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A Comparative Study On Financial Analysis Of Top 3 QSR Companies

(A study of Jubilant foodworks ltd,Devyani international ltd and Westlife foodworld ltd)

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ABSTRACT:

This comparative financial analysis will provide comparison of performance of top 3 indian Quick Service Restaurant (QSR) i.e. Jubilant foodworks ltd, Devyani international ltd, Westlife foodworld ltd for period 2021-2025. In research, Comparison has been conducted on the basis ratio analysis, mainly focusing on liquidity and profitability. It is secondary data based study and data gathered from annual audited reports published on their website and crosscheck with money control. Such an analysis gives important inputs to stakeholders and future investors who are ready to know its position, strength and weakness of the companies.

KEY WORDS : Liquidity, profitability, ratio analysis, qsr,jubilant foodworks ltd, Devyani international ltd, Westlife foodworld ltd.

INTRODUCTION :

The Quick Service Restaurant (QSR) industry in India is growing rapidly, driven by changing lifestyles and increasing disposable income. Within this competitive market, three companies stand out: Jubilant Foodworks (Domino's), Westlife Foodworld (McDonald's), and Devyani International (KFC, Pizza Hut). Each company uses a different strategy to succeed, leading to varied financial results.

QSR market in India is projected to grow at a CAGR of over 18% during 2021-2025 due to increasing urbanization, rapid expansion in food delivery services, expanding young & working population, growing number of dual-income families and rising disposable income in the country.

This study provides financial comparison of these leading QSR operators from 2021-2025. By analysing their liquidity and profitability with ratio analysis, this study aims to find which company is more financial efficient.

REVIEW OF LITERATURE:

Vivek Kumar (2022) in his research article " An Analytical study of financial performance of Patanjali Food ltd" he write conclusion in his research paper that analysis of financial performance of company revealed that financial position of Patanjali food ltd has improved quite a lot from past to study period 2018-2022. He perform ratio analysis, correlation and trend analysis by taking into past year's audited accounts from their website.

Mr. Nikhilesh, Dr. Pravin and Dr. Apoorva revealed in their research paper "A study on financial performance of food industry using ratio analysis – a case study of zomato" that performance of zomato during study period 2018-19 to 2022-23 was not good and further observed that during covid 19 company's profit and turnover drastically affected with the help of financial ratio, karl pearson co efficient of Correlation and t test.

Mr. Amitkumar and Prof. Alokkumar conclude that FMCG companies perform well for the study period 2019-20 to 2022-23 with the help of ratio analysis mainly focus on liquidity and profitability of the selected companies in "A study on liquidity and profitability analysis of FMCG companies post Covid 19". The study is focused on Britannia Industries, Adani wilmar, Jubilant foodworks ltd and Godrej agrovet ltd. Companies had shown good profitability but they last concluded that companies need to improve their leverage to get benefits of equity trading.

OBJECTIVES :

- To evaluate the liquidity analysis of QSR companies.
- To analyse the profitability analysis of the QSR sector in India.

RESEARCH METHODOLOGY:

- Design : Descriptive and Analytical
- Data Source : Secondary (Companies website and money control)
- Time Period : 2021 to 2025
- Tool Used : Ratio analysis, Descriptive statistics and ANOVA

DATA ANALYSIS AND INTERPRETATION:

1. **LIQUIDITY RATIO**
   a) **CURRENT RATIO**

Table 1. Calculation of current Ratio

Year	Jubilant foodworks ltd	Devyani international ltd	Westlife foodworld ltd
2021	0.97	0.39	0.26
2022	1.003	0.8	0.23
2023	0.67	0.58	0.2
2024	0.60	0.53	0.2
2025	0.53	0.43	0.18
Mean	0.7546	0.546	0.214
Standard deviation	0.1947	0.1440	0.028
Variance	0.0379	0.0207	0.0008

