approvals, given current restrictions.

Franchise and own brands (India)

- Sky Gate portfolio (including BBK) has reached brand-EBITDA breakeven earlier than guided, with management focus now shifting from turnaround to measured scaling of the brand. Expansion in Sky Gate is being done within existing food court locations.
- Vaango crossing 100 stores was highlighted as a milestone, with management indicating continued focus on maintaining unit-level economics while scaling.
- Own brands are being positioned as a complementary growth lever, not a replacement for Yum!-led anchor brands. Franchise brands continue to be used as a portfolio diversification tool, with focus on contribution rather than aggressive footprint expansion.

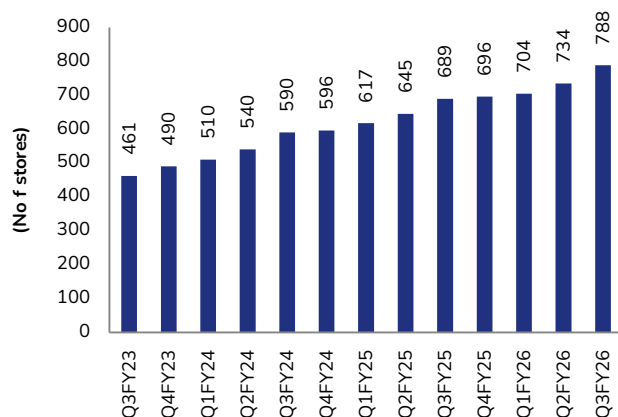
International business: Nepal and Nigeria continue to perform well operationally, though management noted their smaller base limits consolidated impact. Margin improvement and stability are key indicators for the international portfolio, rather than store-led growth. Management highlighted improving trends in January vs. Q3 averages.

Corporate overheads: Corporate G&A guidance is for ~5% of revenue on a normalised basis. Q3 overheads have been impacted by labour code implementation; there is no change to the medium-term G&A stance.

Update on merger with Sapphire Foods: Exchange approval applications have been filed; CCI filing to follow. The company gave no indication of any change to the previously communicated merger timeline. It reiterated estimated annual synergies of INR 2.1bn–2.25bn. (Refer to our [earlier note](#) for the details of merger.)

