

DEVYANI INTERNATIONAL LTD.

RECOMMENDATION : BUY

MARKET PRICE : Rs.180.60 (As on 24th May 2023)

TARGET PRICE : Rs.226.00

FACE VALUE : Re.1

BSE CODE : 543330

NSE CODE : DEVYANI



DEVYANI INTERNATIONAL LIMITED



ABOUT THE COMPANY

Devyani International Ltd. is the largest franchisee of Yum Brands in India and is among the largest operators of chain quick service restaurants (QSR) in India, on a non-exclusive basis, and operates 1,243 stores across more than 242 cities in India, Nigeria and Nepal, as of March 31, 2023.

In addition, DIL is a franchisee for the Costa Coffee brand and stores in India.

FY23 highlights



4-Year CAGR

22%

Store Count

23%

Revenue

32%

Brand Contribution

46%

Operating EBITDA

Strong momentum in store addition

- 305 NNUs in FY23 vs 246 NNUs in FY22
- Achieved milestones of 500+ stores of KFC, 500+ stores of Pizza Hut & 100+ store of Costa
- 1,243 system stores at the end of FY23. (2x plus in 3 years)

Revenue performance

- Highest ever revenue at ~Rs. 3,000 Cr ; 44% YoY growth
- Brand revenue; KFC – Rs. 1,990 Cr ; 42% YoY growth
PH – Rs. 706 Cr ; 32% YoY growth
Costa – Rs. 102 Cr ; 148% YoY growth

Earnings Performance

- Highest ever Consolidated Reported EBITDA at Rs. 655 Cr ; 38% YoY growth
- Consolidated Reported EBITDA margin at 21.9% vs 22.8% in FY22
- PBT at Rs. 242 Cr ; 96.5% YoY growth

Q4 FY23 - Performance Highlights

Continued momentum on store additions

- 66 NNUs in Q4 FY23

Revenue Performance

- Sales at Rs. 755 Cr ; 28% growth on YoY basis
- Steady performance from Core Brands
 - KFC – Rs. 444 Cr (26% YoY) ; PH – Rs. 170 Cr (16% YoY) ; Costa – Rs. 33 Cr (142% YoY)

Margin Performance

- Gross Margin – 69.6% vs 69.3% in Q3 FY23
- Brand contribution – 16.4% vs 18.3% in Q3 FY23 (includes full year Statutory Bonus impact)

Earnings Performance

- Consolidated Reported EBITDA at Rs. 151 Cr
- Reported EBITDA margin at 20.0%
- PAT at Rs. 60 Cr