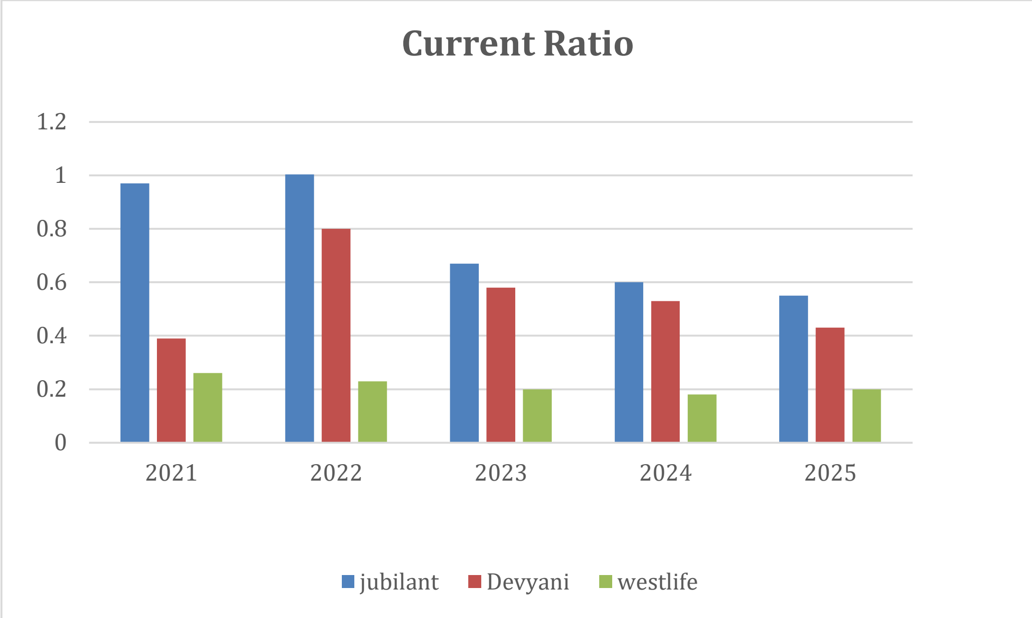

Figure 1. Current ratio of selected QSR companies

The above-given table and chart show the value of the Current ratio of selected QSR companies for the study period. The average value of the ratio in jubilant foodworks ltd 0.7546 is the highest compared to other companies. Average value of Devyani international ltd is 0.546 which shows the company doesn't have enough liquidity to meet liabilities. While average value of Westlife foodworld ltd 0.214 is the lowest shows that the company may not have enough liquid resources to pay its short-term debts and could face a liquidity crisis or risk of default.

b) QUICK RATIO

Table 2. Calculation of quick ratio

Year	Jubilant foodworks ltd	Devyani international ltd	Westlife foodworld ltd
2021	0.82	0.24	0.22
2022	0.83	0.6	0.19
2023	0.49	0.34	0.15
2024	0.39	0.39	0.14
2025	0.36	0.29	0.16
Mean	0.578	0.372	0.172
Standard deviation	0.2062	0.1249	0.0293
Variance	0.0425	0.0155	0.0009

