

+ **RELIANCE SECURITIES**  
**Jubilant FoodWorks**  
**(Reduce)**

CMP: ₹1,289

Target: ₹922

Jubilant FoodWorks is a Jubilant Bhartia Group company. The company was incorporated in 1995 and initiated operations in 1996. FoodWorks got listed on the Indian bourses in February 2010. Shyam S Bhartia, Hari S Bhartia, Jubilant Energy Pvt Ltd (formerly Jubilant Enpro Pvt Ltd) and Jubilant Consumer Pvt Ltd (formerly Jubilant Fresh Pvt Ltd) are the promoters of the company. The company and its subsidiary operates Domino's Pizza brand with the exclusive rights for India, Nepal, Bangladesh and Sri Lanka.

After a disastrous performance in 4QFY17, Jubilant FoodWorks (JFL) has reported a strong set of numbers for the quarter ended June 30, ahead of our estimates. While net revenues grew by 11.5 per cent y-o-y to ₹680 crore (estimate of ₹640 crore), net profit surged by 25.5 per cent y-o-y to ₹23.8 crore (estimate of ₹16.1 crore). EBITDA for the quarter increased by 37.8 per cent y-o-y to ₹79.6 crore. While we expect JFL to report revenue and earnings CAGR of 9 per cent and 32 per cent, respectively through

FY17-19E, valuations at 60x FY19E are extremely prohibitive, in our view. Hence we maintain our 'Reduce' recommendation on the stock with a revised target price of ₹922, based on 40x June 2019 earnings.