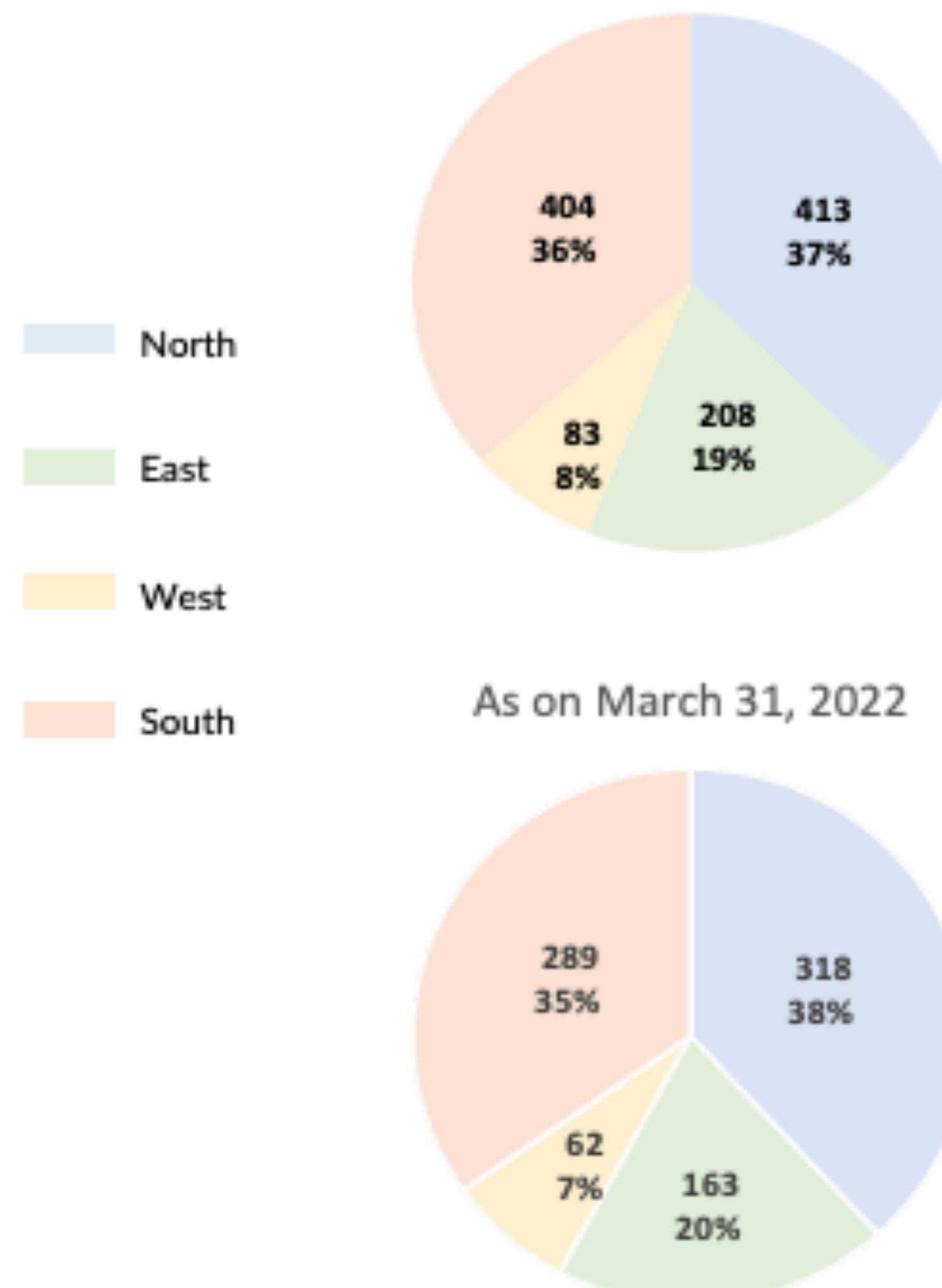
New Store Openings

Brand	NET NEW UNITS (NNU)						FY23	Stores as at 31 March 22	Stores as at 31 Dec 22	Stores as at 31 March 23
	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23					
KFC 	25	27	32	38	29		126	364	461	490
PH 	22	23	30	17	23		93	413	483	506
Costa 	5	14	19	15	9		57	55	103	112
Others	2	5	5	3	3		16	60	73	76
Total India	54	69	86	73	64		292	892	1,120	1,184
Nigeria 	0	1	0	7	1		9	28	36	37
Nepal  	0	0	2	1	1		4	18	21	22
Total DIL	54	70	88	81	66		305	938	1,177	1,243

Core Brands – 1,165 stores as at 31st Mar'23 (872 : 31st Mar'22)

Core Brands Stores; India – Regional split

As on March 31, 2023



Core Brand Stores	March 31, 2021	March 31, 2022	Dec 31, 2022	Mar 31, 2023
NCR	135	153	191	202
Bangalore	80	106	125	132
Kolkata	42	52	59	61
Hyderabad	32	60	77	79
Other Metro Cities	27	36	51	51
Total Metros *	316	407	503	525
Total Non Metros	289	425	544	583
% in Metro	52%	49%	48%	47%
% in Non Metro	48%	51%	52%	53%
Total Cities	155	204	227	242
Total Store Count	605	832	1,047	1,108

* Metro cities :- Delhi NCR, Mumbai, Kolkata, Bangalore, Hyderabad, Ahmedabad, Pune.