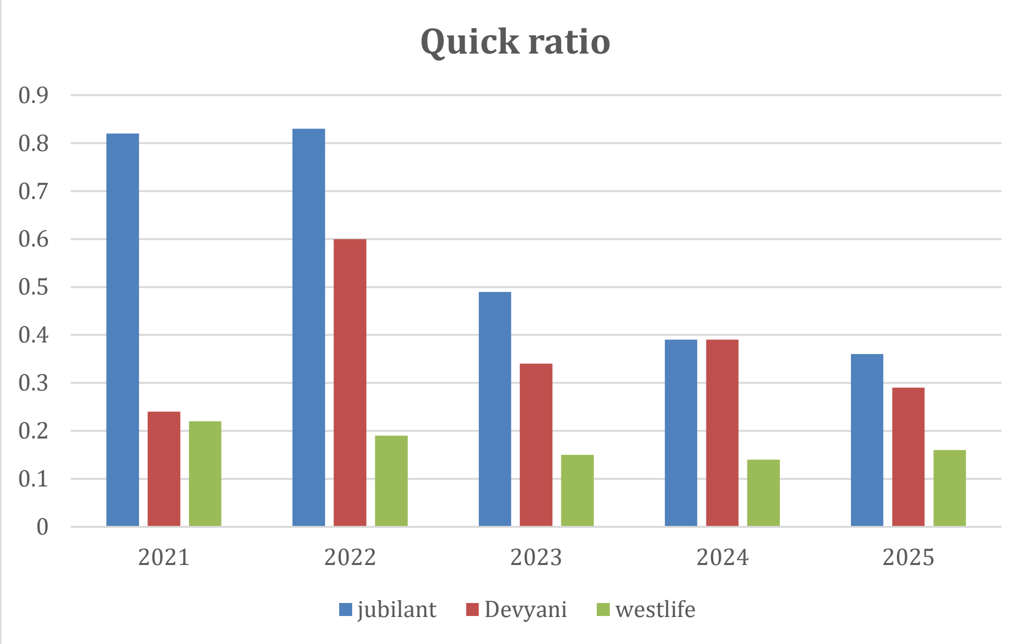

Figure 2. Quick ratio of selected QSR companies

The above-given table and chart describe the value of the Quick ratio for the selected sample companies for the study period. The highest average value amongst the companies is 0.578 for jubilant foodworks ltd while average value of Devyani international ltd is 0.372. Again same as current ratio, Westlife foodworld ltd has lowest average value which is 0.172. This table clearly indicates that Devyani international ltd and Westlife foodworld ltd have not enough highly liquid assets to pay its short-term debts, potentially leading to financial trouble.

2. PROFITABILITY RATIO

a) NET PROFIT RATIO

Table 3. Calculation of Net profit ratio

Year	Jubilant foodworks ltd	Devyani international ltd	Westlife foodworld ltd
2021	6.96	-5.55	-10.08
2022	9.74	7.44	-0.1
2023	7.35	8.75	4.89
2024	6.78	-0.27	2.89
2025	2.67	-0.13	0.49
Mean	6.7	2.048	-0.382
Standard deviation	2.2794	5.3261	5.1651
Variance	5.1958	28.3673	26.6782

