JUBILANT FOODWORKS

Domino's POPEYES DUNKIN' HONG'S KITCHEN COFFY

JFL/NSE-BSE/2025-26/40

August 21, 2025

**BSE Ltd.**
P.J. Towers, Dalal Street
Mumbai – 400001

**Scrip Code: 533155**

**National Stock Exchange of India Limited**
Exchange Plaza, Bandra Kurla Complex
Bandra(E), Mumbai – 400051

**Symbol: JUBLFOOD**

**Sub: Transcript of Conference Call**

**Ref: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")**

Dear Sir/ Madam,

In continuation to our letter no. JFL/NSE-BSE/2025-26/38 dated August 13, 2025 and pursuant to Regulation 30 of the Listing Regulations, please find enclosed herewith the Transcript of Conference Call for Analysts and Investors held on Wednesday, August 13, 2025 for Q1FY26 and business updates.

The above details will also be available on the website of the Company at www.jubilantfoodworks.com under Investor Relations section.

This is for your information and records.

Thanking you,
For **Jubilant FoodWorks Limited**

MONA AGGARWAL Digitally signed by MONA AGGARWAL Date: 2025.08.21 16:02:30 +05'30'

**Mona Aggarwal**
**Company Secretary and Compliance Officer**
*Investor E-mail id: investor@jublfood.com*
*Encl: A/a*

"Jubilant FoodWorks Limited

Q1 FY '26 Earnings Conference Call"

August 13, 2025

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| **MANAGEMENT:** | **MR. SHYAM BHARTIA – CHAIRMAN – JUBILANT FOODWORKS LIMITED**<br>**MR. HARI S. BHARTIA – CO-CHAIRMAN – JUBILANT FOODWORKS LIMITED**<br>**MR. SAMEER KHETARPAL – CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR – JUBILANT FOODWORKS LIMITED**<br>**MS. SUMAN HEGDE – CHIEF FINANCIAL OFFICER – JUBILANT FOODWORKS LIMITED**<br>**MR. ASLAN SARANGA – CHIEF EXECUTIVE OFFICER, TURKEY – JUBILANT FOODWORKS LIMITED**<br>**MR. BALDEV MALL – JUBILANT FOODWORKS LIMITED** |

**Moderator:** Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Earnings Conference Call, hosted by Jubilant FoodWorks Limited. As a reminder, all participant lines will be in the listen-only mode and there will be no opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Baldev Mall from Jubilant FoodWorks Limited. Thank you, and over to you, sir.

**Baldev Mall:** Thank you so much, Nirav. Welcome to Jubilant FoodWorks Quarter 1 FY '26 Earnings Call for investors and analysts. We are joined today by senior members of the management team, including our Chairman, Mr. Shyam Bhartia; our Co-Chairman, Mr. Hari Bhartia; our CEO and MD, Mr. Sameer Khetarpal; our Turkey Business CEO, Mr. Aslan Saranga; and our CFO, Ms. Suman Hegde. We will commence with key thoughts from our Co-Chairman and then turn to our CEO and MD...

**Moderator:** Sorry to interrupt you, we are losing your audio.

**Management:** Can you speak a little louder.

**Baldev Mall:** We will commence with key thoughts from our Co-Chairman and turn to our CEO and MD to share his perspectives. After the opening remarks from the management, the forum will be open to question-and-answer session. A cautionary note, some of the statements made on today's call could be forward-looking in nature, and the actual results could vary from the statement. We will also share the replay and transcript of the call on the company's website under the Investor Relations section.

I would now like to invite Mr. Hari Bhartia to share his views with you. Over to you, sir.

**Hari Bhartia:** Thank you, Baldev. Good evening, everyone, and thank you for joining us on our quarter 1 FY '26 earnings call. I'm pleased to share that Jubilant FoodWorks has delivered a very strong start to FY '26 despite a challenging demand environment. We expect the demand environment to improve quarter-on-quarter going forward. Our results reflect the strength of our consumer franchise, our execution and our strategic choices.

We remain focused on protecting our core value propositions, affordability, quality and convenience while driving operational efficiencies. We continue to expand our footprint, adding 71 net new stores during the quarter and taking our total network to 3,387 stores across countries in which we operate. This expansion is aligned with our long-term strategy and reflects our confidence in our brands and in our markets.

Consolidated revenue for the quarter stood at INR 2,260 crores, marking a 17% year-on-year growth and an impressive like-for-like growth of 11.6% year-on-year for Domino's. Our continued focus on cost and productivity is yielding results with pre-Ind AS EBITDA margins improving year-on-year.

We are also seeing fantastic response to our new innovative product offerings, Lunch Feast, Chicken sides and Big Big Pizza launched in second half of FY '25 are doing very well with consumers. Internationally, our Turkey business team continues to navigate a high inflation environment with agility and resilience. Business has generated healthy free cash flows and strong profitability.

By next quarter, we will start funding the cost of acquisition debt from Turkey. This is an important milestone for us. Jubilant FoodWorks performance is a result of disciplined execution and high-performance culture across the organization. We are building a durable future-ready business, one that balances growth with resilience and innovation with discipline.

As we move forward, our focus remains clear to deliver competitive, sustainable performance while staying true to our purpose and values. We remain committed to delivering long-term value and embracing the opportunities ahead with the same be the bold spirit that has defined our journey so far.

With that, I will now invite our Managing Director and CEO, Sameer Khetarpal, to take you through the operational and financial performance in great detail.

**Sameer Khetarpal:** Thank you, Mr. Bhartia, and good evening, everyone. The last quarter has been nothing short of exceptional for Jubilant FoodWorks. Our teams have executed brilliantly, delivering results against odds, exceeding both our internal targets and our commitment to you, our investors. Across every brand and geography, our strategy is delivering compounding results.

We have accelerated menu innovation, rapidly grown the share of our own digital assets, made decisive progress towards 20-minute delivery, sharpened our focus on growth and margins in Domino's India, scaled Popeyes towards becoming India's most loved chicken brand and generated healthy cash from operations in our business in Turkey.

