



“Jubilant FoodWorks Limited Q2 FY26 Earnings Conference Call”

November 13, 2025



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Note: This transcript has been corrected for readability, clarity and accuracy at some instances.



*Jubilant FoodWorks Limited
November 13, 2025*

Moderator: Ladies and gentlemen, good day, and welcome to the Jubilant FoodWorks Limited's Q2 FY '26 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Apar. Thank you, and over to you, sir.

Apar: Thank you so much, Rayo. Welcome to Jubilant FoodWorks Quarter 2 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 & MD – Mr. Sameer Khetarpal; our Turkey Business CEO – Mr. Aslan Saranga; and our CFO – Ms. Suman Hegde.

We will commence with key thoughts from the Chairman, followed by remarks from the CEO and MD. After the opening remarks, the forum will be open for Q&A session.

A cautionary note before we move ahead, some of the statements made on today's call would be forward-looking in nature, and the actual results could vary from such statements. 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. Over to you, sir.

Hari Bhartia: Thank you, Apar. Good evening, everyone, and thank you for joining us today for our quarter two FY '26 earnings call. We are pleased to report another quarter of well-rounded performance driven by robust top-line growth across all markets.

Our India business has delivered industry-leading revenue growth and a steady operating margin. Our Turkey business continues to demonstrate strong performance. It is also PAT accretive to the Group on a year-on-year basis. We are seeing improving sales on the back of a strong franchise network and portfolio innovations.

We continue to expand our network footprint with a run rate of approximately one new store per day, and we have added 93 stores during quarter two across brands and markets. And now we operate close to 3,500 stores, out of which close to 2,500 stores are Domino's.

In terms of our performance during the quarter, our consolidated revenue from operations increased by 19.7% year-on-year to Rs. 23.4 billion. This is on back of a consistently strong like-



*Jubilant FoodWorks Limited
November 13, 2025*

for-like growth in Domino's India and Turkey and large network expansion. Domino's India delivered a strong 9.1% like-for-like growth despite the early onset of Navratri this year versus last year. Through judicious cost control measures and continuous improvement in productivity, we have demonstrated sequential improvement in EBITDA and PAT margins.

On a standalone basis, our pre-IndAS EBITDA margins have improved during the last two quarters, up by 37 basis points versus the same quarter last year. We continue to drive innovation in our product portfolio. Following the successful launch of Big Big Pizza and Chicken Burst, we introduced four cheese sourdough pizzas in quarter two, which has received exceptional customer feedback.

Going forward, we remain focused on delivering value to our customers. This has been possible because of the strong foundation that we have built with technology, supply chain, delivery capability, and most importantly, our talent and people.

We have been building future-ready organization, one that combines scale with agility, innovation with discipline, and growth with resilience. Thanks to this, we are starting to adapt artificial intelligence in our technology platform to improve productivity across all our functions.

You will be happy to note that Domino's launched Cheezilla with a breakthrough campaign ad created entirely by artificial intelligence.

Finally, in the conclusion, I would like to add that we are extremely delighted with the steady top-line growth across all our markets. Our India business continues to grow ahead of the market while also witnessing a consistent improvement in operating margin and PAT margin.

Our Turkey business is consistently delivering value accretion with robust pipeline growth and healthy PAT margin. Sri Lanka and Bangladesh businesses are also witnessing strong growth. Overall, our strong performance and the momentum generated in first half, we believe, has set Jubilant FoodWorks for a very promising second half.

With that, I will now like to invite our MD and CEO, Sameer Khetarpal, to provide more details on our quarter two FY '26 performance.

Sameer Khetarpal:

Thank you, Mr. Bhartia. Q2 was yet another dream quarter. Domino's across geographies had a strong, positive, like-for-like growth, with India growing at 9.1%, Turkey at 5.6%, adjusted for inflation, and Sri Lanka at 81%. Popeyes also grew double-digit SSG.

In the quarter, due to like-for-like growth, we gained market share, expanded store footprint, and improved margin simultaneously. Domino's India has delivered a positive, like-for-like growth seven quarters in a row, and is now serving customers in 500 cities.



*Jubilant FoodWorks Limited
November 13, 2025*

India business, as an entity, continues to deliver double-digit top-line growth, led by strong order volume increase. The revenue from operations increased 15.8% to almost Rs. 17 billion. Domino's India saw strong order growth 15% year-on-year and revenue growth of 15.5%. Like I said, like-for-like growth was 9.1% and delivery like-for-like growth was 16.5% year-on-year.

Delivery channel revenue growth continues to be over 20%, demonstrating the lasting effectiveness of our free delivery initiative. Just to remind, it was launched five quarters ago and relentless focus on speed of delivery. JFL's network expansion is ahead of our internal plan. It aligns with our internal expectation of growth in the QSR market and our ability to gain incremental market share.

In Q2, we expanded the store network in India by 88 stores over previous quarter. Out of which there were 81 new Domino's store. YTD number for Domino's is now 149 in the financial year. During Q2, the footprint for Domino's network expanded by 16 new cities, taking the service to 500 cities. Along with this, we opened 8 new Popeyes stores out of which 4 were in Mumbai, marking the entry of Popeyes into Western part of the country.