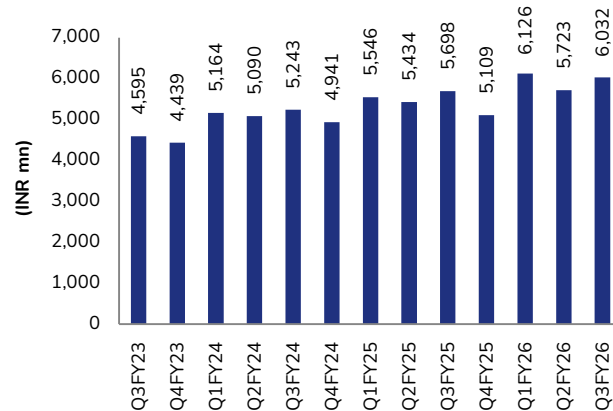
KFC

Exhibit 3. DIL added 54 KFC stores taking total to 788 stores



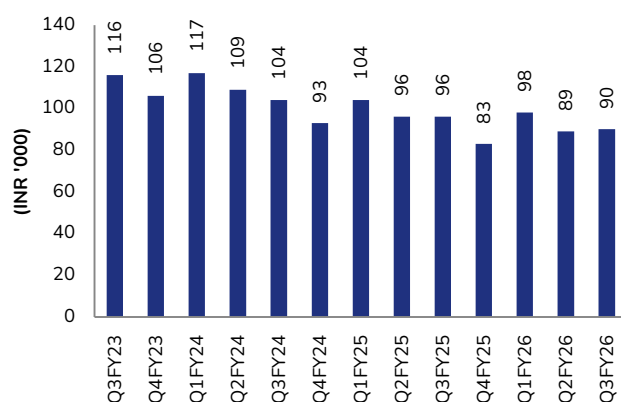
Source: Company, JM Financial

Exhibit 4. Revenue grew 6% YoY to INR 6bn

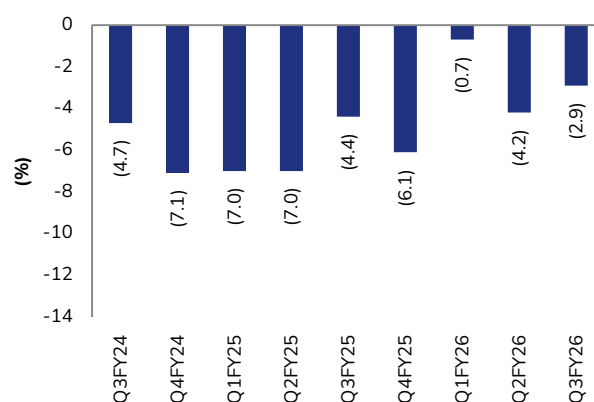


Source: Company, JM Financial

Exhibit 5. ADS fell 6% YoY to INR 90,000

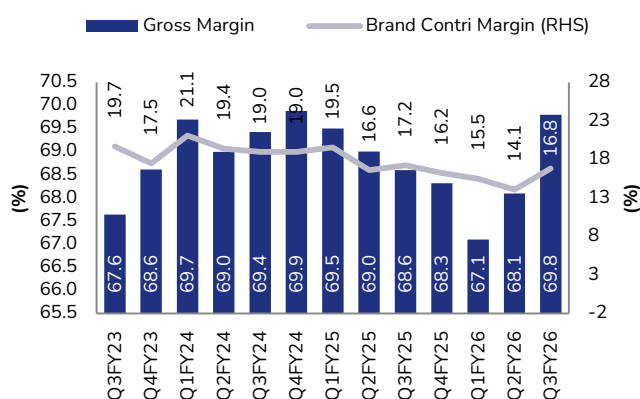


Source: Company, JM Financial

Exhibit 6. SSSG came down 2.9% YoY (11th quarter of SSSG fall)