On every one of these fronts, the quarter stands out as one of our best. Let me talk about the growth highlights first. Group system sales reached INR 2,671 crores, powered by strong consumer engagement across brands and markets. We added 71 net new stores this quarter, expanding our network to 3,387 stores across the markets.

Domino's India led the way with 61 net new stores- now present in 484 cities, a clear reflection of our confidence in the long-term growth potential of the Indian QSR market without losing the short-term opportunity. Consolidated revenue grew 17% year-on-year to INR 2,261 crores, while stand-alone revenue grew 18.2% year-on-year to INR 1,702 crores.

Domino's India delivered an impressive 17.7% revenue growth, driven by 17.3% order growth and 11.6% like-for-like growth. Our third consecutive quarter of double-digit like-for-like growth. Delivery like-for-like growth stood at 20.1%, even with the full impact of free delivery now in the base. Mature store ADS reached a new high of INR 85,396, reflecting strong throughput and operational excellence. Delivery channel grew by 24.6% year-on-year, while dine-in also increased after a long time by 2.5%, supported by targeted consumer initiatives.

On profitability and margin discipline, we continue our approach to cost reduction and capital allocation. On pre-Ind AS basis, the EBITDA grew by 18.2% to INR 292 crores with margins at 12.9%. Stand-alone pre-Ind AS EBITDA rose ahead of revenue at 22.5% year-on-year to INR 205 crores with margin expansion of 42 bps to 12%.

While gross margin dipped due to a deliberate value-led pricing mix shifts, the extended IPL season and the overwhelming success of Big Big Pizza, these actions drove superior growth, stronger new customer acquisition while protecting the overall margins through operating leverage and tight cost discipline.

On post-Ind AS basis, interest cost declined 17.6% year-on-year, thanks to better debt management and working capital efficiencies, further strengthening profitability and cash flows...

**Moderator:** Sorry to interrupt you, we are losing your audio.

**Sameer Khetarpal:** Okay. I can only speak louder. Effective capital management has led to meaningful bottom line improvement. Consolidated and stand-alone PAT grew by 59.8% and 29.5%, respectively. On innovation and digital engagement, for non-veg lovers, we launched Chicken Burst pizza this quarter, a new format that's already gaining traction and building on our Cheesy platform range.

Our digital ecosystem continues to scale with monthly active users of about 15 million, up 21.5% year-on-year. App installs are up 19.4% to 12.3 million and loyalty members at 37 million, up 48.6%. The metrics reflect our ability to drive consumer engagement repeats powered by our technology. Popeyes momentum is now strong with double-digit SSG growth in South Indian markets and improving restaurant profitability, both year-on-year and quarter-on-quarter. We now expanded to West with a healthy pipeline for Q2.

Our investments in the business in Turkey is delivering exactly as intended, PAT accretive, cash positive and high ROCE. The business reported INR 519 crores in revenue with a 9.4% PAT margin. While LFL growth was moderated by CPI led-price lag, order volume grew healthy and profitability improved through cost discipline and capital management. Coffy in Turkey now operates in 38 cities with 167 cafes, winning on value and service.

Overall, I sum up the performance, we are building -- we are agile today, ready for challenges and building a multi-brand consumer-first food tech enterprise. The focus is clear: growth and profitable growth, acceleration of innovation, digital leadership and operational excellence. With strong momentum across all our brands and markets, we entered the new quarter with confidence and conviction to do better.

With that, I request the moderator to commence the Q&A session.

**Moderator:** The first question is from the line of Percy Panthaki from IIFL Securities.

**Percy Panthaki:** My question is, it's been like 2.5 years since we have taken any price hikes. Now our SSG also has sort of stabilized over the last 2 to 3 quarters at a double-digit kind of a number. So what is really holding us back from taking a price hike now?

**Sameer Khetarpal:** Yes. So Percy, good question. I think in a few calibrated places, we are taking price increases, firstly, right? And what you see over here is the -- our order book -- like our LFL growth in value terms is slightly ahead of order growth. That's what I mentioned. So it is happening, but I want all of our investors and analysts, friends to step back.

We are here trying to build a 5,000 store franchise, right? I think this is the time where we penetrate more, we get the throughput per store and the leverage is coming in pre-Ind AS basis. It's very easy to take price hike at this stage, right?

And I get like several proposals every day on my table. I am going in for growth, and I can see the profitability improving at a pre-Ind AS level, hopefully, at post-Ind AS and whatever gross margin decline we have, we are seeing actually the leverage coming in supply chain and multiple other places. So what you are saying, we will take it at the right time. We know where to take it. We have done the full analytics, but we'll pull the trigger when we have to.

**Suman Hegde:** Just to add on that, Percy, while Sameer has mentioned that we have taken calibrated pricing, the inflation is not really that high yet, right? So it is still at a benign stage, while, yes, we might look at dairy inflation, but there are many other components of the food commodity basket, which we play in. So inflation is not really high. That is not really what's coming and hitting the gross margin.

**Moderator:** I'm sorry to interrupt you, but we are losing your audio a little bit.

**Percy Panthaki:** My second question is on the loyalty plan. Now it's been fairly long since we have launched it. So we are hoping that you can share some more data on this. So, I understand you do share sort of the number of customers and stuff like that.

But what I'm really looking at is that for a customer who has enrolled in a loyalty plan, how has his behavior changed versus when he was not in the loyalty plan? So does his AOV increase, does his frequency increase? If you can share some kind of numbers or some kind of data on that, it will be really helpful?

**Sameer Khetarpal:** So I will share three points over here, Percy. Firstly, our own assets are growing the fastest, right? So loyalty has a role to play over there. Second is frequency has begun to move up, right? So last year, we put free delivery, we acquired customers at an unprecedented pace. So when we calculate frequency, we calculate total number of orders divided by total number of customers, including new customers.