Product innovation continues to be an important growth lever. During Q2, we launched sourdough pizza and breads, a new product form which is already gaining traction among customers.

It follows the launch of Big Big Pizza, Chicken Burst and our Flavor Burst that were launched in previous three quarters. For us, Popeyes is equal to bold flavors. To build on the reputation of most flavorful chicken brand, team at Popeyes launched Flavor Burst Burgers.

Digitally, in Q2, we achieved a major milestone. Our tech teams launched an ad monetization platform on Domino's app, through which iconic brands like Apple, Tata Neu, Flipkart, which have adopted the service, get more eyeballs and almost nearly 15 million monthly active users that come on the app. The app traffic grew 28% and loyalty member base rose to more than 40 million.

On profitability front, the pre-IndAS EBITDA margin of our India business has seen an improvement year-on-year and on quarter-on-quarter basis, through improved operating leverage and productivity gains. The team has been able to maintain a very tight cost control throughout the supply chain, which is highly commendable.

The business in Turkey exceeded our plans. Post IAS 29, Domino's LFL came in at 5.6%, reflecting a strong growth momentum driven by orders. The business reported Rs. 5.9 billion in revenues and a PAT margin of 10.4%.



*Jubilant FoodWorks Limited
November 13, 2025*

COFFY, as a brand in Turkey, is ramping up with compelling proposition and strategic pricing. We added five new stores for COFFY during the quarter and now operate 172 cafes.

On a consolidated basis, revenue from operations grew 19.7% year-on-year to Rs. 23.4 billion and reported EBITDA grew at 19.5% to Rs. 4.8 billion. Post IndAS, interest costs declined by 23.5% year-on-year, largely due to efficient refinancing of the acquisition debt in Turkey. ‘

Consolidated PAT from continued operations grew 53.7% year-on-year, which validates our strategic capital deployment and relentless focus on execution.

To summarize, deeper focus on the three brands across Turkey and India as geographies, consumer-first product launches, tech-forward approach continues to power our growth across all markets and brands. We see momentum carrying forward in Q3 2026 with sales in October beating our internal plans.

I now request the moderator to commence the Q&A session.

Moderator: Sure. Thank you very much. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from Vivek M. From Jefferies. Please go ahead.

Vivek M.: Hi, good evening Sameer and team. My question to you is, we have seen how your peers have reported in the last few quarters. We see your SSSG numbers or LFL numbers have been very good. But there was also an element of base. As the base gets reset from December quarter, what number of LFL you will be happy about or that you are targeting at this point of time?

Sameer Khetarpal: Yes, great question Vivek. It is how we build our internal plan. So, we want the India Domino's business to grow closer to 15% year-on-year. That is what internally we target. Now, roughly 5% to 7% should come from like-for-like growth and we should increase 7% to 10% on the store expansion.

So, together if you really see, the number can vary from 12% to 17%, right? The upper end and lower end ranges. So, that is how we model and within 5% to 7% like-for-like growth, there should be 1% to 2% improvement in pricing or mix. So, that is how we model and about 3% to 4% in terms of underlying volume.

Vivek M.: Got it. And just a follow-up to that, Sameer while the base of, in case of let us say, delivery is going up, your dine-in still has a low base. So, I mean, this quarter was flat on a Y-o-Y basis. Do you envisage that will pick up as we go forward now?



*Jubilant FoodWorks Limited
November 13, 2025*

Sameer Khetarpal: Yes, I think, see the work on delivery took time to scale, time to build, right? And therefore, we feel good about how delivery is growing and we believe there is more juice over there. The work on dine-in or in-store is very much underway.

Like for example, the Rs. 99, the renowned value meal that we launched for dine-in between 11:00 AM and 3:00 PM is giving us the joy. We have expanded that to delivery at about Rs. 150 during lunch hours. So, long story short, there are several initiatives which are in works to increase in on-premise sales and very soon we will be launching our offerings during that, plus the focus on lunch, right? Lunch as a percentage of sales, dine-in and takeaway as a preferred channel is much higher during lunch hours versus dinner hours where delivery is much higher.

Vivek M.: I see. Okay. And the second point is, on the GST bit, you were not direct beneficiary but there was an input side benefit. Can you just elaborate on what exactly was the quantum benefit and what have you done with that, let us say, saving or whatever?

Sameer Khetarpal: Yes, I think our internal estimates, while see we were at a 5% regime and we continue to be at a 5% regime with no input tax credit. Having said that, we are thankful to the government to bring down the GST on some of the input like the ingredients like cheese and sauces that we get from 12% to 5%. And therefore, the weightage of that in our mix is about 50 basis points in terms of margins.

Like the purpose of this initiative is to expand consumption in India. And we have passed on this selectively, like deeper into our products. Like for example, in Big Big Pizza, we had taken the price increase to Rs. 899. We have brought it down post-GST reduction to Rs. 799. So, on selective products, we have taken some deeper cuts. But at the moment, to drive consumption, especially, also during festive period, we have passed it on to the consumers.

Vivek M.: Okay. Sure. And lastly, Sameer, when we look at GST cuts, obviously it is not that the customer will be using the same money in the same category. Do you think that we have seen, in case of autos, a pickup in demand? Do you expect categories like yours should also benefit now in coming times?