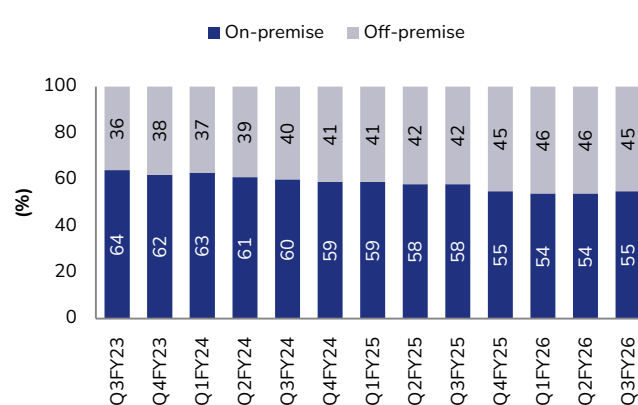
Source: Company, JM Financial

Exhibit 7. GM/ Contribution margin up~120bps/ down 40bps YoY



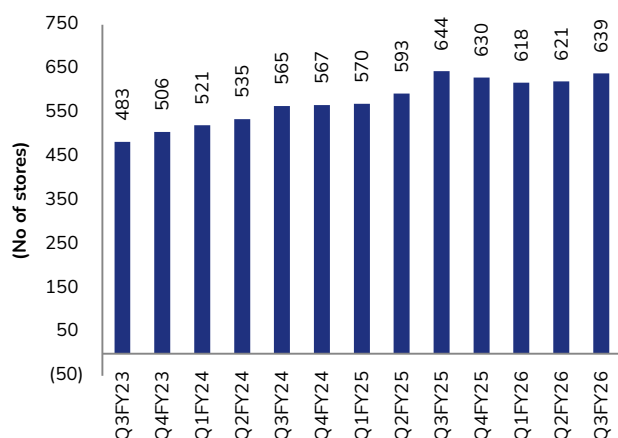
Source: Company, JM Financial

Exhibit 8. On-premises sales flat; off-premises sales up 13% YoY

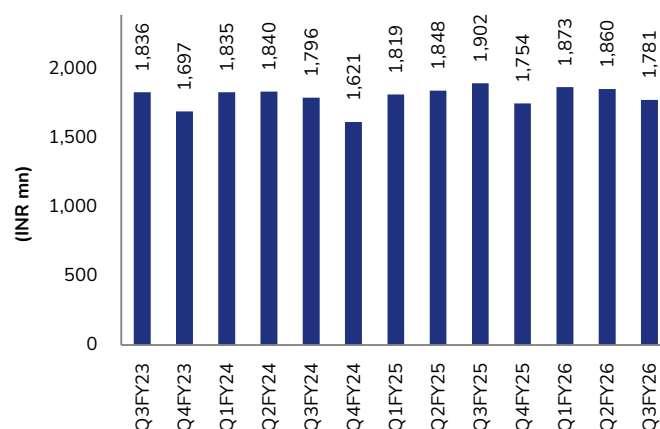


Source: Company, JM Financial

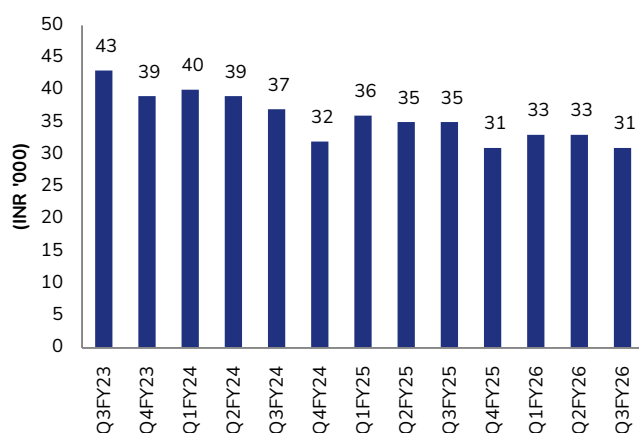
Pizza Hut

Exhibit 9. DIL added 18 Pizza Hut stores, taking total to 639


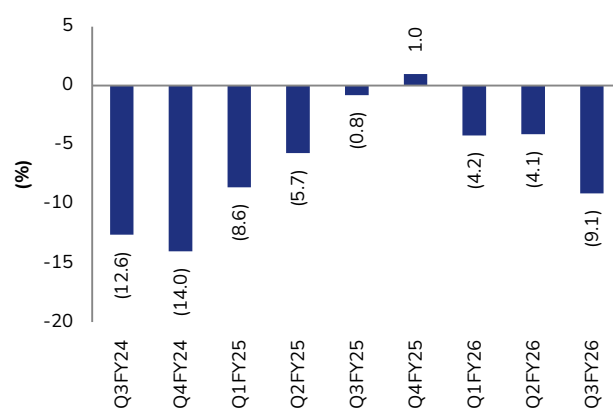
Source: Company, JM Financial

Exhibit 10. Revenue fell 6% YoY to INR 1.8bn


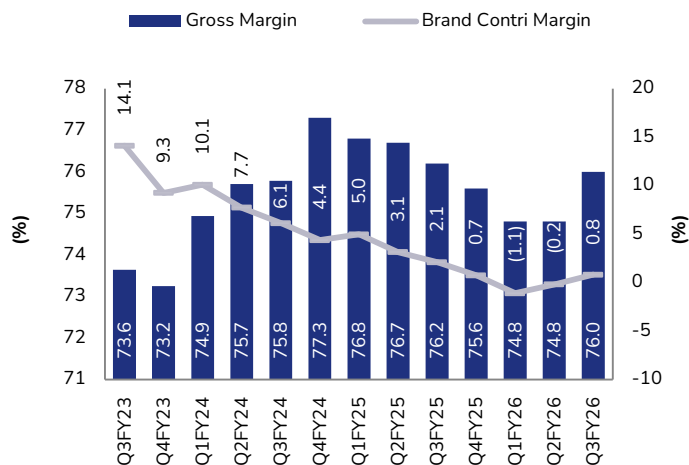
Source: Company, JM Financial

Exhibit 11. ADS dropped 11% YoY to INR 31,000


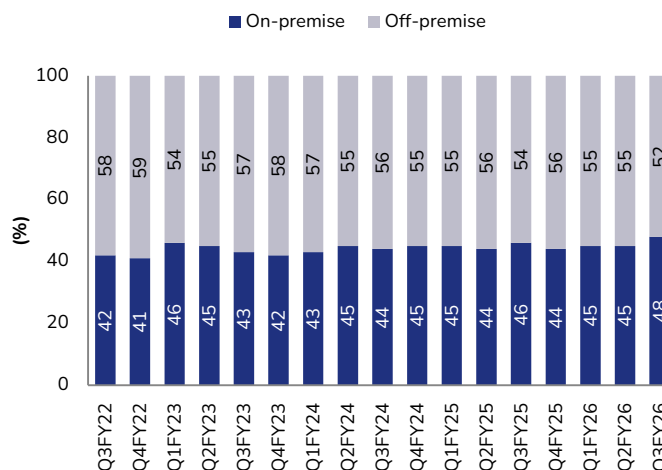
Source: Company, JM Financial

Exhibit 12. SSSG fell 9.1% YoY in 3Q


Source: Company, JM Financial

Exhibit 13. GM/brand EBITDA margin down ~20bps/130bps YoY


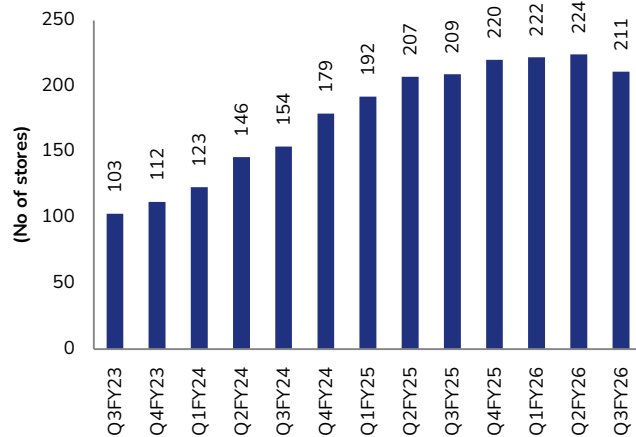
Source: Company, JM Financial

Exhibit 14. On-premises sales mix improved by 200bps YoY


Source: Company, JM Financial

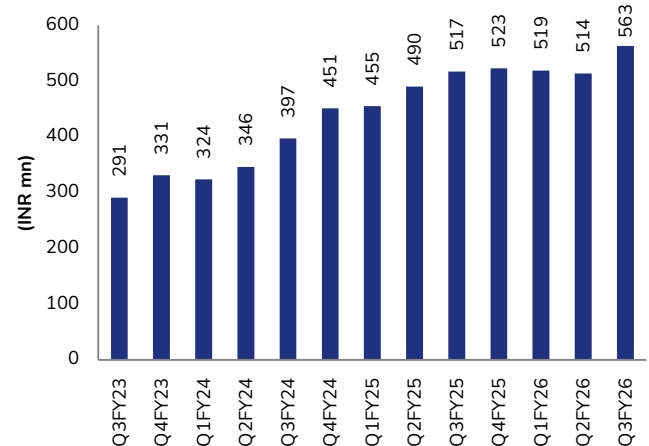
Franchise brands

Exhibit 15. DIL closed 13 franchise brands stores



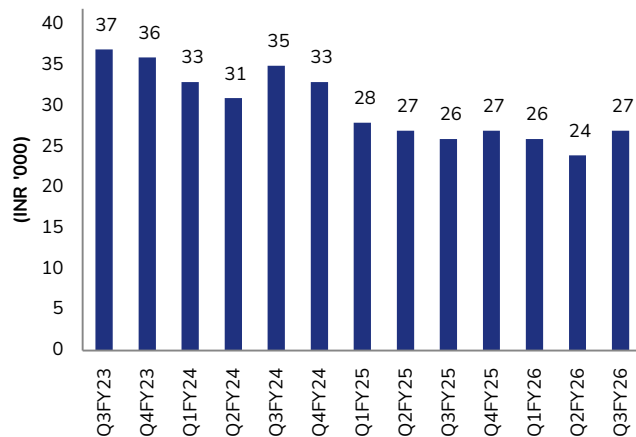
Source: Company, JM Financial

Exhibit 16. Revenue grew 9% YoY to INR 563mn



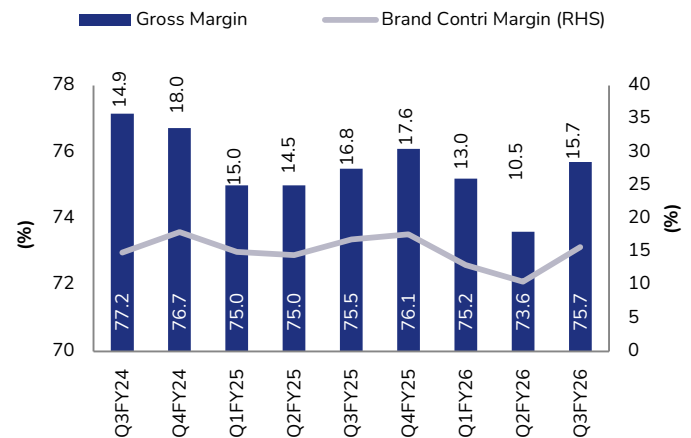
Source: Company, JM Financial

Exhibit 17. Costa Coffee ADS increased 4% YoY to INR 27,000



Source: Company, JM Financial

Exhibit 18. GM and brand margin up 20bps/ down 110bps YoY



Source: Company, JM Financial

Exhibit 19. Quarterly segmental performance

	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Store Count									