Core Brands – KFC – India

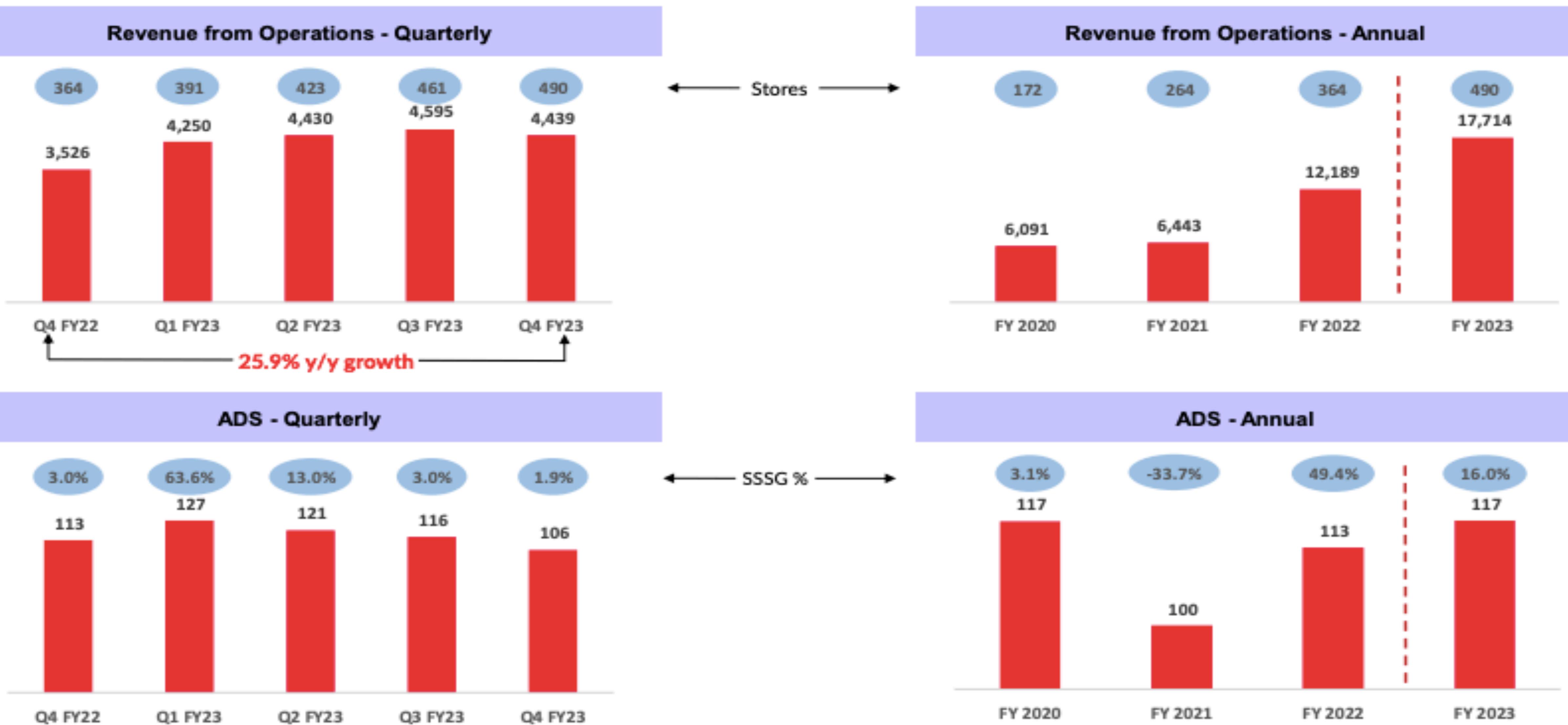


Q4 Net New Stores - 29





Business Performance – KFC



— YOUR — MOOD — YOUR — PIZZA

PICK YOUR FLAVOUR FROM
10 NEW PIZZAS



Core Brands – Pizza Hut – India

MAZEDAR
MAKHNI
PANEER

SIZZLING
SCHEZWAN