Sameer Khetarpal: 100%, Vivek. I mean, if Diwali was an indicator, right? I think, while the auto sales boomed, pizza also was eaten in abundance. See the consumption is good for us. And through multiple initiatives of the government, be it interest rate coming down, income tax rates coming down, and also GST benefits, ultimately, it will boost consumption, right? And I am quite hopeful. And we are seeing that in places also, the demand for eating out will only go up.

Vivek M.: Got it, Sameer. Wishing you and your team all the very best. Thank you.

Sameer Khetarpal: Thank you, Vivek.



*Jubilant FoodWorks Limited
November 13, 2025*

Moderator: Thank you. The next question is from Jay Doshi from Kotak. Please go ahead.

Jay Doshi: Hi, thanks for the opportunity. Just continuing on Vivek's question, just following up. One is, in the 45 days so far, is the growth trajectory ahead of your estimate of 5%, 7% or in-line? And how does it make you feel about the rest of the quarter?

Second question is, see, last year, you had double-digit LFL in the last four quarters. And you saw certain margin expansion at the pre-IndAS level. This year, for the next four quarters, that LFL growth you are targeting would be lower. In that case, how should we think about the Y-o-Y margin expansion trend for the company? Over a four-quarter period, not quarter-to-quarter.

And the last question would be, could you sort of, give us some sense of progress of Popeyes, especially on ADS trends in unit economics?

Sameer Khetarpal: Yes. So, I will try and answer all the three questions, but I may ask you to remind one of them if I forget. So, Jay, like I said, October has been a very good month for us, it continued, it was ahead of our plans.

Having said that, the last year Diwali was at the last day of October and the momentum post Diwali which exists because of Bhai Dooj and Chhath Pooja and Gujarat, right, all of those will come into the base in November.

So, at the moment, I continue to be confident about the numbers, the way October has gone. December was again a very high base for us. So, I fully understand your the intent behind the question that this is the quarter that will really prove our growth hypothesis.

At the moment, I remain very confident looking at how October has gone. So, I am not giving you a particular number saying yes or no to it, but we are ahead of our plan, right?

And the second, I think, see, there were two interventions which were there on the margin side. One was free delivery and as a result, delivery mix continued to increase in our portfolio, right? So, that was one headwind.

For the first time, we are beginning to see the ticket size increases, right, which augurs well with the margin standpoint. And second headwind, we launched certain products with very aggressive pricing, which were cheesy and therefore to counter that, we launched more premium products like sourdough pizza, which come in at higher margin.

And we believe now we are shifting mix, which was driving volumetric growth towards mix that is driving more ticket size. So, therefore, I do expect margins to improve. I think we stand by



*Jubilant FoodWorks Limited
November 13, 2025*

our guidance that we have given or that what Suman gave during Investor Day that we should improve 200 basis point, right, Suman?

Suman Hegde:

Over three years.

Sameer Khetarpal:

Over a three year period that we are very confident of achieving and you are beginning to see some bit of it reflecting in the coming quarter and we will do more in the current quarter. And the last piece on Popeyes, very delighted with the double digit growth. The product is now truly being loved by many, many customers.

Performance in Mumbai has totally surprised us, exceeded all expectations and Bangalore and Chennai continue to grow on ADS. Very, very strong performance and as a result, underlying profitability is also improving.

Again, we will come back once we reach 100 stores. We will give a full color on how it is and at the moment we are focused on getting to 100 stores. But in terms of ADS, in terms of profitability, the goal for the team is to hit the industry average ADSs and beat the gross margins that are there in the industry.

Then we know we have a very scalable platform and we know how to open stores, you can open stores very quickly. And we are not far from that goal.

Jay Doshi:

One last if I may, could you sort of also talk a little bit about your market share in pizza? There was a phase where you were losing your market share to maybe the likes of La Pino'z. So, if you can sort of comment a little bit on that?

Sameer Khetarpal:

Yes, I think it is a great question and internally while unlike FMCG where AC Nielsen or Kantar do a very detailed job of GT and MT, we have to rely on our own databases and internal sources. So, I think from some of the listed players you can compare the number of stores opened and the average daily sales, right?

We have disclosed our mature store ADS upwards of Rs. 82,000 - Rs.83,000, right? This is on a base of nearly 1,700 stores that we have disclosed. I was in the Western market last week and I went to quite a few stores of competition including the names that you are taking.

We are materially ahead in terms of number of stores opening and also the ADS per store. So, our internal estimates suggest whatever between 65% to 70% market share, we continue to be there and growing.

Same news we also get from the aggregators to the extent they share the news. I think the opportunity to me is there is a growing opportunity on the premium end of the pizzas which is



*Jubilant FoodWorks Limited
November 13, 2025*

more gourmet, wood fired, sourdough and therefore, I believe the team has done a great job of bringing in a sourdough pizza into the mix.

So, that is the fastest growing subcategory and now we are playing over there too. And we are very happy with the results. In fact, we are surprised by the uptick in Tier-2, Tier-3 cities of a product like this. We thought it is more metro but we are very surprised how India is consuming.