KFC	590	596	617	645	689	696	704	734	788
Pizza Hut	565	567	570	593	644	630	618	621	639
Costa Coffee	154	179	192	207	209	220	222	224	211
International									
Thailand	-	288	295	296	305	306	307	309	326
Nigeria	40	40	40	40	40	40	40	40	40
Nepal	25	25	28	28	29	29	31	33	36
Vaango + Others	78	87	94	112	116	118	223	223	239
Net Addition (QoQ)									
KFC	50	6	21	28	44	7	8	30	54
Pizza Hut	30	2	3	23	51	(14)	(12)	3	18
Costa Coffee	8	25	13	15	2	11	2	2	(13)
International									
Thailand	-	288	7	1	9	1	1	2	17
Nigeria	2	-	-	-	-	-	-	-	-
Nepal	3	-	3	-	1	-	2	2	3
Vaango + Others	1	9	7	18	4	2	105	-	16
Avg Daily Sales (INR '000)									
KFC	104	93	104	96	96	83	98	89	90
Pizza Hut	37	32	36	35	35	31	33	33	31
Costa Coffee	35	33	28	27	26	27	26	24	27
ADS Growth YoY (%)									
KFC	(10.3)	(12.3)	(11.1)	(11.9)	(7.7)	(10.8)	(5.8)	(7.3)	(6.3)
Pizza Hut	(14.0)	(17.9)	(10.0)	(10.3)	(5.4)	(3.1)	(8.3)	(5.7)	(11.4)
Costa Coffee	(5.4)	(8.3)	(15.2)	(12.9)	(25.7)	(18.2)	(7.1)	(11.1)	3.8
SSSG (%)									
KFC	(4.7)	(7.1)	(7.0)	(7.0)	(4.4)	(6.1)	(0.7)	(4.2)	(2.9)
Pizza Hut	(12.6)	(14.0)	(8.6)	(5.7)	(0.8)	1.0	(4.2)	(4.1)	(9.1)
Costa Coffee	5.9	7.3	0.6	8.7	5.1	3.5	NA	NA	NA

Source: Company, JM Financial, Note: Thailand is added in International business from Q4FY24 onwards; Note*: Company acquired the business which led to addition of 288 stores in Thailand; #Note: Addition of stores of Sky Gate Hospitality (consolidated from 10th June'25)

Exhibit 20. Quarterly financial performance

	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Revenue (INR mn)									
KFC	5,243	4,941	5,546	5,434	5,698	5,109	6,126	5,723	6,032
Pizza Hut	1,796	1,621	1,819	1,848	1,902	1,754	1,873	1,860	1,781