MEATBALL

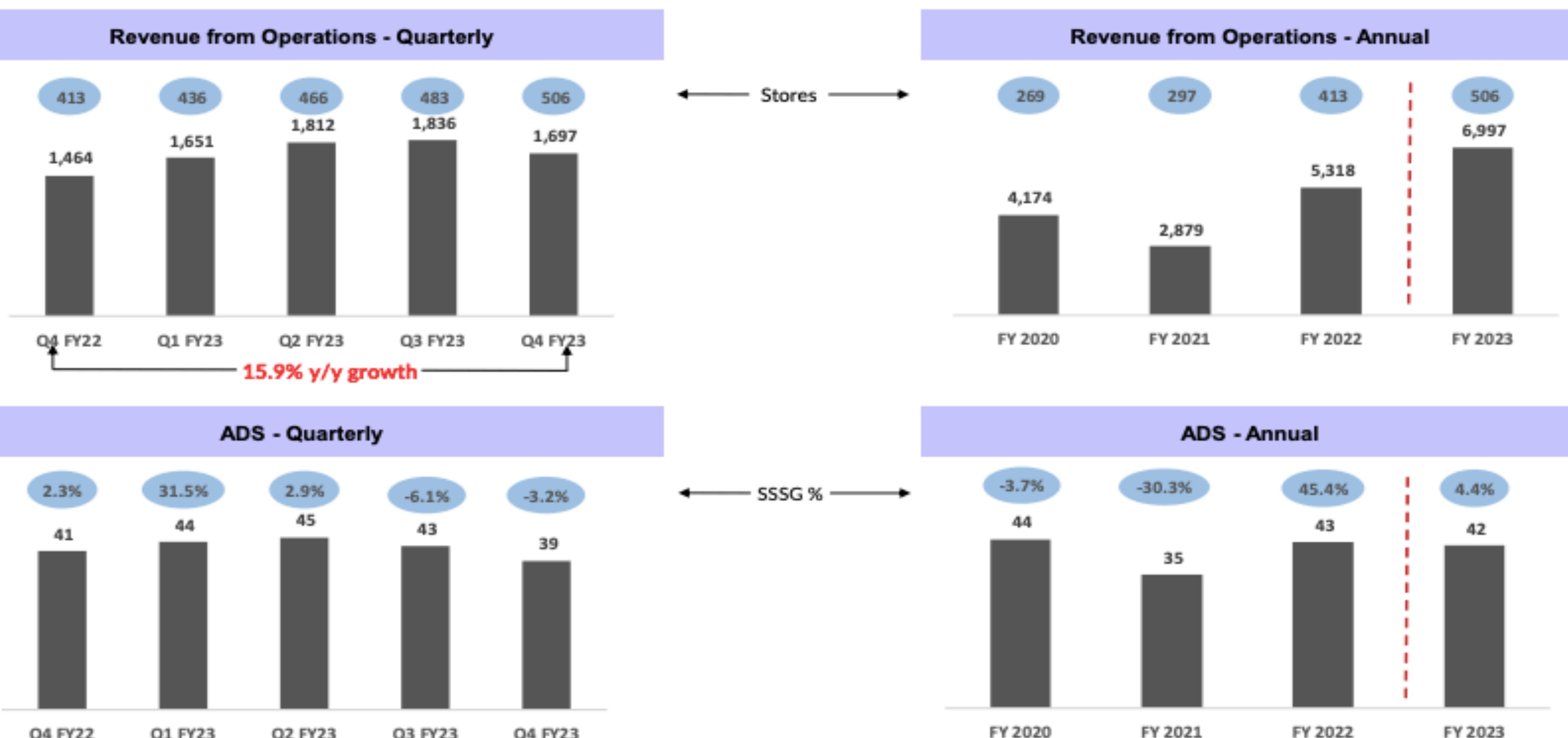


Q4 Net New Stores - 23





Business Performance – PH





Core Brands – Costa Coffee – India



Q4 Net New Stores 9



GRAND VENICE MALL, NOIDA



DEHRADUN



PRASHANT VIHAR, DELHI



JASOLA, DELHI



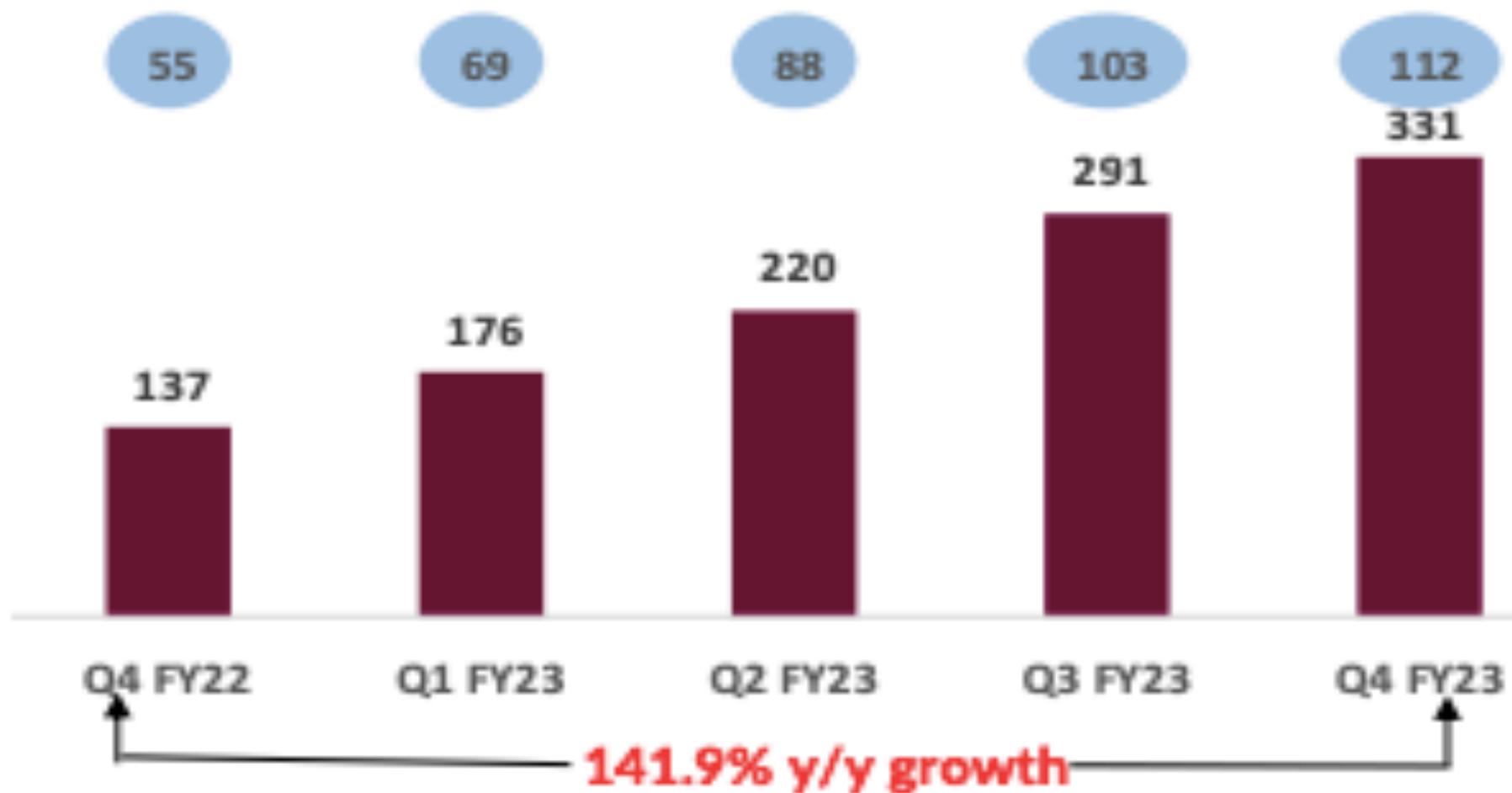