So that number is beginning to go up. And third is the cohort, right? So -- like in the Cheesy Rewards loyalty program, after earning six pies, you get a free pizza. That cohort, four plus is seeing the fastest growth. So, I'm giving you an analytical but a qualitative answer Percy on all three accounts without revealing the numbers, loyalty program is genuinely working is one of the important components of driving our own digital asset growth.

**Percy Panthaki:** I understand. What I'm -- okay, I'm not looking for numbers, but if you can tell me, see, loyalty has two or three benefits. One is that it can help recruit new customers. Secondly is that it can help increase the AOV of the existing customer or third, it can help increase the frequency of ordering. So if you were to rank these 3 benefits in terms of ascending order, which is giving you the most of the benefits and which is contributing to the lesser part of the overall benefits. That is what I was just looking at without any numbers.

**Sameer Khetarpal:** The biggest benefit of the rewards program is the long-term value of loyal customers. So it is -- not AOV, it is AOV into frequency of the loyal customers. Somebody -- so our average frequency is about three, right? Cheesy Rewards kicks in at 6, right? So, it fundamentally attacks customers -- who love Domino's, right, who or who love pizza.

And when they're making a choice, this is one of more factors -- one of additional factors other than delivery, innovation, the highest quality of cheese, etcetera, to come back to Domino's app, right? So, the way it is attacking is long-term value of customers who eat 4-plus times the pizza.

**Percy Panthaki:** Understood. And lastly, if I might squeeze in one question. See, we started doing this double-digit LFL from Q3 last year. So we have one more quarter of relatively low base than we hit the high base of Q3. So when we do hit that Q3 high base, how do we think of the Y-o-Y LFL going from there on? Would you say that you would endeavor to maintain the high growth irrespective of base? Or do you think the base effect does matter? And if it does, how much of an impact would that make?

**Sameer Khetarpal:** Percy, I will give the same answer what I gave last quarter, right? Bases do matter, right? -- but I think, again, I will request you to step back. At 3 quarters of these double-digit like-for-like growth, we will be expanding to the seams of the store in terms of operations, right? And that's what we are seeing, right?

And I think the teams have done a great job of sweating the asset, using the same -- doing lesser number of splits and growing the same store. So I think at some level, to me, splits will increase and will be obviously our payback period, ROIs, those will be intact, right? And from a base perspective, I think what is -- again, I will draw your attention to why are we growing, right? So it is not just a base effect.

We have done 5 things, right? We expanded the pace of innovation. We invested heavily in digital assets. We did free delivery. In top metros, we are the best in terms of 20-minute delivery. And lastly, we have like expanded the teams on the ground to have daily rigor, right? Like this -- for example, this Raksha Bandhan, it was raining heavily.

We exceeded all our expectations and yet delivery metrics came ahead of what we were internally anticipating on day like that. So, the combination of factors that is not just base and therefore, we are riding on the base. I'm very confident the measures we have taken should take us beyond the base also.

**Moderator:** Next question is from the line of Nihal Jham from HSBC Securities.

**Nihal Jham:** Two questions from my side. The first is on the delivery dine-in divergence that we are seeing. Even if I look at our dine-in channel, we've obviously launched the INR99 and the INR149 value meals. So there is a clear-cut case of value and all the other 5 aspects that you mentioned other than the delivery charge being very much a part of the dine-in channel also.

So what is it that is driving such a big divergence in the 2 channels? And if you say allocated to the delivery charge, is it that, that has had the maximum impact among the 5 elements that you just highlighted right now?

**Sameer Khetarpal:** Firstly eating at your home from QSRs, whether through a carryout or through delivery is a worldwide trend, right? And aggregators have obviously accelerated it. COVID boosted it. And consumers are looking to eat at home more and more, the QSR food, which stands for value. So that trend is intact. So that is driving one of it.

And then when it comes to delivery accuracy, delivery comfort, ease of ordering, value that we give that these are underlying factors that is fueling the delivery, right? So -- and if I want to -- if I'm pressed for time and which is happening more and more in our cities, right, we are becoming more urban, more nuclear, right, those trends, underlying demographic trends are there. That is what is fueling delivery.

On dine-in, right, so the way I want to just correct the understanding over here, Nihal, in humility. See, our on-premise includes dine-in and takeaway, right? So a customer can come in, right? I want to eat there. Just eating at the restaurant is also growing at 20%. We don't disclose dine-in and carry out, right? It's the carryout business that is like because of free delivery has moved. Otherwise, there was an incentive for customer to save INR45 -- INR45, INR50, if you -- when the delivery charges were there, with free delivery.

So I think the -- I did give a little bit of a positive undertone on dine-in. At least it is growing at a full system level. It is not declining. The reason is as we -- as the -- here, the bases are actually helping, right? And -- but overall, our dine-in trust me, has been one of the best in terms of the customer input has been the best in the last 3 or 4 years.

**Nihal Jham:** Understood. Just to clarify, you did say that leave apart the takeaway business, which you've highlighted earlier, the dine-in growth has been very strong, very close to what the delivery growth has been.

**Sameer Khetarpal:** Yes. That's correct.

**Nihal Jham:** That's very helpful. My second question was on -- I think only addition of one store. Just thoughts on where that brand is in terms of -- I know you mentioned that 100 store is the threshold where you start giving more data, but maybe the pace of addition was slightly lower. Where do you expect the store addition to scale up for the next full year? And even on SSG, specifically highlighting, say, South India, any comments on the rest of the country on the adoption of that brand?

**Sameer Khetarpal:** So I think the location strategy, product strategy, leading with both dine-in and delivery, our own delivery, our own app, that strategy is very clear. I think the slower growth in the quarter is an aberration, right? We already entered Mumbai with three stores, right? And we are building two more stores in Mumbai.

So you will see the right -- so we are -- we know where to open next 100, 150 stores. When we get the locations, we will open the stores. So nothing -- it is more about finding the location and negotiating on the rentals. And like I said, three stores in Mumbai are already opened, two are under construction. I am entering the quarter 2 with a reasonably healthy pipeline.