Franchisee Brands	397	451	455	490	517	523	519	514	563
Other India	528	503	579	584	609	626	801	1,274	1,406
International	479	2,961	3,897	3,943	4,300	4,195	4,332	4,495	4,734
Revenue growth YoY (%)									
KFC	14.1	11.3	7.4	6.8	8.7	3.4	10.5	5.3	5.9
Pizza Hut	(2.2)	(4.5)	(0.9)	0.4	5.9	8.2	3.0	0.6	(6.4)
Franchisee Brands	36.4	36.3	40.4	41.6	30.2	16.0	14.1	4.9	8.9
Other India	(7.9)	(5.8)	1.0	14.3	15.3	24.5	38.3	118.2	130.9
International	(23.0)	433.5	571.9	847.8	797.7	41.7	11.2	14.0	10.1
Gross Profit (INR mn)									
KFC	3,640	3,453	3,854	3,749	3,909	3,490	4,111	3,897	4,210
Pizza Hut	1,361	1,253	1,397	1,417	1,449	1,326	1,401	1,391	1,354
Franchisee Brands	306	346	341	368	390	398	390	378	426
Other India	370	376	444	449	468	477	585	863	953
International	277	1,816	2,482	2,566	2,754	2,692	2,844	2,879	3,071
Gross Margin (%)									
KFC	69.4	69.9	69.5	69.0	68.6	68.3	67.1	68.1	69.8
Pizza Hut	75.8	77.3	76.8	76.7	76.2	75.6	74.8	74.8	76.0
Franchisee Brands	77.2	76.7	75.0	75.0	75.5	76.1	75.2	73.6	75.7
Other India	70.0	74.8	76.7	76.8	76.8	76.1	73.1	67.7	67.8
International	57.7	61.3	63.7	65.1	64.0	64.2	65.7	64.0	64.9
Brand Contribution (INR mn)									
KFC	994	937	1,084	902	981	830	950	807	1,013
Pizza Hut	110	71	90	58	40	13	(21)	(4)	14
Franchisee Brands	59	81	68	71	87	92	67	54	88
Other India	56	32	51	(1)	28	58	57	4	78
International	77	298	577	632	714	677	724	749	810
Brand Contribution Margin (%)									
KFC	19.0	19.0	19.5	16.6	17.2	16.2	15.5	14.1	16.8
Pizza Hut	6.1	4.4	5.0	3.1	2.1	0.7	-1.1	-0.2	0.8
Franchisee Brands	14.9	18.0	15.0	14.5	16.8	17.6	13.0	10.5	15.7
Other India	10.6	6.4	8.7	-0.2	4.6	9.3	7.1	0.3	5.5
International	16.1	10.1	14.8	16.0	16.6	16.1	16.7	16.7	17.1