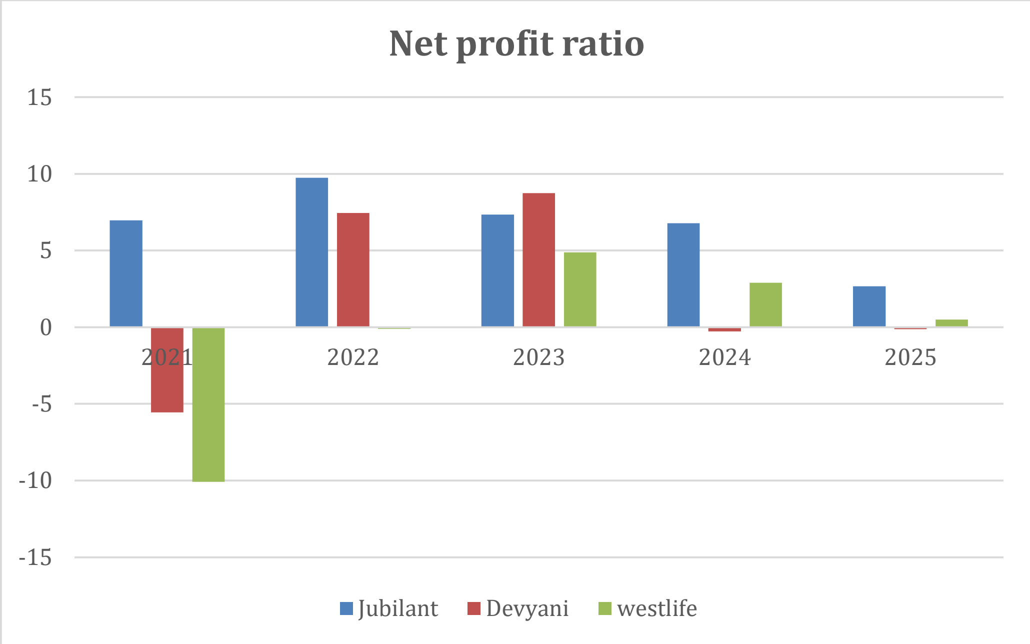

Figure 3. Net profit ratio of selected QSR companies

The above table and chart show the value of the Net profit ratio for the selected firms during the study period. The highest average value of the ratio can be seen in Jubilant. Foodworks Ltd. With a value of 6.7% and in reverse the lowest average value of the ratio was -0.382% in Westlife foodworld Ltd. The average value of the Net profit ratio in Devyani international Ltd. Was 2.048% for the study period. Westlife foodworld ltd has a negative net profit ratio which indicates a need for a thorough review of the company's cost structure, pricing, and overall business practices.

b) RETURN ON CAPITAL EMPLOYED

Table 4. Calculation of ROCE

Year	Jubilant foodworks ltd	Devyani international ltd	Westlife foodworld ltd
2021	16.13	5.64	-9.39
2022	19.6	14.5	16.28
2023	16.44	16.69	39.58
2024	9.46	7.31	32.62
2025	13.07	6.57	21.35
Mean	14.94	10.142	20.088
Standard deviation	3.4325	4.5369	16.8644
Variance	11.7818	20.5832	284.4070

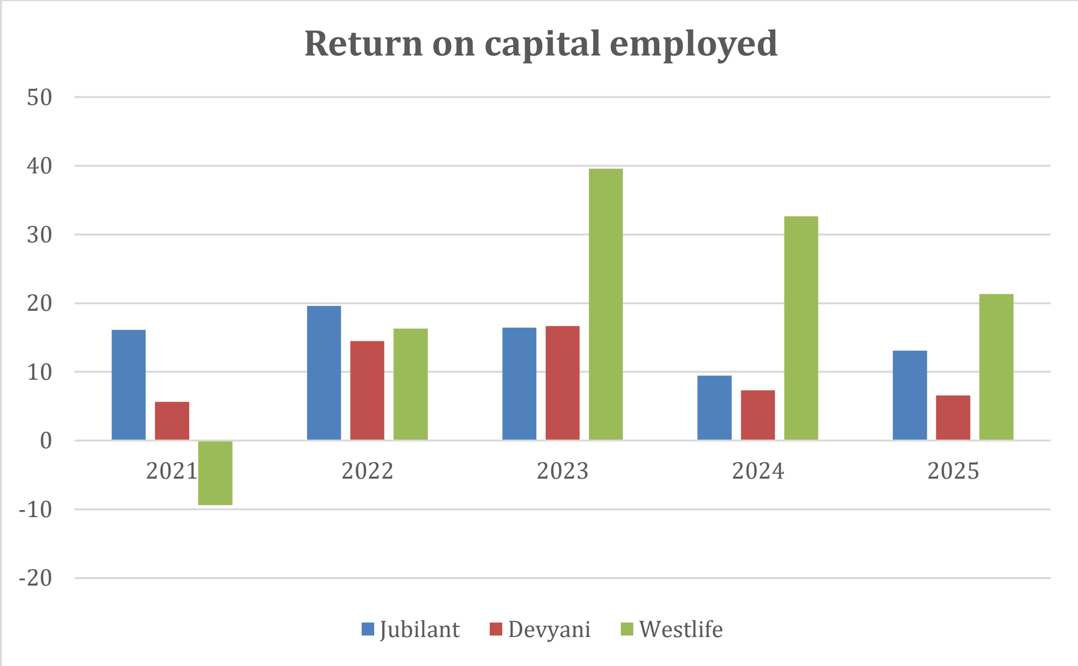

Figure 4. ROCE of selected QSR companies

Table no 4 and the chart given above depict the values of Return on Capital Employed by the selected companies for the study period. The highest average value of the ROCE ratio was 20.088% in Westlife foodworld Ltd though it has 16.8644 degree of standard deviation which shows the company is not consistent. And the lowest average value for the same ratio was 10.142% in Devyani international Ltd. The average value of the ROCE ratio was 14.94% in Jubilant foodworks Ltd. From table we can see Devyani international ltd is not effectively generating profit from its capital employed which may be a concern for the shareholders of the company.

