

Ratings Monitor

One Report – to monitor stocks and identify triggers to re-evaluate ratings

Devyani International (DEVYANI)

Current Market Price	Potential Returns	Fair Value (FV)
Rs.142	12.7%	Rs.160

Date: 22nd March 2023

Previous Rating: **REDUCE**

Current Rating: **ADD**

Change: **Upgrade**

Ratings Rationale

- Devyani's (DIL) stock price has corrected 25% over the past 6 months.
- KFC India's operating performance is relatively resilient.
- We expect Devyani to have a good run over the next 2-3 years.
- Devyani's KFC/PH store growth is 107%/80% over the past 33 months.
- KFC continuing to capitalize on its legacy under-penetration in India.
- We expect EPS of Rs 1.8 in FY24E & EPS of Rs 2.3 in FY25E.

Valuation

Upgrade to BUY; using Discounted Cash Flow (DCF) methodology

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Note: The performance horizon is 12 months unless specified.

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