PUNE



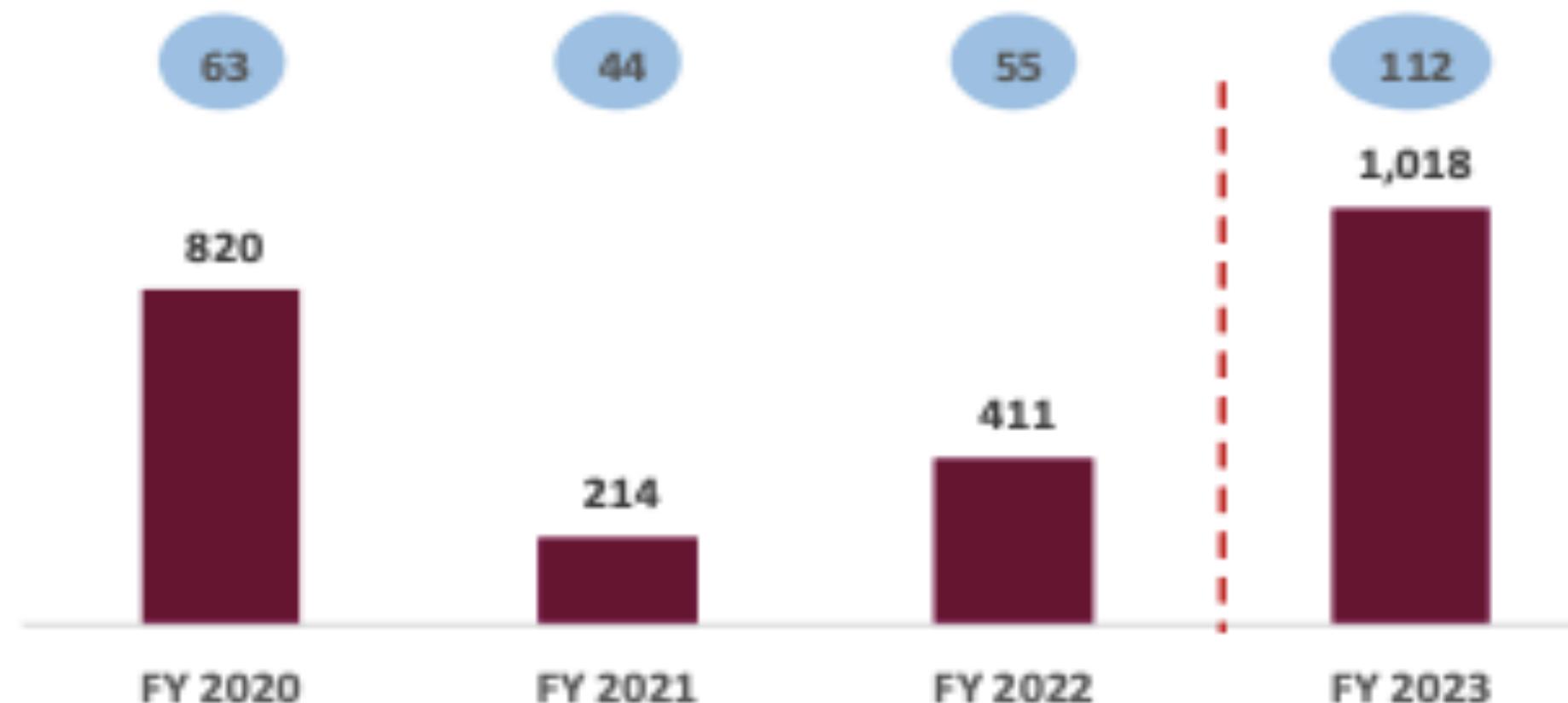
dil

Business Performance – Costa

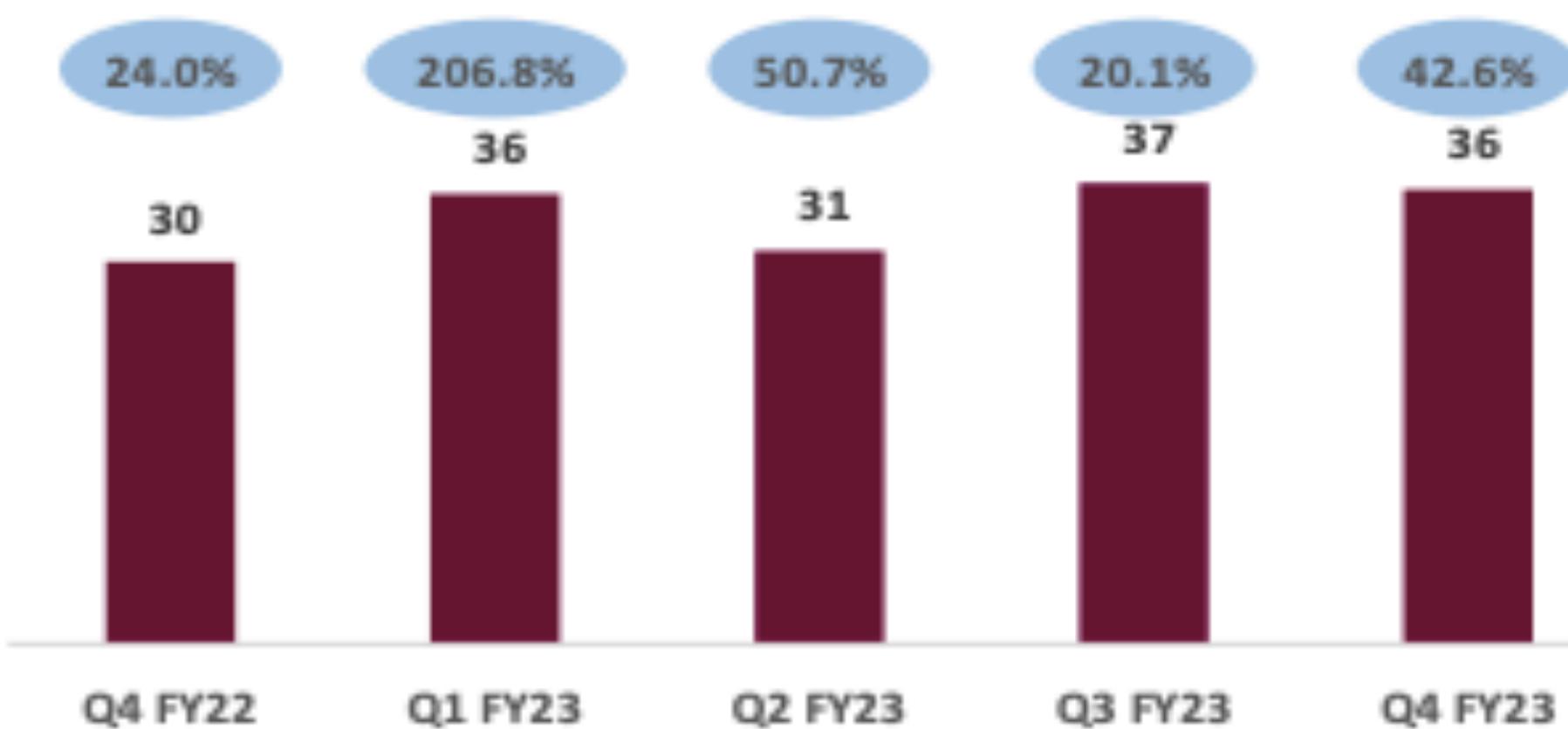
Revenue from Operations - Quarterly



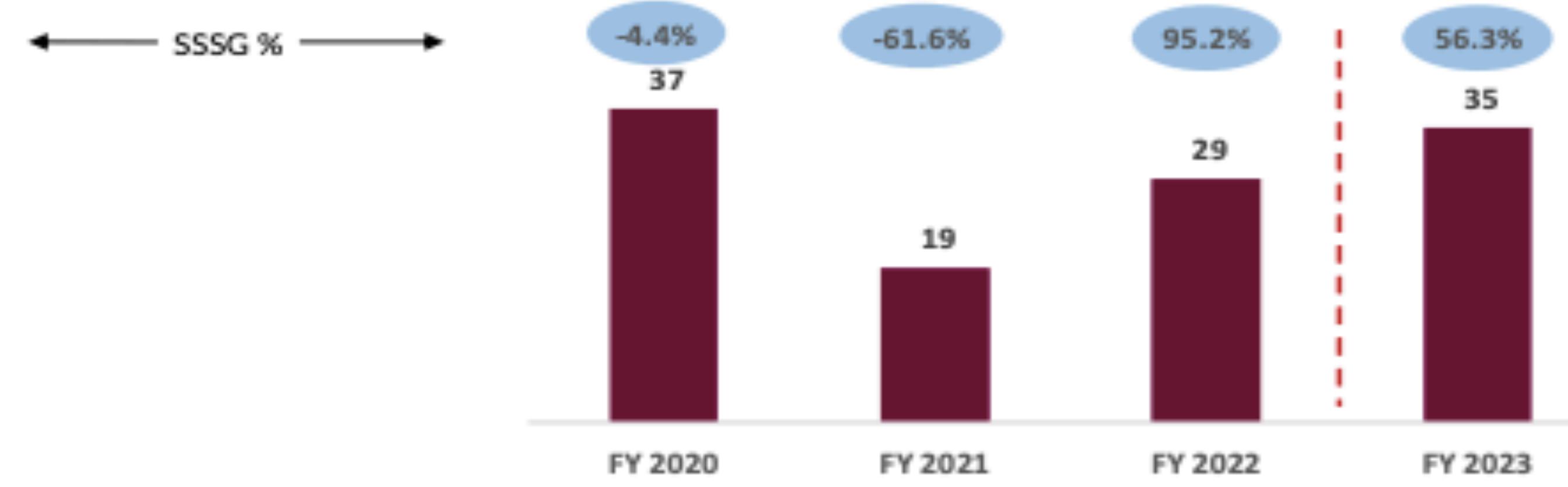
Revenue from Operations - Annual



ADS - Quarterly



ADS - Annual



DIL International

Nigeria
37 Stores

Nepal
22 Stores

	Q4' FY22	Q1' FY23	Q2' FY23	Q3' FY23	Q4' FY23	FY 22	FY23
Exit Stores	46	47	49	57	59	46	59
Revenue from Operations (INR Mn)	482	535	559	622	555	1,902	2,271
ADS (INR '000')	121	132	134	134	110	132	127

