



Devyani International Limited



AGENDA

IPO Analysis of Devyani International Limited in following sections:

- *IPO Details*
- *Financial Highlights*
- *Business Profile*
- *Revenue and Core Business*
- *Key Performance Indicator*
- *Risk Profile*
- *Peer Comparison*

IPO DETAILS – DEVYANI INTERNATIONAL LTD.

Issue Period	4-Aug-21 to 6-Aug-21						
Issue Size	Initial Public offer of Rs. 440 Crore as fresh issue and Sale of 155,333,330 Equity Shares aggregating upto Rs. [.] Crore by existing shareholder						
Issue Size	<table> <tr> <td>Fresh Issue</td><td>~ Rs. 440 Crore</td></tr> <tr> <td>Existing Shareholder</td><td>~ Rs. 1,398 Crore</td></tr> <tr> <td>Total</td><td>~ Rs. 1,838 Crore</td></tr> </table>	Fresh Issue	~ Rs. 440 Crore	Existing Shareholder	~ Rs. 1,398 Crore	Total	~ Rs. 1,838 Crore
Fresh Issue	~ Rs. 440 Crore						
Existing Shareholder	~ Rs. 1,398 Crore						
Total	~ Rs. 1,838 Crore						
Implied Company Valuation	~ Rs. 10,800 Crore						
Price Range	Rs. 86 to Rs. 90						

Object of the issue

Particulars	Amt (Cr.)
Repayment of Borrowings	324.00
General Corporate Purpose	[*]

Important Dates

Finalisation of Basis of Allotment	11 th August
Initiation of refunds	12 th August
Credit of Shares in Demat account	13 th August
IPO Listing	16 th August

Retail Investor – Maximum and Minimum bidding

Application	Lots	Shares	Amount (Cut-off)
Minimum	1	165	₹ 14,850
Maximum	13	2145	₹ 1,93,050

FINANCIAL HIGHLIGHTS

(in ₹ million)

Particulars	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2020	As at and for the Financial Year ended March 31, 2019
Equity Share capital	1,153.63	1,061.67	1,061.67
Total Equity	718.58	(2,282.15)	(1,211.99)
Total Income	11,988.95	15,350.41	13,236.83
Restated profit (or loss) after tax for the year	(577.67)	(1,071.60)	(972.92)
Basic and diluted earnings per share (₹ / share)			
- Basic (in ₹)	(0.50)	(1.14)	(0.75)
- Diluted (in ₹)	(0.50)	(1.14)	(0.75)
Net asset value per Equity Share (basic)* (in ₹)	0.65	(2.15)	(1.14)
Net asset value per Equity Share (diluted)* (in ₹)	0.65	(2.15)	(1.14)
Total Borrowings (as per balance sheet)	4,633.27	5,440.93	4,882.15

* Net assets value per equity share (₹): Net assets at the end of the year/period divided by total number of weighted average equity share outstanding at the end of the year/ period.