**Moderator:** Next question is from the line of Aditya Soman from CLSA.

**Aditya Soman:** So two questions from me. So firstly, I just wanted to understand this GM decline a little bit better because you indicated that you are pushing the value agenda, but I thought that the free deliveries now are complete -- should be in the base.

And secondly, even when I look at the free delivery, we are seeing the packing charge, for example, has gone up almost fully offsetting that free delivery amount compared with what it was two quarters -- let's say, 5 or 6 quarters ago. So I just want to understand this gross margin decline.

And then the second question is just overall also in terms of profitability for the stand-alone business, if I look at the EBIT or PAT over a sort of 3-year, 5-year period, it's basically we've seen no growth. In fact, over a 3-year period, it's a sort of double-digit decline in profit. How does one address this given that we've got very strong SSG, very strong top line numbers now, but the profitability overall remains muted?

**Sameer Khetarpal:** Yes. I think let me address profitability. I think you are seeing the effect of profitability in this like SSG in the profitability, PAT has grown 30% ahead of the revenue, right? So that is what we are also focusing on. And of course, the SSG has to flow into EBITDA and PAT, right? We are very clear about it. This is not a revenue business.

So I hope that addresses -- I hope you looked at that number, right? And it should improve from here. We had given that in -- over a 3-year period, we should improve by at least 200 basis points on a stand-alone basis. So that guidance remains actually, to be very honest.

Now the first question you had was on gross margin. So at least -- so I think the gross margin dilution is a result of 3 things. One is Big Big Pizza, which was we knew dilutive exceeded our expectation by almost 2x. And the IPL, it was supposed to be for a limited time in IPL. We extended it for the full IPL and also the IPL also got extended because of the border conflict. So there was that effect.

Second is we had launched chicken. Chicken per se, we want to increase the salience of chicken. There, we have taken some calibrated price increases when we looked at the gross margin. And third is we want to grow lunch, right? And the INR 99 lunch is an outstanding proposition available only in dine-in.

So these are all very strategic interventions, right? And we just sweating the assets. If lunch grows, we have to -- in dine-in, we have to do lesser splits. So it is very well calibrated. And you should look at pre-Ind AS results.

The second thing which we -- at least we look at internally not only the recipe cost or the food cost, we also look at the supply chain cost that is to deliver to the store. That is where we have seen maximum advantage. It is, in fact, one of the all-time lows in the -- in our history. It is almost 50 basis points of tailwind that we are getting just from our commissary and logistics operation.

So, we are seeing the leverage. I will not look at just the recipe cost stand-alone and look at the overall picture. And yet -- and we are also working to improve several initiatives are there, and we see an improvement trajectory in the last 3 months.

**Aditya Soman:** No, I understand that the gross margin. So, my question actually was on the PAT. The net income was actually on sort of a 3-year or 5-year basis, right? So if I look at net income or EBIT because the interest costs have gone up, so if I disregard interest cost, even the EBIT has declined at a CAGR of 11% on a 3-year basis, while our top line has grown 11% CAGR. So I'm just trying to understand what has led to this decline and how that will improve because 200 basis points still won't take it to what it was 3 years ago.

**Suman Hegde:** So let me answer that for you, Aditya. So you're absolutely right. And there are 2 points which I want to draw attention to here. One, at the point in time when the PAT was what it was, is the gross margin that we used to make. I think over a period of time in the last few quarters, we've also said about where and how price sensitive the Indian consumer is.

And we are seeing that across the board, right? I mean, across not only the QSR industry, if you look at any consumer-facing industry and in the environment that we operate in -- in the competitive environment we operate in much more competition than there was there 3, 4 years ago, right? And when consumers are spoiled for choice, you have to be very, very efficient on your pricing.

And hence, some of those margins of the past were not sustainable margins if you want to protect your consumer franchise and you want to look at the long-term value that you're creating as a brand. So that's one effect, which, of course, now we are saying once we rightsize it, we will improve the margins. I think there was a question previously, also by Percy on saying how we're looking at margins going forward.

We will see this coming through because we know it's an impact of mix, and we have invested, deliberately invested behind giving value back to the consumer, looked at customer acquisition, put value back in delivery. So that's one element which has impacted the PAT that you've seen in the historical 3 years back, if I compare it.

The second one is the depreciation and we keep the interest cost out of it. But we have heavily invested behind capital investments on technology, on stores. And as we have called out, with a high investment cycle behind our supply chain assets, which are our commissaries to support the growth that we will see going forward. Some of the capacities we have invested in are going to last us for the next 2 to 3 years. right?

Of course, the impact of that comes in the immediate in the depreciation line, which is what also you've seen a significant increase over. But in the long term, as the cycle we're getting off and we're getting off that cycle in FY '26, most of the investments now will be on ROIs, which are much better than manufacturing assets, right?

This behind stores, which have a 2, 2.5-year payback. It's behind technology, which is a faster turnaround, which you are reflecting in the growth that we are seeing. We will see this improve, right? So there are 2 elements, just to summarize. One is, of course, the gross margins, which we will now start inching up, but we did take a sharp dip on it, which is, I think the industry -- across industry was important to do to get the consumer back to the fold. And the second is depreciation, which you will start seeing the leverage benefits flowing through if the growth momentum continues.

**Moderator:** Next question is from the line of Vivek from Jefferies.

**Vivek:** A couple of questions. So first is on the delivery take what you mentioned, Sameer. So the way in which you report, let's combine it together, the last -- the previous quarter, fourth quarter, you almost came to 0% to 1% this quarter, 3%. Do we expect this to -- or should we expect this to pick up as we go forward?

Because, one, of course, the base is there, plus the initiatives that you have also been undertaking. That's the first part of the question. And where do you think delivery plus takeaway settles in the medium term?