Jay Doshi: Thank you very much, and good luck.

Sameer Khetarpal: Thank you Jay.

Moderator: Thank you. The next question is from Percy Panthaki from IIFL Securities. Please go ahead.

Percy Panthaki: Hi, sir. Again just a question on the margin. I know you have given a guidance of 200 basis points over three years but just wanted to understand it in a little more granular fashion in terms of what are going to be the drivers to this 200 basis points because in the last three, four quarters also we have had several sort of positive initiatives which should have driven the margin, but have not. So, going ahead, what would be the margin drivers?

Sameer Khetarpal: I think Percy, I would first like to correct the remark that the last few quarters have not driven. I think you do not see the Domino's P&L it has driven, right, there is a drag of new businesses and we have like three new businesses there and we have corrected that also, by the way you will see sharper correction over there in the coming quarter. But having said that, Domino's margins have been improving.

Suman Hegde: Overall, also it has.

Sameer Khetarpal: Overall also, right? Overall also it has improved and Suman can give more details. The breakup was very simple, we have to recover 100 basis points from gross margins through mix, through other procurement initiatives, so that is one. If we grow 5% to 7% consistently, right, the leverage is coming in, at least in rental lines, other lines will also come.

We have taken very calibrated price increase that is flowing through and the other cost line items that we track internally like G&A cost, supply chain cost, that is beginning to give us a lot of leverage and there is far more juice over there.

So, again, Percy it is a conscious choice that we have taken to get growth. Some of these initiatives, like I said, are more policy decisions that we can take. We have chosen not to do, we have chosen to invest in growth and as a result, we can open nearly like 1,000 stores in the next three years, right?

So, we will be materially a very different business, right, and we have not added cost at the center. We have not added cost in our supply chain, right? Our payback periods for new stores is only improving because we are getting more margins. So, you have to think of a business, take a three-year view and then you model the P&L, you will see the results.

Percy Panthaki: Understood. Understood. Understood. Yes, that is all from me. Thanks and all the best.

Sameer Khetarpal: Thank you, Percy.

Moderator: Thank you. The next question is from Nihal Mahesh Jham from HSBC. Please go ahead.

Nihal Mahesh Jham: Yes, hi Sameer. Good evening and congratulations on the strong performance. I had three questions. The first one was again on margins that, last quarter you mentioned there were three reasons, primarily because of which your margins had got impacted. There was obviously the aggression on Big Big Pizza, offers on chicken and also the extended IPL. And the expectation somewhere was that at least on a GM perspective, the improvement from Q1 to Q2 would be much better off given a lot of these one-offs sort of normalize and even you took a price hike for most of the quarter for the Big Big Pizza. So, just wanted to understand that, did you have to keep the activation going, or where is it that it was invested back?

Sameer Khetarpal: Yes, I think, firstly we executed on those initiatives. On Big Big Pizza, we did take a reversal, right, and in terms of pricing, to pass on the GST benefits, though it was like almost end of the quarter, and there is some inflation that we have been hit on the cheese prices, because milk prices post the Maharashtra election have really shot up. Having said that, we will continue to improve gross margins this quarter.

Nihal Mahesh Jham: Got that. Second bit again, on the OpEx side, you could just highlight the initiatives which led to this kind of a reduction in the cost base, and how do we see that sustaining?

Sameer Khetarpal: Yes, I think there are four initiatives over there on the operating cost cycle. So, one is our supply chain cost, right? So, we are driving massive automation, and the higher sales per store is getting leverage over there.

So, that is one straightforward piece. Second is, we have launched initiatives on store manpower and the delivery cost. So, those are yet to, in fact, kick in. Store level productivity, we have gotten a lot, but on delivery side, we are beginning to frame our initiatives.

Third is, I have been the most hated employee in the company from a G&A standpoint, right, so I track it like a hawk, and in fact, we are beginning to get G&A productivity and G&A leverage. So, I would say these are the broadly three initiatives, plus there are ongoing initiatives in terms of electricity, LPG, store level consumable cost management, which I am not naming.

Similarly, on Popeyes, right, there is a massive drive to improve gross margins, because the stores are building their playbook, we have controlled wastages, we have controlled oil consumption, we have controlled product wastages, we are sourcing better.

So, as we gain scale and the business grows, that margin will grow. Lastly, in sourcing, so a lot of the seasoning that you get along with pizzas is manufactured at Bangalore, those capacities we are adding on. The Popeyes marination which we had outsourced, now we have insourced it. So, other stuff like that is also there, because we have the commissaries and the scale, without adding CAPEX, we are actually bringing some of these cases instead.

Nihal Mahesh Jham: So, final question, despite launching the Rs. 99 menu more than a year back, what is the growth in the core dynamic? Leave apart some of the business that we have shifted to delivery, which was takeaway. So, what is the core issue there? And are you looking at more than 250 stores as in Domino's giving you added 140 in first half? Thank you.

Sameer Khetarpal: Yes. So, you have to think of the customer ordering in three ways, right? So, one is the most known is the delivery where I sit at home and I order in. Second is I go to a store which is called delivery and dine-in and I eat there inside the store. So, it is a dine-in experience.