Revenue degrowth in last two years

Losses in all last three years

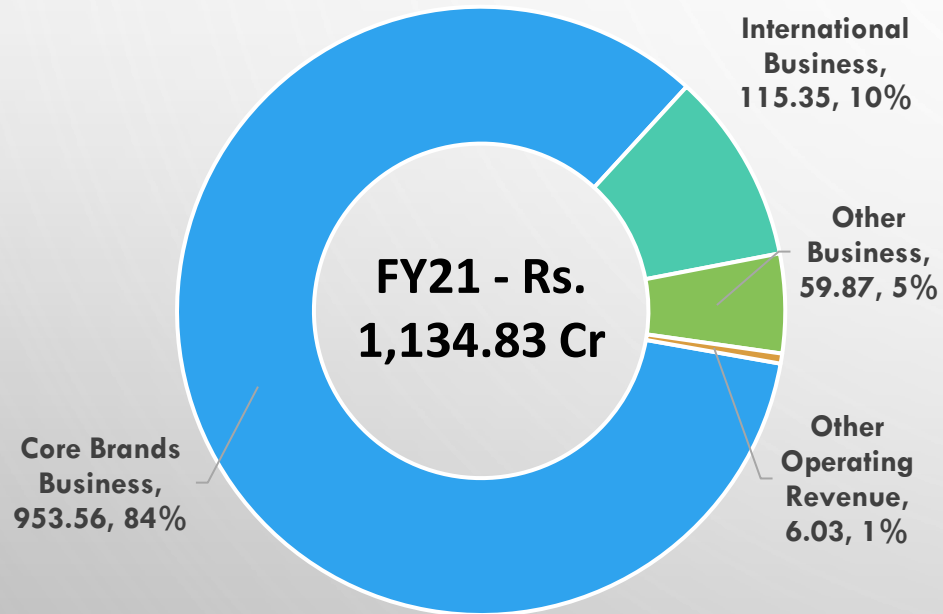
BUSINESS PROFILE

We are in the business of operating chain QSRs in India. Our business is broadly classified into three verticals that includes stores of KFC, Pizza Hut and Costa Coffee operated in India (KFC, Pizza Hut and Costa Coffee referred to as “**Core Brands**”, and such business in India referred to as the “**Core Brands Business**”); stores operated outside India primarily comprising KFC and Pizza Hut stores operated in Nepal and Nigeria (“**International Business**”); and certain other operations in the F&B industry, including stores of our own brands such as Vaango and Food Street (“**Other Business**”).

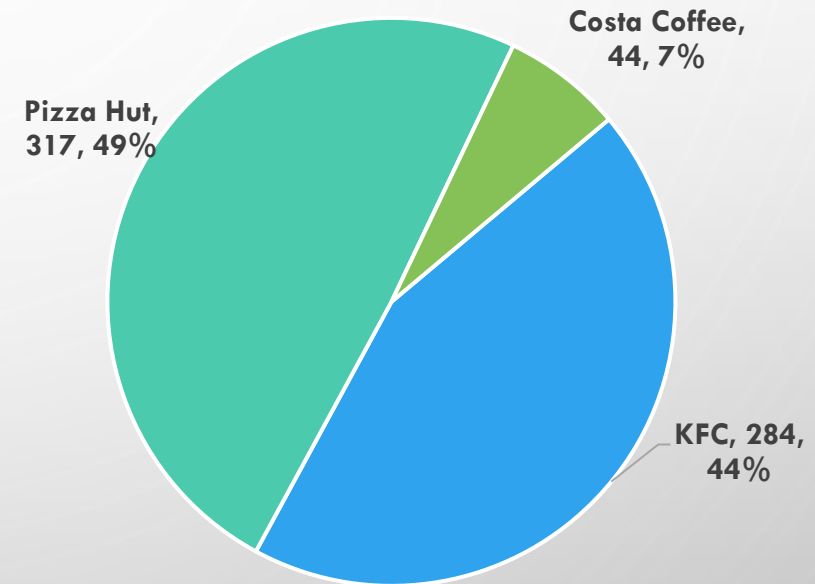
The Indian food services sector generated a total revenue of ₹8,366.6 billion (US\$117.5 billion) in 2020, growing at a CAGR of 1.9% from ₹7,601.4 billion (US\$118.5 billion) in 2015. Growth was mainly driven by the rise in the number of transactions, which grew at a CAGR of 2.4%, during the same period. Increased deliveries, a higher demand for eating out, urbanization, and an increased exposure to different food types have played a significant role in the growth of transactions, especially in 2020, due to COVID-19.

REVENUE AND CORE BUSINESS

Revenue (Rs. Cr.)



No of Stores as on 30th June 2021



KEY PERFORMANCE INDICATOR

Particulars ⁽¹⁾	As of / for the year ended March 31,			As of / for the three months ended	
	2019	2020	2021	December 31, 2020	March 31, 2021
	(₹ million except percentages and number of stores)				
Same Store Sales Growth (“SSSG”) ⁽²⁾					
- KFC	4.65%	3.15%	(33.69)%	(13.00)%	19.62%
- Pizza Hut	4.67%	(3.68)%	(30.25)%	(11.01)%	13.40%
- Costa Coffee	2.72%	(4.38)%	(61.64)%	(55.92)%	(24.89)%
Stores ⁽³⁾					
- KFC	134	172	264	240	264
- Pizza Hut	268	269	297	273	297
- Costa Coffee	67	63	44	45	44
Total Stores – Core Brands Business	469	504	605	558	605
Revenue from operations					
- KFC	4,641.14	6,091.34	6,442.64	2,210.53	2,540.30
- Pizza Hut	4,232.88	4,174.27	2,879.09	951.19	1,035.90
- Costa Coffee	902.04	819.62	213.95	76.07	85.25
Total Revenue from Operations – Core Brands Business	9,776.06	11,085.23	9,535.69	3,237.79	3,661.46
Gross Margin ⁽⁴⁾					
- KFC	3,064.27	3,949.68	4,360.18	1,483.96	1,768.96
- Pizza Hut	3,131.39	3,125.59	2,134.53	703.64	789.42
- Costa Coffee	693.59	633.95	167.98	58.50	67.75
Total Gross Margin - Core Brands Business	6,889.25	7,709.23	6,662.69	2,246.09	2,626.13
Gross Margin ⁽⁵⁾ (%)					
- KFC	66.02%	64.84%	67.68%	67.13%	69.64%
- Pizza Hut	73.98%	74.88%	74.14%	73.97%	76.21%
- Costa Coffee	76.89%	77.35%	78.51%	76.90%	79.47%
Total Gross Margin (%) – Core Brands Business	70.47%	69.55%	69.87%	69.37%	71.72%