**Sameer Khetarpal:** Yes. So I think the first question is, yes, I think we are working -- while we -- execution on delivery will be the key, try to service the demand, but shaping the demand on dining is something that we do very rigorously and a lot of efforts have gone in. I think you will continue to see the results in my opinion. So therefore, from neutralizing to plus 2.5%, 3% to 5%, 6% is what we are internally targeting, right?

So it should improve. But the mix of -- there is a huge tailwind on delivery, Vivek. The more supply we are able to create on delivery side, there is enough and more demand with weather vagaries, with traffic, with consumers like habit changing with app, with bank offers, right? It just that this -- I think the growth momentum is there on the delivery side.

So it is more -- we have to supply be ready at the right point at the right cost. I don't know the answer to the question number two, to be very honest. The way I look at it is I want the customer to have a great choice with us. We should be available in all channels. Our own app should offer the best, most immersive pizza eating or pizza ordering experience. And our stores, which are neighborhood stores, we will be like, what, maybe 60, 70 stores in Gurugram alone.

So in that kind of a setup, if somebody wants to eat in, take away, that's how we are building the business. And we genuinely want to shape the demands towards dine-in because it is accretive to the P&L.

**Vivek:** Right. And just a follow-up. So let's say, deliveries today at about 73%, where -- so basically, if, let's say, this number goes higher and higher, does that need any change in you think you -- the way in which you are building stores, the way in which you are staffing stores and so on and so forth? Or in the medium term, you don't envisage this number going up now from the level that we are currently today?

**Sameer Khetarpal:** So we are constantly monitoring, right? So the 73% is an average, right? So there will be stores with 100% also. There will be stores will be less than 10% also. So, there is a -- so in urban centers, when we especially split a store, we try to go with a delivery and carryout store. This is about 800 to 900 square feet store. in rural areas or in Tier 3, Tier 2, we are opening up 1,500 because there, the dine-in. Takeaway is like more than 50% or closer to 50%. So, we are already calibrating, and we are seeing what happened 2 years ago.

So at the moment, for example, if any property which is there more than 1,500 square feet, we actually say no, right? So we don't want it. It doesn't add value. We know the business ultimately will shift towards or customer preferences will shift towards dine-in even in Tier 2, Tier 3 cities. So we are calibrating a lot of that and getting tighter on the property and the real estate that we ask. But we are not going to open that dark store, right? So I just want to...

**Vivek:** Okay. Got it. And the other thing, Sameer, quite frankly, every time that we are on the call, there are a lot of questions on the margins. I think at least I totally appreciate the fact that you are going after growth. Even if it is gross margin dilutive, at least EBITDA margin numbers are showing that you're building business from a -- with a medium-term lens, if not long term.

But just because there is so much of concern on margins, do you think on the gross margin side, this quarter has been, I think, one of the lowest. Do you think you are at the bottom on gross margins? That is first part to the question. And the second part is if you still have to dissect the, let's say, 200 basis point decline at stand-alone level, how much of this will you say will be because of promotion versus, let's say, new products which are margin dilutive?

**Sameer Khetarpal:** So I generally believe, again, I can be wrong, but I genuinely believe that this is an aberration, right? And I do see margins improve -- gross margins improve. And having said that, I also want you to notice that our supply chain cost has been lowest ever. So actually, the delivered food cost to the store is not as bad as what you are seeing just on the recipe cost. That's one.

The second is the almost 75% of the loss is coming from the new products that I spoke about. So which -- and I think the sales exceeded our expectation on all 3 of them. And therefore, we have gone back in chicken, for example, taken price hikes, right? So we are calibrating that. I don't think they will go down any further in my opinion. They should ideally improve.

**Vivek:** Okay. And sorry, just one follow-up. Why do you say Sameer there is an aberration in this line item?

**Sameer Khetarpal:** Because some of the changes, I think, got together, like I said, like the Big Big Pizza exceeding our internal estimates, IPL getting extended, right? And it didn't -- like we were positively surprised by that, right? Chicken, for example, in South India exceeded our internal targets. So for example, in chicken, we have gone back and corrected the price. On Big, Big Pizza, we are now -- actually, we are reengineering the product to see can we get more gross margins, right?

So that can we -- how do we make it more efficient? Can we do a few things in the factory, right? Can we make the store operations a little more leaner. So those things are under works. So that's why I feel more confident we know and then controlling like operations in stores, right, as the throughput increases. So we are using technology to map the stores, to map the inventory.

So a lot of effort. In fact, I'm personally spending enormous amount of time in digitizing our supply chain. So those are the pieces where the wastage, delivery costs to stores, inventory excesses, those things I believe will come down, which is also sitting in the gross margin. Pricing, I'm very, right? I just don't want to go on record. Taking price increases is going to be very calibrated. I'm going for growth and growth should give me leverage in the EBITDA lines.

**Moderator:** Next question is from the line of Jay Doshi from Kotak.

**Jay Doshi:** My first question is, when you introduced Cheesy Volcano, it was -- the introductory price was very attractive versus other products, similar products. Then you did the same with Big Big pizza and the new Chicken Burst pizza. So when you actually roll back the introductory price or take price increases, do you see the same level of traction in these innovations or it tapers off? So that's my first question.

**Sameer Khetarpal:** I think you're right. I think it's a loaded question. So it's therefore, a very intelligent question. I think consumers today are very savvy. They know where -- how to compare the prices and AI is only helping them like get faster earlier, they used to take 7 minutes to compare across 5 apps and call the store. Now the AI is actually doing it for them. So price increases are going to be harder for the industry. And when we did take the price, we immediately saw the elasticity, so therefore the way we...

**Jay Doshi:** Sir, sorry...

**Sameer Khetarpal:** Yes. So Jay, consumers are very smart. They have more tools to do price benchmarking. Price increases have to be very calibrated, right, very thoughtful, done in a scientific analytical manner with proper A/B testing over at least 13, 14 weeks. So that's what we do. In a few cases, like Volcano Pizza, we have taken price increases.