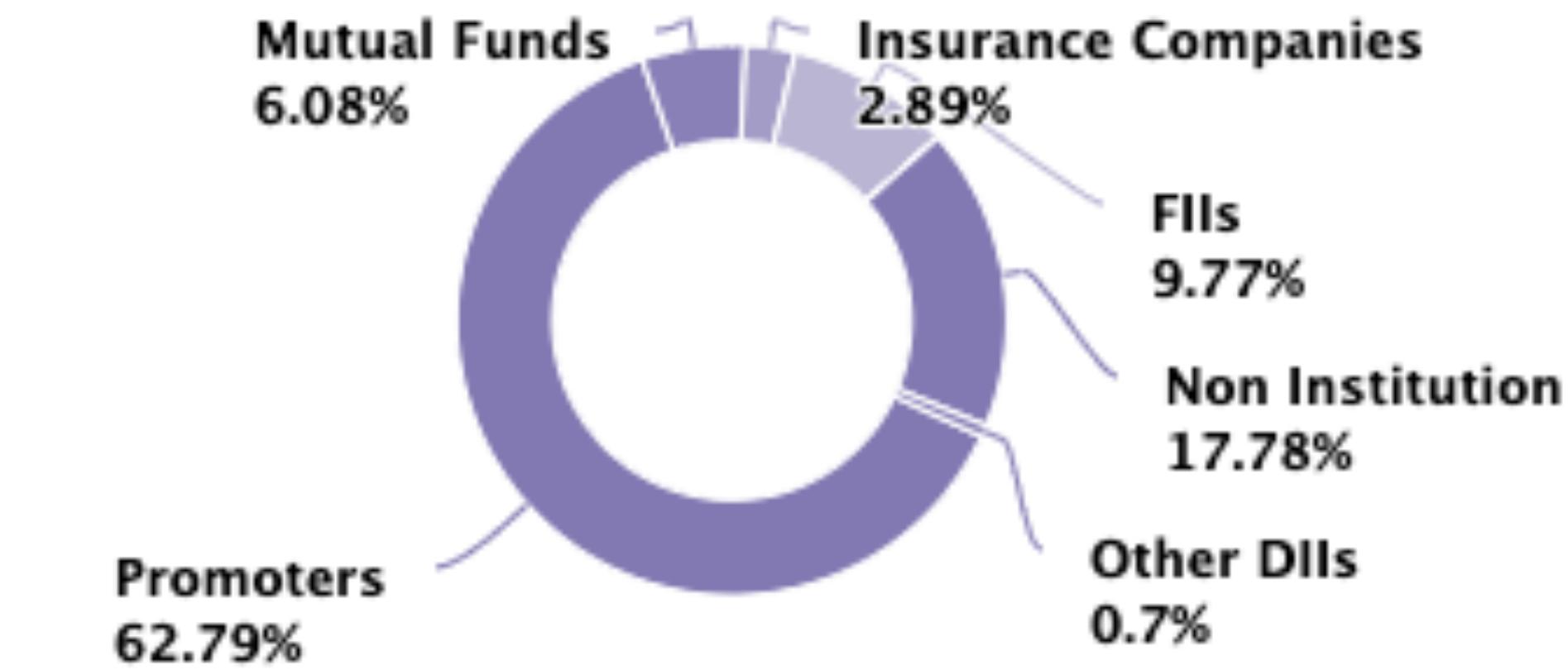
Yearly Results

YEARLY RESULTS OF DEVYANI INTERNATIONAL (in Rs. Cr.)		MAR '23	MAR '22
Net Sales/Income from operations		2,997.72	2,084.01
Total Income From Operations		2,997.72	2,084.01
EXPENDITURE			
Consumption of Raw Materials		890.85	588.66
Purchase of Traded Goods		7.78	11.18
Employees Cost		345.17	248.24
Depreciation		278.76	221.33
Provisions And Contingencies		-0.54	--
Other Expenses		1,098.84	763.48
P/L Before Other Inc., Int., Excpt. Items & Tax		376.86	251.12
Other Income		32.59	16.12
P/L Before Int., Excpt. Items & Tax		409.44	267.24
Interest		147.47	126.99
P/L Before Exceptional Items & Tax		261.97	140.25
Exceptional Items		-20.05	-17.10
P/L Before Tax		241.93	123.14
Tax		-20.59	-31.97
P/L After Tax from Ordinary Activities		262.51	155.12
Net Profit/(Loss) For the Period		262.51	155.12
Minority Interest		2.48	1.22
Net P/L After M.I & Associates		265.00	156.34
Equity Share Capital		120.50	120.47
Reserves Excluding Revaluation Reserves		849.85	565.83
EPS BEFORE EXTRA ORDINARY			
Basic EPS		2.20	1.32
Diluted EPS		2.19	1.32
EPS AFTER EXTRA ORDINARY			
Basic EPS.		2.20	1.32
Diluted EPS.		2.19	1.32

Key Financial Ratios

KEY FINANCIAL RATIOS OF DEVYANI INTERNATIONAL (in Rs. Cr.)		MAR 23	MAR 22
PER SHARE RATIOS			
Basic EPS (Rs.)		2.20	1.32
Diluted EPS (Rs.)		2.19	1.32
Cash EPS (Rs.)		4.49	3.12
Book Value [ExclRevalReserve]/Share (Rs.)		8.00	5.66
Book Value [InclRevalReserve]/Share (Rs.)		8.00	5.66
Revenue from Operations/Share (Rs.)		24.88	17.30
PBDIT/Share (Rs.)		5.71	4.06
PBIT/Share (Rs.)		3.40	2.22
PBT/Share (Rs.)		2.01	1.02
Net Profit/Share (Rs.)		2.18	1.29
NP After MI And SOA / Share (Rs.)		2.20	1.30
PROFITABILITY RATIOS			
PBDIT Margin (%)		22.95	23.44
PBIT Margin (%)		13.65	12.82
PBT Margin (%)		8.07	5.90
Net Profit Margin (%)		8.75	7.44
NP After MI And SOA Margin (%)		8.83	7.50
Return on Networth/Equity (%)		27.30	22.77
Return on Capital Employed (%)		16.69	14.50
Return on Assets (%)		8.86	6.90
Total Debt/Equity (X)		0.08	0.19
Asset Turnover Ratio (%)		1.16	0.97
LIQUIDITY RATIOS			
Current Ratio (X)		0.58	0.80
Quick Ratio (X)		0.34	0.60
Inventory Turnover Ratio (X)		8.81	7.68
Dividend Payout Ratio (NP) (%)		0.00	0.00
Dividend Payout Ratio (CP) (%)		0.00	0.00
Earnings Retention Ratio (%)		0.00	0.00
Cash Earnings Retention Ratio (%)		0.00	0.00
COVERAGE RATIOS			
Interest Coverage Ratios (%)		4.67	3.85
Interest Coverage Ratios (Post Tax) (%)		4.67	3.85
VALUATION RATIOS			
Enterprise Value (Cr.)		17,403.75	21,180.95
EV/Net Operating Revenue (X)		5.81	10.16
EV/EBITDA (X)		25.29	43.35
MarketCap/Net Operating Revenue (X)		5.81	10.13
Retention Ratios (%)		0.00	0.00
Price/BV (X)		17.95	30.77
Price/Net Operating Revenue		5.81	10.13
Earnings Yield		0.02	0.01