And third is I come to the store, I do not eat there, but I get it packed and take away from home, I take away to my home or any workplace that I eat. So, delivery, I mentioned grew more than 20%. Dine-in grew 14% last quarter and takeaway declined by 19%. So, that business we know, the takeaway business will continue to decline.

For the very simple reason, we are giving 20 minute and free delivery. So, the incentive for the customer to come to the store and do a takeaway is less. We have invested in our stores in terms of look and feel, service and also our product is best experience when it is fresh out of the oven.

So, we believe that at least the dine-in will be able to claw back and takeaway once the bases get corrected and Rs. 99, of course, during lunch hours attempt. So, confident about that, we have several initiatives. We will not leave that because we are a neighborhood store and there are occasions when you either it is impulse purchase or a value offering like Rs. 99 will draw footfalls to the store.

Nihal Mahesh Jham: Just on the store adds, if you can. Thanks.

Sameer Khetarpal: Store what, sorry, sorry, I missed that.

Nihal Mahesh Jham: You have added 140-ish stores of Domino's.

Sameer Khetarpal: Yes. I think it is less about the guidance, right? So, we are committed to about 900 stores, like we said, in the three years, right? So, that target does not change. In terms of store adds, we may grow a little faster. But we want to make a fundamental shift in ops, right? If you see our track record, we have opened most number of stores in Q3 and Q4, right?

And we want to open most number of stores in Q1 and Q2. Because we are not in the business of opening stores, we are business of operating stores. So, more stores we open before Christmas, big days, Dussehra, Diwali, that is when you get more sales. So, there is no upward revision of our store opening. I think what the guidance that we have given, we will stick by the guidance and if we do end up opening more stores because the return on investment is making sense, we will go ahead and open.

Nihal Mahesh Jham: Thanks, Sameer.

Moderator: Thank you. The next question is from Avi from Macquarie. Please go ahead.

Avi: Yes. Hi, sir. Just one question on Turkey. Is there seasonality in the margin profile and or not? And how should we look at it from a full year perspective? That is the only question I have.

Suman Hegde: So, let me take that, Avi. No, there is not really any seasonality per se. Of course, quarter one for Turkey has a minor seasonality from a growth perspective. So, quarter one is big for them. It is post-Ramadan. It is also when the holiday seasons are up. So, that is where you can see some leverage benefits coming through in margins.

But otherwise, they have fairly standard margin profile at an EBITDA level. The only thing that can impact it and we have to look at it in the sense, given it is a hyperinflation economy, there are a couple of accounting adjustments that happen.

So, there is something on monetary gain loss where your balance sheet gets restated. So, depending on how much inventory they are holding at a certain point in time, right, and how that gets revalued into the P&L, there could be some seasonality impact of that. But from an underlying business performance, there is not much of a seasonality impact on EBITDA margins.

Avi: Got it, Suman. Suman my question is more from first half, second half, because the base year, our FY '25, we saw very sharp variation. So, I just wanted to understand what that was, the way things are, because you only have four quarters of performance to compare, hence the questions.

Suman Hegde: You are talking about PAT margins? You are talking about PAT margins?



*Jubilant FoodWorks Limited
November 13, 2025*

Avi: EBITDA margins. EBITDA margins. So, I get it. Operating performance should be, first half is a better metric to look at it from a full year perspective, is the right takeaway? Is that?

Suman Hegde: Yes, it is. But like I said last year, because the year, if I look at the calendar year for 2024 of Turkey, they started at a very high inflation level and at very high stock levels of inventory, because the prices were increasing every week literally on their commodities, and hence they were sitting on very high inventory levels, which kind of gets flushed into the P&L.

So, you saw a lot of up and down in the P&L in the last calendar year. This year, they had a more steady state of inflation. So, we have not seen that much of an up and down in terms of their margin, EBITDA margin profile.

Last year also, PAT margins saw a bit of an up and down because of some tax-related reasons in the country dynamics. So, you should not see any of those variances going forward. It will be more steady state going forward on EBITDA margins.

Avi: Okay. Thanks a lot, Suman. That is it.

Moderator: Thank you. The next question is from Tejas Shah from Avendus Spark. Please go ahead.

Tejas Shah: Hi, Sameer and team. Thanks for the opportunity. Sameer, you called out two interventions that impacted margins earlier, free delivery and then more focus on value launch. But somewhere this initiative has also helped us to unlock the demand and deliver robust LFL versus industry. So, now on this base to deliver LFL which should be healthy, would you need to unlock more benefits or the current status is good enough in terms of consumers' value proposition?

Sameer Khetarpal: Hi, Tejas. Great question. I think this is a constant balancing act the team has to do, right? And I think there are three vectors, right? One is you have to open new stores in new cities in white areas, right? So, that drives organic expansion, I would say. And therefore when you open those stores, you get the leverage on the fixed cost in terms of supply chain and also the G&A cost. So, that is good for us.

The second is the, you mentioned, to drive same store growth, we have several levers and initiatives that are there like so innovation, we believe, should drive, right? And on the free delivery side where there are a few things in our back pocket that we do not think we need to pull in those.