Excellent Gross Margin from core brand business over the years

There was degrowth in the same store sales growth in 2021 majorly due to COVID

In spite of degrowth of same store sales growth, company has increased the no of stores in KFC and Pizza hut.

65%+ of revenue from core brand business is from KFC

Gross Margin is calculated as revenue from operations less (i) cost of materials consumed at the store level; and (ii) purchase of stock-in-trade

KEY PERFORMANCE INDICATOR

Particulars ⁽¹⁾	As of / for the year ended March 31,			As of / for the three months ended	
	2019	2020	2021	December 31, 2020	March 31, 2021
	(₹ million except percentages)				
Brand Contribution ⁽²⁾⁽³⁾					
- KFC	853.65	972.66	1,181.70	423.16	574.64
- Pizza Hut	655.48	438.96	372.44	153.57	156.69
- Costa Coffee	181.73	174.09	33.21	27.11	25.81
Total Brand Contribution – Core Brands Business	1,690.87	1,585.71	1,587.35	603.83	757.13
Brand Contribution –Margin (%) ⁽⁴⁾					
- KFC	18.39%	15.97%	18.34%	19.14%	22.62%
- Pizza Hut	15.49%	10.52%	12.94%	16.14%	15.13%
- Costa Coffee	20.15%	21.24%	15.52%	35.63%	30.27%
Total Brand Contribution Margin – Core Brands Business	17.30%	14.30%	16.65%	18.65%	20.68%

Brand Contribution is calculated as revenue from operations at the store less (i) cost of materials consumed at the store; (ii) employee benefit expenses of employees at the store; and (iii) other expenses incurred at the store level

RISK PROFILE

- Company is in losses but having positive operating cash flow
- **Auditors Observation:** *As stated in Note 43 to the standalone financial statements for the year ended 31 March 2020, the Company has a long term investment in RV Enterprizes Pte. Limited., Singapore ('Subsidiary') in form of equity shares, preference shares and loan (including interest accrued thereon) granted to the Subsidiary amounting to INR 108.93 million, INR 612.02 million and INR 327.24 million, respectively, as at 31 March 2020. Majority of the funds invested in / granted to the Subsidiary have been further invested in / granted to Devyani International (Nigeria) Limited (a subsidiary of R V Enterprizes Pte. Limited referred to as 'Step down subsidiary'). In view of continuing losses and increasing uncertainty of achieving the estimated cash flows in relation to this Step Down Subsidiary, we are unable to determine whether any adjustment is required to the carrying value of the investments in the Subsidiary and loan (including interest accrued thereon) granted to the Subsidiary as at the year-end, along with its consequential impact on the accompanying standalone financial statements. The above matter was also reported as a qualification in the audit report dated 23 September 2019 issued by the predecessor joint auditors on the standalone financial statements of the Company for the year ended 31 March 2019."*

PEER COMPARISON

Name of the company	Total income (₹ in million)	Face Value per equity share (₹)	P/E	EPS (Basic) (₹)	EPS (Diluted) (₹)	RoNW (%)	NAV per equity share (basic) (₹)
Devyani International Limited*	11,988.95	1	[●]	(0.50)	(0.50)	(48.52)	1.03
Listed Peers							
Jubilant FoodWorks Limited	33,849.49	10	179.21	17.55	17.55	16.16	108.12
Westlife Development Limited	10,303.32	2	NA^	(6.38)	(6.38)	(20.66)	30.89
Burger King India Limited	5,229.32	10	NA^	(5.47)	(5.47)	(25.82)	17.59

Source: Financial information for aforementioned listed peers are sourced from the consolidated financial statements for the fiscal year ended March 31, 2021 submitted to stock exchanges by such companies.



Business
Consulting and
Research



Financial
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Investor
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Business
Planning



Growth
Strategy

Pl consult your financial advisor before investing

THANK YOU



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