In Big, Big Pizza, we did take price increase, but we saw massive elasticity against us. So we will roll back where we have to. We have to change. But then-- again, the focus on gross margin continues, right? And through more efficient use and smarter use of analytics to get more in the bank.

**Jay Doshi:** Sure. One more follow-up there. Is there any possibility for you to consider platform fees because food aggregators have now...

**Sameer Khetarpal:** I'm dead against that. I have seen this play out like almost 15 years of my life, right? You do get a bump in 1 quarter, 2 quarter, right? Our own app is growing for a reason, right, because we kept it simple. We've kept it unhidden price. It's very easy to do it, right? All of what you are suggesting, we can do it like tomorrow morning.

It's hard to build long-term businesses that on customer trust, where you're tightening your own belt and not pass them to. So we are going in for that. That's a clear strategy. But all the levers you are suggesting, we have it in our back pocket and technology is ready, I can roll it from midnight tonight, but we are not doing it.

**Jay Doshi:** Sure. Last one on Popeyes. Now at the Investor Day, you indicated you need another 3 to 6 months to streamline a few things for Popeyes. And your last week's small interview on CNBC, you appeared sounded more confident. So could you give us sort of an update of what progress Popeyes has made in the last 6 months? And how do you sort of look at the expansion plans growth from the next 12 months perspective?

**Sameer Khetarpal:** I think we've made tremendous progress in the last 6 months. Five things have happened over there. Firstly, we have relentlessly focused on building the team, right. In fact, I would say what Domino's team we did about 2, 3 years ago with splitting of regions, getting physical digital leaders, we have replicated the same playbook, even just with 60-odd stores.

Second is ruthlessly focused on getting the delivery infrastructure, right? It's very hard to do for a 60 store network, which is with a patchy coverage even in a city, right? So we've gotten that piece, and we have combined it with the Domino's team, which does this like 40,000 riders in a day at scale. So -- and we are building more and more technology to combine it. So that is number 2 thing we have done. We have fixed delivery.

Third is -- I personally spend time with the 60 restaurant managers every quarter, right, telling them what is important along with the leadership team. We train them. We are building the business in a very -- like a start-up mode. And fourth is getting the unit economics right. So a lot of effort has gone in on measurements, food cost, a lot of capex reduction, supply chain capacity buildup, automation in supply chain.

So I feel very confident that -- and now we are beginning to invest in marketing. So take, for example, we were very under-indexed on buckets, and we've gone back and fixed that. We fixed the core value proposition, how will we differentiate as a brand in this cluttered market and stand for the most loved chicken. So those pieces, we have worked, and we will see a lot of compounding happening over there.

**Moderator:** Next question is from the line of Manish Poddar from Invesco Asset Management.

**Manish Poddar:** Just one question. You all are doing well despite the macros, given the multiple interventions which you have done. If you can help me understand either qualitatively or quantitatively, how is our brand relevance on aggregators now that will be useful to understand how would it stick around when we reduce incentives or promotions?

**Sameer Khetarpal:** Yes. I think firstly, the relevance of aggregators and our own digital assets is for the customers wanting reliable delivery, right, and options. So that is where we come in. And that is one big tailwind and operational advantage we carry in our business. So therefore, we work very well with both the aggregators. Overall, we believe as we do mark-to-market our own estimates, we believe we are gaining share. And we want to be there wherever customers are. So if the aggregators are launching new deals, properties, new separate delivery options, we want to be there. So we are looking at the customer where the customer is and following the customer versus trying to say customer should come to me on this channel with this kind of a proposition.

**Manish Poddar:** But, would you have some data to -- I'm just trying to understand, let's say, when you say market share gain within the category or at a broader level or top 10 cities, any sense how would our share stack, let's say, what it was, let's say, 12, 18 months back versus today?

**Sameer Khetarpal:** See, internally, we do -- I don't want to share the numbers. But when you look at like even the listed QSRs and look at the growth, right, revenue growth, you will get it, right, yourself. So it's very easy to do, but we do have -- we have a more scientific approach where we also go to unlisted pizza players. We obviously get market share information from aggregators.

We overlay our own internal data. So I think you will be very positively surprised. See 20% like-for-like growth in delivery alone will give you that we are gaining share, right? That should -- that is, I think, the single biggest data point.

**Manish Poddar:** And sorry, Sameer, if I have to think about when you think about incentives, these are not, let's say, higher margins to the aggregators, but more consumer incentives. This is what -- so when you plan to -- it's more targeted advertising or targeted promotions, which will reduce over a period of time rather than, let's say, negotiate harder with aggregators because having higher share in the channel. I'm just trying to understand from a gross margin picture.

**Sameer Khetarpal:** Gross margin has nothing to do with the aggregator channel or anything, right? So gross margin that you see is the price we get for an order and the food cost for that order, irrespective of where it comes from. So there's nothing to do with aggregator negotiation or anything. We work very well with aggregators.

We want to deeply partner with them on all their programs. We believe they have built a strong franchise. And we continue to invest our own technology, our own stores. It's quite complementary in my opinion.

**Moderator:** Next question is from the line of Aditya Vikram from DB Securities.

**Aditya Vikhram:** It looks like a good job done. I had just one question to the point which Suman was making. You said most of the technology investments are now writing benefits or will start writing benefits in a short period of time, right? What would be an idealistic impact on the gross margin as such?

**Suman Hegde:** Sorry, what benefit?

**Aditya Vikhram:** The technology benefits, what would they transpire into, right? You said in the next few quarters, we will start seeing the impact. So I just wanted to quantify it.

**Suman Hegde:** Okay. So okay, there are multiple areas where the technology is being deployed and you will see the implications. If you want to specifically understand because technology on store operations that we do will, of course, reflect in better employee cost productivity, so it will appear below the gross margin line.

If you talk specifically of gross margin, where is technology being deployed. We have better conversions on our app, right? And because of the app interventions that we are doing in terms of consumer cohorting information that we get, in terms of ensuring that there's a good uptime for consumers, cross-selling that happens.