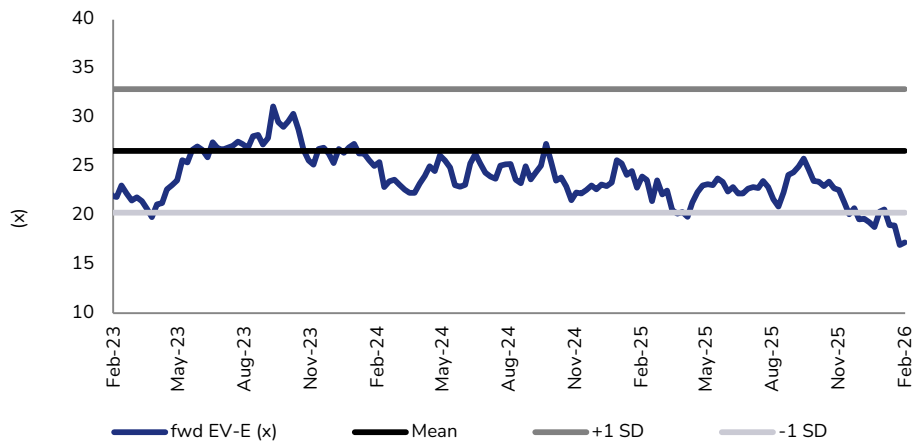
Source: Company, JM Financial, (i) Thailand is added in International business from Q4FY24 onwards, (ii) Sky gate hospitality is consolidated from 10th June'25

Exhibit 21. Segmental annual performance

INR mn	FY19	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR	
									FY19-25	FY25-28E
Revenue										
KFC	4,641	12,189	17,714	20,437	21,787	23,740	28,854	34,444	29.4	16.5
Pizza Hut	4,233	5,318	6,997	7,092	7,322	7,131	7,126	7,842	9.6	2.3
Costa Coffee	902	411	1,018	1,518	1,985	2,155	2,422	2,730	14.0	11.2
Other Domestic	2,178	1,048	2,014	2,115	2,398	4,956	7,300	10,364	1.6	62.9
International	1,104	1,902	2,271	4,436	16,335	18,057	19,924	21,753	56.7	10.0
Gross Margin										
KFC	66.0	69.3	68.3	69.5	68.9	68.5	69.3	69.8		
Pizza Hut	74.0	75.6	74.4	75.9	76.3	75.3	75.5	75.7		
Costa Coffee	76.9	80.3	79.0	76.8	75.4	75.2	75.5	75.6		
Other Domestic	71.5	77.0	69.8	72.4	76.6	68.5	69.5	71.0		
International	65.5	65.2	65.3	61.2	64.2	64.9	65.0	65.1		
Store-level EBITDA										
KFC	854	2,602	3,584	4,008	3,797	3,736	5,246	6,638	28.2	20.5
Pizza Hut	655	865	1,012	508	201	4	99	224	(17.9)	3.7
Costa Coffee	182	125	241	258	319	312	414	476	9.8	14.3
Other Domestic	(45)	133	242	142	135	238	645	1,392	NM	117.7
International	143	421	518	603	2,600	3,044	3,521	4,096	62.1	16.4
Store-level EBITDA Margin										
KFC	18.4	21.3	20.2	19.6	17.4	15.7	18.2	19.3		
Pizza Hut	15.5	16.3	14.5	7.2	2.7	0.1	1.4	2.9		
Costa Coffee	20.1	30.4	23.7	17.0	16.1	14.5	17.1	17.4		
Other Domestic	-2.1	12.7	12.0	6.7	5.6	4.8	8.8	13.4		
International	13.0	22.1	22.8	13.6	15.9	16.9	17.7	18.8		
Corporate Overheads	828	1,151	1,249	1,712	2,109	3,253	3,561	3,991	16.9	23.7
Pre IND AS EBITDA (Co Level)	961	2,995	4,348	3,807	4,943	4,082	6,363	8,836	31.4	21.4
Pre IND AS EBITDA Margin	7.4	14.4	14.5	10.7	9.9	7.3	9.7	11.5		