And if we get growth constraint and then we will, of course, like go hell for leather for growth, right? So, we are unapologetic about our growth plans. And the third piece is margins, right? And we are in the business of generating free cash flows. So, that has to come.



*Jubilant FoodWorks Limited
November 13, 2025*

And therefore, from that perspective, we know our growth story, especially the promise of the accuracy of delivery, the service of our 100% mozzarella cheese and high quality products at a great value. That core flywheel is working for us and therefore we have to expand margins right to fuel our expansion ambition. So, it is a constant balancing act, right? And the teams have to juggle all three balls in the air and balance them every day. Sorry for a philosophical answer.

Tejas Shah: No, no, I got my answer. Commentary and your enthusiasm also on the call today is it because of QSR this season. So, first of all, what is your read on demand on ground? And is it largely our micro efforts or bottom-up efforts which is helping us to gain market share? And second, are you seeing any divergence in demand in areas which are IT sector dominated, especially centers of IT parks and other areas?

Sameer Khetarpal: Of course, see you have the customer in India or anywhere in the world is very discerning, right? And if you see learnings in U.S. right, and you look at top brands which are doing well, Domino's of course came with 5% SSG in the last quarter in U.S. and the other brands like McDonald's, Wingstop, which are doing well, they are very value focused, great service, very consistent there. And then even in China, right, it is not that all brands are growing at the same SSG. There is a huge divergence between there.

But overall, as income levels go up, consumptions will go up and we see it there. And therefore, self-help coupled with the government initiatives of driving consumption, we believe Domino's is very well placed and so is Popeyes by the way. So, there are no lotteries that way that everybody will grow at the same pace. So, we will have to differentiate and use self-help. That is the short answer over there.

On the tech side, right I think the sentiment is low and there were some of these geographies which are highly dense IT services zones, like in Bangalore and Hyderabad or Gurgaon. So, they have grown lesser, but this has been compensated by growth somewhere else. And not that our business is so skewed towards these sectors and but the other sectors like energy, auto, services, those are growing. So, we are well spread out as a brand.

Tejas Shah: Thanks. That is all from my side.

Sameer Khetarpal: Thank you.

Moderator: Thank you. The next question is from Devanshu Bansal from Emkay Global. Please go ahead.

Devanshu Bansal: Hi, Sameer. Thanks for taking my question. Sir, and actually I noticed that there is some base to your packaging charges, but you see the delivery in size that has been about 2% based in Q2. So, I wanted to check on both fronts, whether actually we are making some changes to the packaging charges. And what is leading to this 2% this is in delivery business?



*Jubilant FoodWorks Limited
November 13, 2025*

- Sameer Khetarpal:** Sorry, your voice is not very clear. Which decline are you talking about 2%? If you can point to the metric and the from-to please?
- Devanshu Bansal:** Yes. So, I am pointing to the bill size for delivery channel because order growth is higher than the revenue growth. So, from that, I am back calculating that there is a dip of about 200 basis points in delivery channel bill size.
- Sameer Khetarpal:** Yes. So, I think the short answer over there is as delivery grows, it is becoming an acquisition channel for new customers. And new customers typically start at a lower price point and we have grown very handsomely in our new customer acquisition rate. And earlier, if I go back like three or four years ago or pre-COVID, majority of our new customers actually were dine-in and takeaway customers. So, that was the largest channel of new customer acquisition.
- Today, Domino's app is the largest channel for new customer acquisition. So, therefore, from that perspective, new customers come in at a lower average ticket size, but we are seeing no dilution in the repeat rates. So, like any customer that we acquire on an average is repeating three times in a year. So, that repeat rates have not changed.
- On the other hand, it is marginally increased only. So, when we have to look at the lifetime value and any dilution in BPO is, I would say, is baked in into the plan. And we have launched initiatives on pricing and mix changes to drive the ticket size growth. Packaging charges they have remained more or less static. We have incurred around in a few places, but nothing structural that I want to report here.
- Devanshu Bansal:** Understood, sir. Second question, Sameer, we have been investing in terms of new innovations, expansion, even now we passed on the RM benefit, still the LFL has seen some big though its industry leading. So, if we were to compare our performance with ourselves, so what is the headwind that has impacted us? Also are these new launches, which are many over the last three, four quarters, also leading to some complexity. So, these are the questions.
- Sameer Khetarpal:** The second answer is no, because we have to reduce complexity and we have to take out products if the customer satisfaction and customer repeat is not there, that is a constant exercise and teams do it very religiously every quarter. And you will see, and some of the initiatives give a high initially, then they do not sustain and therefore we will also see if we have to rationalize those.
- But like I said, during our investors call, we are thinking of platforms, right? Like cheese is a platform. So, whether it is Volcano Pizza, Cheese Burst Pizza, Chicken Burst, we are -- we know cheese drives salience and cheese you want cheese when customers think about eating cheese, they should think about Domino's.

So, that is how we are building that platform. There are other platforms. The platforms are growing and to come back to your question number one, right? I think, I am not worried about any trajectory. I think if you look at the base, you will get your answers on what it is and adjusted for a little bit of Navratra here and there.

Actually, we are on the money completely. So, no alarms, no questions. We have to build a business that grows 5% to 7% LFL consistently. And on top of it, we add 8% to 10% of store growth. That is how we should think about the business.