If you go into our app today, you'll see multiple options where we have adjusted things to help cross-sell, upsell, more targeted discounting, which is done basis on where the consumer cohort sits in a particular location or in a particular region. So all of that helps us do better smart pricing, better discounting and better conversion of consumers.

This is what we reflect in your gross margin line, right? But there's also technology investment going on behind store operations getting better behind our own delivery management system, which ensures that we get good delivery executives onto the portal, which ensures that we can deliver against our, DOT, Delivery On-Time promise.

All of that will reflect into our below gross margin, but above EBITDA line. So that's the various kinds of technology. But specifically on gross margin, you will see it in better and more smart pricing, better and more targeted discounting and better conversion happening because of the app experience for the customer.

**Aditya Vikhram:** Okay. But you still won't be able to quantify it as to how much will our gross margin improve now that we are not going to do a lot of technology investments, correct? Or you have some sort of an estimate, but you don't want to call out...

**Suman Hegde:** No, Aditya, I think one is technology investments called out, it goes -- the investment will get depreciated, which will go below the EBITDA line. So it will not come that improvement of lesser investment in technology will not go -- and we do not intend to invest lesser in technology. We only expect to get better returns on that investment that we do in technology, right, which will reflect in the gross margin line. But the technology investment -- in depreciation goes below the EBITDA line, yes.

**Aditya Vikhram:** No, no, no. I understand the EBITDA line. I was just trying to understand that what would be the impact on the revenue and everything but based on everything which you suggested and -- okay. Should I -- question is, again, Sameer, you mentioned that you are very cautious or you will only take calibrated price rises because of how the Indian consumer is, right? Is there any sort of experiment done on reducing the...

**Suman Hegde:** Sorry, Aditya, your voice is breaking...

**Aditya Vikhram:** Yes. So this question was specifically to Sameer. Sameer, you said you want to take a very calibrated and cautious approach when it comes to price increases, right? And you have seen -- I mean, one of the participants who was trying to understand that what is the traction whenever you increase the prices.

I just wanted to understand from the management perspective that are you all guys doing any experiment on the big size pizza where you're reducing the size because these are highly margin dilutive. Is there any sort of experiments or any sort of work going on that front as well?

**Sameer Khetarpal:** So I think the -- firstly, the big pizzas come with big ticket size and therefore, give more leverage on the cost below gross margin lines, including delivery. So therefore, at a percentage terms, it may be dilutive, but absolute terms, it is accretive. So that's one piece to keep in mind, right? So second is, again, in this environment, we want consumers to get more food, get more satiated and come back.

And we are seeing that consistently, right? It is -- I mean, just anecdotally, I'm just sharing you like my peers in the industry and many customers that I know will cash hold of me on a bus station or a rail station or -- and say the Big Big Pizza is such an outstanding innovation.

So again, the idea is to grow the business, franchise it. At the same time, we are running almost 30 experiments as we speak on taking calibrated pricing. There are 30 initiatives being run to reduce cost, right? It is not about putting less cheese though. It is about can we get better at storage of cheese? Can we do better buying of cheese? Can we do better procurement of oil? Can we reduce localization of corn, right? So I think those are the initiatives we are focused on.

And there are several such initiatives, and I am confident the opportunity continues to exist. Plus this top line growth is giving us leverage in rentals. It is giving us leverage in the G&A cost. So I remain very confident about the margin trajectory also, and I'm not too concerned about it. Again, on pricing, like I said, we are going in for growth. It's very easy to take whatever you are suggesting at convenience fees, increase pricing, increase packaging charges, but we are not doing it.

**Aditya Vikhram:** Okay. I just have one feedback for you and your team, if you can. I myself a Domino's customer and we do order it for various of our friends as well. I think most of the numbers which are listed online for your stores are either inaccurate or don't work. So if you can work with -- and it causes a lot of frustration when you're actually ordering in between again and you're waiting for a very long period of time.

So if you can work with your team to ensure that the numbers which are listed on Google and your apps are at least accurate and you can ensure that we reach the stores, that probably will reduce some amount of frustration and cancellation also, I'm hoping.

**Sameer Khetarpal:** Yes. Firstly, my sincere apologies for the poor experience. We are on it. I think hopefully, AI will take over and then we'll not need any intervention. That's what we are building. But in the meantime, please do -- like if you can drop us an e-mail where it is, we'll correct it in like...

**Suman Hegde:** We are already working on it, but thanks for the feedback. It is very valid, but we are working on it.

**Moderator:** Next question is from the line of Sheela Rathi from Morgan Stanley.

**Sheela Rathi:** So my first question was, Sameer, with respect to the competitive landscape. Just want to understand how the trends are and especially from the point of view of which are the area -- we have a lead on a lot of areas, be it tech, be it delivery, be it the whole innovation. Are we seeing any catch-up game being played by competition? And any specific area you want to talk about?

I know you talked about the market share gains in the recent quarters, but anything in specific, if you would like to call out?

**Sameer Khetarpal:** There's nothing, I think Sheela, we are more internally obsessed with our customers than looking at competition. Of course, we do benchmark our sales, our metrics, there are team to it so that the customers eating at Domino's or shopping at Domino's, they get the best value and the best experience. So those things we do.

I think I will talk more internally that I think we have a huge pipeline of building product platforms, right? We continue to invest in cheesy platform, as we call it. So therefore be it Burst Pizza, non-vegetarian pizzas, you'll continue to see that growth, huge opportunity to capture lunch, right?

Our late-night delivery has grown at a very fast. It has, in fact, doubled in last like 9 months. So we see great -- both customers looking for innovation in menu dayparts and occasions like Raksha Bandhan and Independence Day and Friendship Day, those we are like -- we are very, very bullish about the opportunity that exists with us. I only wish we can execute faster, right? So the demand is there.