Source: Company, Bloomberg

Exhibit 22. 1-year forward EV/EBITDA



Source: Company, Bloomberg

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	35,563	49,511	56,039	65,626	77,133
Sales Growth	18.6%	39.2%	12.5%	17.1%	17.5%
Other Operating Income	0	0	-370	-407	-448
Total Revenue	35,563	49,511	55,669	65,219	76,685
Cost of Goods Sold/Op. Exp	10,566	15,388	17,637	20,290	23,435
Personnel Cost	4,950	7,104	8,286	9,282	10,493
Other Expenses	13,524	18,596	21,366	24,057	27,991
EBITDA	6,524	8,422	8,380	11,590	14,766
EBITDA Margin	18.3%	17.0%	15.1%	17.8%	19.3%
EBITDA Growth	-0.4%	29.1%	-0.5%	38.3%	27.4%
Depn. & Amort.	3,848	5,699	6,432	7,402	8,206
EBIT	2,675	2,723	1,949	4,188	6,560
Other Income	326	370	491	600	879
Finance Cost	1,869	2,648	2,785	2,984	3,214
PBT before Excep. & Forex	1,132	445	-345	1,805	4,225
Excep. & Forex Inc/Loss(-)	0	0	0	0	0
PBT	1,132	445	-345	1,805	4,225
Taxes	133	197	-62	361	930
Extraordinary Inc./Loss(-)	-1,096	-317	-110	0	0
Assoc. Profit/Min. Int.(-)	-569	-160	-50	-35	10
Reported Net Profit	473	91	-343	1,479	3,286
Adjusted Net Profit	473	91	-343	1,479	3,286
Net Margin	1.3%	0.2%	-0.6%	2.3%	4.3%
Diluted Share Cap. (mn)	1,205.9	1,206.3	1,232.9	1,232.9	1,232.9
Diluted EPS (INR)	0.4	0.1	-0.3	1.2	2.7
Diluted EPS Growth	-82.2%	-80.6%	0.0%	0.0%	122.2%
Total Dividend + Tax	0	0	0	0	1,643
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	1.3

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	1,132	445	-345	1,805	4,225
Depn. & Amort.	3,848	5,699	6,432	7,402	8,206
Net Interest Exp. / Inc. (-)	1,869	2,648	2,785	2,984	3,214
Inc (-) / Dec in WCap.	375	648	414	676	832
Others	-1,567	-418	-4,665	-6,549	-8,668
Taxes Paid	267	-20	-62	361	930
Operating Cash Flow	5,925	9,002	4,558	6,679	8,738
Capex	-4,785	-4,818	-4,953	-5,018	-5,312
Free Cash Flow	1,140	4,184	-395	1,661	3,426
Inc (-) / Dec in Investments	0	0	0	0	0
Others	-10,724	197	491	600	879
Investing Cash Flow	-15,509	-4,622	-4,462	-4,417	-4,433
Inc / Dec (-) in Capital	12	13	27	0	0
Dividend + Tax thereon	0	0	0	0	-1,643
Inc / Dec (-) in Loans	5,342	-3,722	682	-500	-1,000
Others	3,539	-545	-1,024	-667	-527
Financing Cash Flow	8,893	-4,254	-315	-1,167	-3,170
Inc / Dec (-) in Cash	-691	127	-219	1,094	1,135
Opening Cash Balance	626	1,676	1,814	1,595	2,689
Closing Cash Balance	161	1,814	1,595	2,689	3,824