Devanshu Bansal: Fair enough. Just last one, if I can squeeze in, you mentioned about this ad revenue stream. So, Sameer, what is the scale of the opportunity that we are targeting and how did this get recognized in the P&L or totally looking forward?

Sameer Khetarpal: I will let Suman answer how she will recognize this in the P&L. But I think I have my first goal is to build an awesome product tech capability that the users of this service love it. So, we launched this with ICICI, then got HDFC, then got Tata Neu, then Apple and Flipkart Minutes.

So, I think because we have a very large monthly active user base and almost 60% of the customers actually come to the rider tracking page and they keenly watch where the rider is and it is a very emotive page and track page. So, we have built a certain set of tools and properties. My ambition would be to get at least 50 basis points of the revenue to flow in from this, but it will take time, right? It is not going to happen.

At the moment, I am just celebrating the launch by the tech teams. Suman can answer how she's recognizing it in the revenue.

Suman Hegde: So, Devanshu, just to clarify, are you asking where will it reflect in the P&L? Is that the question?

Devanshu Bansal: Yes, Suman.

Suman Hegde: So, it is other sources of revenue. So, typically will get reflected when it comes of a significant size and should then become visible as well in other operating revenue. That is normally where we park some of these initiatives and hence overall revenues of the company will go up to that extent.

Devanshu Bansal: Got it.

Moderator: Thank you. The next question is from Sabyasachi Mukerji from Bajaj Finserv. Please go ahead.

Sabyasachi Mukerji: Yes. Hi. Thanks for the opportunity. My first question is on the demand environment. I know it has been asked multiple times so sorry to harp on it. So, I mean, how do we see the demand panning out, especially after this GST rate cut? Though we are not a direct beneficiary, but still



*Jubilant FoodWorks Limited
November 13, 2025*

some customer sentiment, consumer sentiment across geographies, if you can highlight. And also, do we intend to kind of roll back the delivery fee waiver, or do not even think of it right now?

Sameer Khetarpal:

So, I think demand, I can only talk about Domino's, right? And I do not have an industry view, and I would love the analyst community to maybe write more about demand, because you speak with more companies and have a much wider perspective on the market. But when I look at very narrowly on Domino's, there is enough and more demand for pizzas, which are high quality cheese, freshly baked, and delivered free, and provide a great customer experience, right?

So, from that perspective, there is enough and more demand. I am actually surprised by the uptake of sourdough pizza in Tier-2, Tier-3 cities. I would have never imagined that. So, therefore, it is indicating the demand does exist in India for a brand like Domino's.

The second question was on, I missed the second question. Delivery charge, no, there is no plan to roll back. However, we will continue to tinker with packaging charges as experiments and see where the sweet spot is. That is one piece that the team is experimenting very heavily to find opportunities. And second, of course, is the product.

At some point, we have to bring it into the product pricing, but without losing the value proposition. So, like I said, we had taken some price increases last quarter, and we will continue to look for those opportunities.

Sabyasachi Mukerji:

Sorry, what has been the pricing action last quarter?

Sameer Khetarpal:

Like I said, we have taken price increases in Cheese Volcano pizza. We have increased packaging charges in a few places. And some other products also, we have gone and increased the pricing.

Sabyasachi Mukerji:

On a blended portfolio level, what could be that quantum of pricing action?

Sameer Khetarpal:

Yes, I am not disclosing that. My apologies for that. But yes, again, we have to look at the business model per se, right, which is 5% to 7% SSG, LFL coming from 1% to 2% of price and mix actions.

Sabyasachi Mukerji:

Understood. Sameer, my second question on the store additions. We have been adding stores and also entering new cities. So, Domino's is now available in 500 odd cities. But which are these new cities, let us say 16 odd cities we have entered this quarter, last quarter? Which are these cities? What are the typical store sizes? Are we entering with smaller store sizes? I mean what is the strategy over here?