**Sheela Rathi:** Understood. Second question and the final one. You did mention about you are not looking to open dark stores. But when I look at the delivery numbers, that is 73% of revenues now, and you did say that in smaller towns, dining is over 50% in some part. So I just want to understand in metros and Tier 1 cities, is the delivery share much higher? And is there a case to have smaller sized stores? Or we still think that we will continue with the kind of stores we have been opening in the past?

**Sameer Khetarpal:** Nothing is horses for courses in smaller -- in the larger cities like Mumbai and Gurugram and Delhi, we tend to open smaller stores, unless until it's a virgin area, which are very few in these cities or it's a mall, for example. So we do tend to open smaller stores in these cities, which are more delivery-centric, right? But if a customer walks in and wants to eat, right, should get a comfortable air conditioner and a table and a chair to sit very functional.

So we don't penalize that somebody wanting to come in the store has to find the store. And I think Sheela, a lot about food is also seeing the food being made. So that generates trust in the brand, right, and versus doing 10 brands from a dark store. So we are very clear on that one. The ROIs have to work.

And we look at -- when we look at -- when we give a store approval, it genuinely like validate how much dine-in and carryout sales will be there. On that basis, we decide the store. Store sizes have some smaller, I would say, have become smaller in large cities. That calibration is an ongoing one.

**Sheela Rathi:** Sameer, if you could remind us what is that number now from a square feet basis?

**Sameer Khetarpal:** About 800 -- like see, mostly when we split a store in large or urban centers, we go in for 800, 850 stores, maximum 1,000, where we don't go definitely beyond 1,200, right? While in like I said, in Tier 3, Tier 4, we do want to give 40 to 50 covers because there is demand for dine-in in those cities. So our standard size is 1,200. It has actually gone a little lower than that between 1,100 and 1,200 in the last 24-odd months. So we are constantly calibrating that.

**Moderator:** Next question is from the line of Latika Chopra from JP Morgan Chase.

**Latika Chopra:** A few questions from my side. I think the first one, just taking on from calibrating store sizes, I just wanted to get a sense on capex for you in FY '26. I heard Suman mentioning much of the commissary-led capex is likely behind us. If you could give us some color on what kind of efficiencies are you building on the capex front? That's the first question.

**Sameer Khetarpal:** Suman, you want to take that on guidance.

**Suman Hegde:** Sorry, Latika, just to understand, are you asking about how the capex -- overall capex spend of the company will look in the years going forward? Or you are specifically asking about store capex efficiency?

**Latika Chopra:** If you could comment on the overall capex, how you're looking at it for the medium term?

**Suman Hegde:** Okay. So we are coming off a high cycle of supply chain commissary capexes like we said. But we do plan to accelerate our pace of increasing the number of stores that we open. If you recall from our Investor Day also, we said that -- the plan is because we believe there's potential in the country to open the next 1,000 stores in the next 3 years, right, which will mean that there will be a higher amount of capex, which will now swing towards store openings.

We'll continue to invest behind the technology and of course, the operations on the ground to get the back-end infrastructure, be it in terms of our ERP systems, our processes, supply chain transformation, but more tech and store opening-related capexes will be where it will happen, which means your return on capital employed should typically go up because the payback cycles on these investments is better.

So that's the way we are looking at our capex spend. So it will not be a dramatic recalibration or a significant decrease in the capex cycle that we see over the next 2, 3 years. But the portfolio -- or rather the profile of the capex, which will get spent will be different and will be more faster and higher revenue generating or return-generating capex.

**Latika Chopra:** And Suman, at a store capex level, how should one think about on a per store basis an average capex?

**Suman Hegde:** So we don't really comment out on how much we spend because again, that can vary depending on the size and place of the store, Latika. But let me just give you some numbers in terms of percentage. Over the last 3 years, consistently, we are seeing that number come down like almost every year, we see a 10% to 15% drop on the amount that we spend on the capex coming predominantly from scale and as we get better on what technologies we use.

And the other vector that we really are looking at now is saying how much of the capex do we put in and how much can we get the landlords to invest behind, which also is a key area for us, it improves the ROI for us or the payback on our store and also brings down the amount of capex that we spend per store, which means we can open more stores with lesser amount of money, right? So I don't want to comment on a number because the numbers can vary, but that's the way.

**Latika Chopra:** Over the last 3 years on a stand-alone basis, I think you've spent on an annual basis, INR700 crores to INR800 crores per annum. So I'm just wondering if the heavy commissary capex is behind us and this absolute number on an annual basis could probably moderate. So I think that was what I was trying to gauge.

**Suman Hegde:** Yes. It will moderate to some extent. But like I said, it won't be a material moderation because I'm just recalibrating it from supply chain commissaries to store.

**Latika Chopra:** Understood...

**Suman Hegde:** The supply chain capacity supply to new stores, right? So now I need to also generate the return -- generate the demand to ensure I can leverage the supply chain capex, which I think is the right thing to do in the medium to long term, yes.

**Latika Chopra:** Understood. The second bit was in FY '25, I think, if I recollect correctly, the drag from losses from emerging formats was about 200 basis points. And I saw you mentioned that Popeyes has seen sequential improvement in profitability. So how should one think about this drag? How materially can it moderate in coming years?

**Suman Hegde:** So in the next -- I think, again, something we have mentioned in the next couple of years, we are looking clearly that this drag will come down substantially, at least half the drag in the next year or 12 to 18 months. That's the plan, right? While we continue to invest behind the Popeyes business.

But on both the other two brands, we are materially bringing it down by improving unit economics. Expansion, as you can well see in the numbers we have come out with, have almost come down to a trickle or stopped, right? So that's the way we can calibrate it. We are looking at over the next 2 years to at least half the drag that we are currently seeing on the overall JFL margins.

**Moderator:** Thank you very much. Ladies and gentlemen, that was the last question. On behalf of Jubilant FoodWorks Limited, we conclude today's conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

**Suman Hegde:** Thank you.

**Sameer Khetarpal:** Thank you.