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	10,558	10,944	10,738	12,216	13,859
Share Capital	1,206	1,206	1,233	1,233	1,233
Reserves & Surplus	9,352	9,738	9,505	10,984	12,626
Lease Liabilities	19,955	22,558	19,310	19,225	18,826
Minority Interest	2,928	3,079	3,029	2,994	3,004
Total Loans	9,102	9,318	10,000	9,500	8,500
Def. Tax Liab. / Assets (-)	74	88	171	299	452
Total - Equity & Liab.	42,617	45,987	43,247	44,234	44,641
Net Fixed Assets	42,006	45,999	43,809	44,250	44,201
Gross Fixed Assets	25,671	29,970	34,923	39,940	45,253
Intangible Assets	9,996	10,835	10,835	10,835	10,835
Less: Depn. & Amort.	10,676	13,640	17,533	22,025	26,988
Capital WIP	17,015	18,833	15,584	15,500	15,101
Investments	268	259	259	259	259
Current Assets	6,538	6,554	6,928	8,893	11,066
Inventories	1,310	1,482	1,525	1,742	1,996
Sundry Debtors	527	413	610	715	840
Cash & Bank Balances	1,808	1,814	1,595	2,689	3,824
Loans & Advances	1,737	1,982	2,228	2,610	3,069
Other Current Assets	1,155	863	970	1,137	1,337
Current Liab. & Prov.	6,196	6,824	7,749	9,168	10,885
Current Liabilities	4,092	4,495	5,131	6,100	7,278
Provisions & Others	2,104	2,329	2,619	3,068	3,607
Net Current Assets	342	-271	-821	-275	181
Total - Assets	42,617	45,987	43,247	44,234	44,641

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	1.3%	0.2%	-0.6%	2.3%	4.3%
Asset Turnover (x)	1.0	1.1	1.2	1.5	1.7
Leverage Factor (x)	3.4	4.2	4.2	3.9	3.5
RoE	4.7%	0.9%	-3.2%	12.9%	25.2%

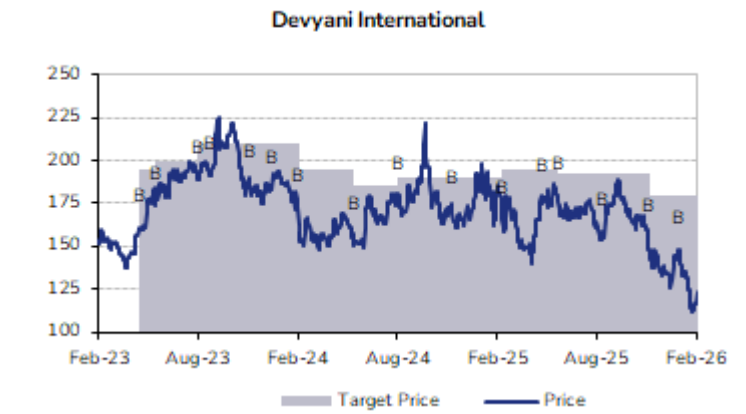
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	8.8	9.1	8.7	9.9	11.2
ROIC	15.7%	7.2%	7.4%	15.3%	23.6%
ROE	4.7%	0.9%	-3.2%	12.9%	25.2%
Net Debt/Equity (x)	0.7	0.7	0.8	0.5	0.3
P/E (x)	313.8	1,621.7	-442.2	102.5	46.2
P/B (x)	14.0	13.6	14.1	12.4	10.9
EV/EBITDA (x)	24.3	18.8	19.0	13.6	10.5
EV/Sales (x)	4.5	3.2	2.9	2.4	2.0
Debtor days	5	3	4	4	4
Inventory days	13	11	10	10	10
Creditor days	39	33	33	34	34

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
18-Apr-23	Buy	195	
17-May-23	Buy	200	2.6
5-Aug-23	Buy	210	5.0
25-Aug-23	Buy	210	0.0
7-Nov-23	Buy	210	0.0
18-Dec-23	Buy	210	0.0
3-Feb-24	Buy	195	-7.1
14-May-24	Buy	185	-5.1
6-Aug-24	Buy	190	2.7
12-Nov-24	Buy	190	0.0
12-Feb-25	Buy	195	2.6
24-Apr-25	Buy	195	0.0
24-May-25	Buy	192	-1.5
13-Aug-25	Buy	192	0.0
6-Nov-25	Buy	180	-6.3
2-Jan-26	Buy	180	0.0

Recommendation History



APPENDIX I

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Rating	Meaning
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REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
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