*Jubilant FoodWorks Limited
November 13, 2025*

- Sameer Khetarpal:** Yes. No, I think it is horses for courses, right? And some of the cities that we have entered are Siwan in Bihar, Amroha in UP, and Dhubri in Assam, right? And again, if you ask me where these cities are, I will struggle to pinpoint it exactly on the map. What we obsess about is, I think, three things. Number one, there has to be a customer base.
- So, we map the household, household incomes, number of things on our app. So, there are several customers who are in these cities. And they have downloaded the app. And they get us no service. So, that is the second thing we look at. And third thing is we obsess about the ROIC. Typically, these cities have much higher penetration of dine-in, because we are the first organized QSR to enter these cities. So, our store sizes have been around 1,200 square feet to 1,500 square feet, more closer to 1,500 square feet in these cities.
- Sabyasachi Mukerji:** Understood. Last question, if I may. This is just a clarification on the safe guidance of 200 basis point margin improvement over three years, FY '28. But this is on a base of FY '24, if I am not wrong. On the presentation, it was mentioned. So, that means that we have now to catch up 300 basis points other than what we discussed from the current level. Am I correct?
- Suman Hegde:** So, why would you? We would not look at a quarter-on-quarter number if that is what we are looking. So, yes, firstly, yes it is on FY '24 levels of numbers. We said a minimum of 200 bps is what, that is the bare minimum we will increase. So, it is not like if more is coming, we will stop the flow. And I am just trying to understand, when you say from the current level, are you looking at the quarter number? Are you looking at the year number? Which number are you looking at?
- Sabyasachi Mukerji:** Suman I am looking at H1 numbers. So, H1, we are somewhere around 19.2%.
- Suman Hegde:** I think you should look at full year to full year numbers right that we would need to increase on, because there is a bit of seasonality in our margins, right? You would also have realized in quarter three, given the high growth base on seasonality that is there. But yes, but we still stay committed to the number on what we have quoted, that we will see those improvements come through, right? So, just keep a long-term view, because we also do not manage the business for quarter-by-quarter.
- Sabyasachi Mukerji:** Absolutely. It is just a clarification that 200 basis point on FY '24 base. That is what I am getting.
- Suman Hegde:** Absolutely. FY '24, and I think we called out the metrics also very clearly on how we believe this will shape out, right? So, of course, the EBITDA margin improvement will be upwards of 200 bps and plus. Across Domino's, there will be strong growth on margins coming through. We will see the profitability improve on our emerging brands as we go through as well.



*Jubilant FoodWorks Limited
November 13, 2025*

If you recall in FY '24, and we had called that out, we almost had a 200 plus bps of drag on account of the emerging brands, which we expect to significantly bring down almost to half or below as a proportion. So, we know where we believe these numbers will come through on. And there is a bit of a back endedness on that, but confident of delivering to the projection and the commencement.

Sabyasachi Mukerji: That is very great to hear. Thanks Suman. Thanks Sameer and team. I wish you all the best. Thank you.

Sameer Khetarpal: Thank you.

Moderator: Thank you. Next question is from Gautam Rathi from CWC. Please go ahead.

Gautam Rathi: Hey, hi. Thanks for taking my question. Just two of them. The first one, can you just help me understand this Rs. 415 crores of investments in H1 for into fixed assets or CAPEX? Can you just give me some more color, like what are store investments, tech investments, back-end?

Suman Hegde: So, we do not break that up, Gautam. And I think where we have said in the past also is a large part of our investment base is now, of course, shifting to store investment and it is very little. So, it is between store and tech investments where now a majority of our investments are now going into.

Because our supply chain investments that we have done and we said it is a large cycle that was there. With our last big investment on commissaries, which is the Mumbai one, which will get commissioned by this quarter or early next quarter, we will be done with our large supply chain cycle of investments. So, predominantly, it is based on store and technology capital.

Gautam Rathi: But, Suman, is it fair to assume that there would have been some investment in the commissary in the first half? I am not asking you to break that up. Just trying to understand because if you just do a back-of-the-envelope, half of it seems to be explained by the store. So, we are just trying to understand that there has to be a component of the back-end in this first half, right?

Suman Hegde: Yes, yes. There is some amount of investment in the back-end as well in the store commissaries. I am just saying that it is not the material component of it. You are talking about the H1 numbers, right?

Gautam Rathi: Yes, the H1 number.

Suman Hegde: Yes, of course, there is. But it is not material, I can assure you that it is not a material number. The materiality of the number fits on two accounts. One is our store CAPEX's, which is quite significant. The second is tech. And the third is in terms of our existing stores where we continue



*Jubilant FoodWorks Limited
November 13, 2025*

to put in maintenance CAPEX to ensure the stores are up and running to support the high LFL growth that are coming through.

So, we do as growth increases and LFL comes in, you do realize a large component, given we have our own delivery network, goes into bikes. So, a large part to support the growth has also gone behind putting in more bikes on the ground. So, that is also a large part of our investment. It is over and above store investment. Yes. So, those are three big components. Commissary is very, very minimal.

Gautam Rathi: Got it. And just one small one. In the mix of the dine-in, right? How long before the takeaway part comes into the base?

Sameer Khetarpal: I do not know, I mean, to be very honest. We do not track it like that, right? So, we in fact want takeaway to also grow. I think I will say all channels have to grow. And well, somebody asked the question before, I gave a breakup, right? So, from that perspective, what we care about is to be present on all channels. So, delivery, takeaway, aggregators, ONDC. That is the endeavor over here.

I do not know if there is an internal calculation that shows how long will it take. What is important is, are customers coming to the store and are they liking the product and the experience? The answer to that question is yes. And then there are a few places where obviously, we take the feedback and correct it.

Gautam Rathi: Got it. Thanks. Thanks a lot.

Sameer Khetarpal: Thank you so much.

Moderator: Thank you very much. We will take that as the last question. I would now like to hand the conference back to the management team for closing comments.

Sameer Khetarpal: Yes, thank you.

Suman Hegde: Thank you everyone for joining the call and for patient listening. As Apar said in the beginning, you will find the transcript and the earnings recording on our Investor Relations link on our website. Thank you. Have a good evening.

Apar: Thank you so much. For any other questions, please reach out to the Investor Relations team. Thank you.

Moderator: Thank you very much. On behalf of Jubilant FoodWorks Limited, that concludes this conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.