Shareholding Pattern as on Mar'23



Summary

- ❖ With deliverance of fine performance in Q4 of FY'23, the Company's Net Sales grew up by 27.70% i.e. Rs.754.98 crs in Mar'23 as compared to Rs.590.75 crs in Mar'22. However, the Net Profits were Rs.60.72 crs in Mar'23 versus Rs.76.39 crs in Mar'22. In addition to this, the Statement of Changes in Equity witnessed an increase in the Equity Capital i.e. Rs.120.50 crs in Mar'23 juxtapose to Rs.120.47 crs in Mar'22.
- ❖ Viewing fine financials and sound fundamentals, the Company is available at a good price of Rs.180.60 with its 52 week low at Rs.133.95 and its 52 week high at Rs.215.00.
- ❖ Since the Promoters are holding majority stake around 62.79% as well as its robust performance, it is fair to assume that the Management is committed to growth of the Company.
- ❖ In Public Shareholding as on Mar'23, the FIIs and the Other DIIs altogether stood with 10.47% stake. Whilst, the Mutual Fund Houses own 6.08% holdings in the Company.
- ❖ As a reaffirming fact, Devyani International Ltd. is held by NIPPON INDIA MF, FRANKLIN TEMPLETON MF, ABSL MF, TATA MF, INVESCO MF, PGIM MF, LIC MF, ICICI PRU MF, EDELWEISS MF, SUNDARAM MF, CANARA ROBECO MF, UNION MF, IDBI MF, JM MF, MOSL MF, WOC MF and a few more.
- ❖ On consolidated basis, the Company registered Return on Equity (ROE) and Return on Capital Employed (ROCE) around 27.30% & 16.69% respectively as on Mar'23.

Disclosure

Copyright © Amiteshwar Singh Proprietor of M/S Amiteshwar.in. Any act of copying or distributing this report in part or in full, for any purpose, without my permission, is strictly prohibited and would be a copyright infringement.

Disclosures as required under SEBI (Research Analyst) Regulations, 2014

Introduction:

I, Amiteshwar Singh, am the proprietor of M/S Amiteshwar.in. I am a Research Analyst registered with SEBI having registration no. INH100010013. I provide services through my website www.Amiteshwar.in which is primarily focused on research of Multi-Cap stocks of India.

Business Activity:

I provide research services on equity stocks listed on Indian stock exchanges. The research is based on fundamental analysis. I do thorough research and analysis on fundamentals of companies. As such, I undertake extensive scrutiny of major Company statistics like Balance Sheet, Profit & Loss Account, Key Financial Ratios (ROE, ROCE and Debt to Equity etc.), Quarterly, Half-yearly & Annual Results, Cash Flows, Annual Reports and Shareholding Pattern etc. Each Company's Business Model, Future Projections, Competitive Advantages & other Moats are thoroughly checked before recommending their Stock.

I offer services to the subscribers through the following:

www.amiteshwar.in

Disciplinary History

There is no disciplinary action which is / was running / initiated against me or my firm and there are no out-standing litigations against me.

General Terms and Conditions for Amiteshwar.in:

1. Every week, 2 stock recommendations will be provided to the subscribers.
2. The subscribers have to login in their account through login credentials provided to them at the time of subscription.
3. The reports should not be considered as an investment advice or personal recommendation.
4. I and my team members will not be liable for any loss or liability incurred to the user due to investments made or decisions taken based on the information provided in the reports.
5. All of the views and opinions expressed in research reports, issued after due diligence and careful study, reflect my unbiased analysis of the Company or Companies as on the date of the report.
6. Still, it is advised that the users should rely on their own research and analysis as well as consult their own investment advisors to determine the suitability of recommendation.
7. Past performance of a Company is no guarantee for future performance or future results.
8. My service is not suitable to investors who are looking for intraday calls i.e. day trading or futures & options in stocks and indexes on basis of technical analysis.

[Click here](#) to view the terms and conditions of the website.

List of Associates / Relatives:

1. My spouse, Mrs. Prabhjash Kaur
2. My daughter, Ms. Palvit Kaur

Note: Subject Company is a company on which buy/sell recommendation or target price is given or changed in the research report.

Disclosure with regards to ownership and material conflicts of interest:

1. Neither I nor my associates / relatives have financial interest in the subject company.
2. Neither I nor my relatives / associates have actual/beneficial ownership of 1% or more in securities of the subject company, at the end of the month immediately preceding the date of publication of the document.
3. Neither I nor my relatives /associates have any other material conflict of interest at the time of publication of the document.

Disclosure with regards to receipt of compensation:

1. Neither I nor my associates / relatives have received any compensation from the subject company in the past 12 months.
2. Neither I nor my associates / relatives have managed or co-managed public offering of securities for the subject company in the past 12 months.
3. Neither I nor my associates / relatives have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months.
4. Neither I nor my associates / relatives have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.
5. Neither I nor my associates / relatives have received any compensation or other benefits from the subject company or third party in connection with the document.

General Disclosures:

1. I have not served as an officer, director or employee of the subject company.
2. I am not engaged in market making activity for the subject company.

Definition of terms used:

1. **Buy Recommendation:** The subscribers can buy the shares of the subject company at the current market price. I expect a return of around 25% in the next 4 months.
2. **Sell Recommendation:** The subscribers can sell the shares of the subject company when they receive a return of 25% on the market price when the subject company was recommended.

- ❖ “Investments in Securities Market are subject to market risks. Read all the related documents carefully before investing”.
- ❖ “Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors”.

Mr. Amiteshwar Singh Proprietor of M/s Amiteshwar.in
SEBI Registered "Research Analyst" Reg. No. INH100010013

Contact: +917973835409
Email: info.amiteshwar.in@gmail.com
Address: Ground Floor, 236 E Block, Bhai Randhir Singh Nagar,
Ludhiana - 141012 (Pb.)