c) RETURN ON EQUITY

Table 5. Calculation of ROE

Year	Jubilant foodworks ltd	Devyani international ltd	Westlife foodworld ltd
2021	16.23	-48.52	-20.66
2022	21.61	22.77	-0.36
2023	17.33	27.35	19.71
2024	18.39	4.48	11.76
2025	10.2	0.83	2.01
Mean	16.752	1.382	2.492
Standard deviation	3.7368	26.9514	13.6142
Variance	13.9637	726.3791	185.3473

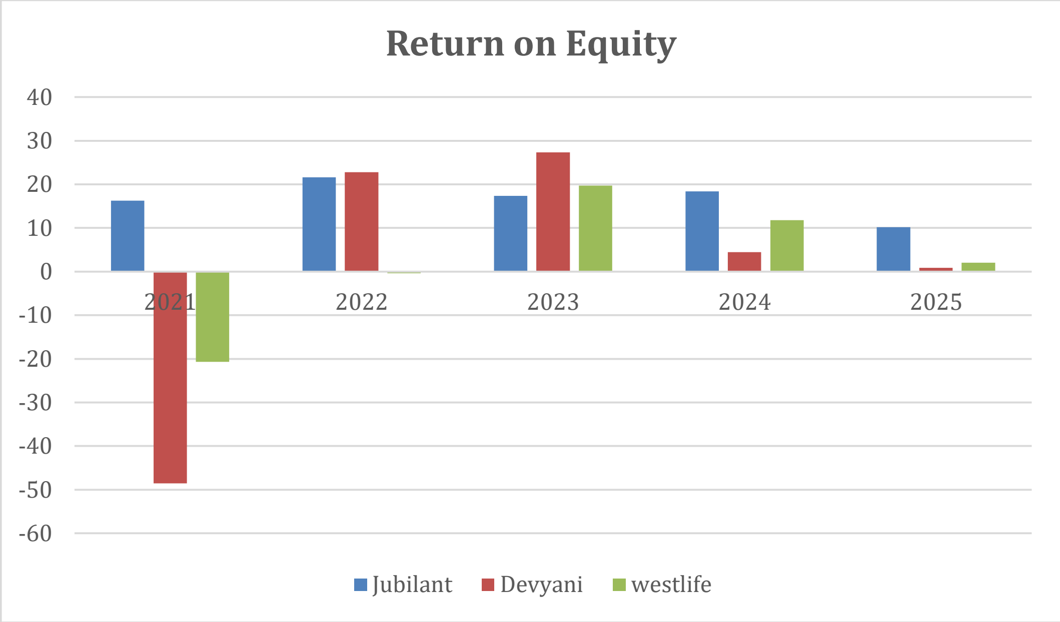

Figure 5. ROE of selected QSR companies

The above given table and chart shows the value of Return on Equity for selected companies for study period. The highest average value of ROE is 16.752% for jubilant foodworks ltd while lowest average value is 1.382% for Devyani international ltd. The average value of ROE for Westlife foodworld ltd is 2.492%. Jubilant foodworks ltd has the highest average value which suggests that a company is using shareholders' capital more effectively to produce returns, signaling strong financial health and management performance.

HYPOTHESES TEST (ANOVA test at 5% level of significance)

Table 6. Result of ANOVA test

Ratio	F value	P value	Ho	Remarks
Current ratio	15.66	<.001	Rejected	Significant difference
Quick ratio	8.37	.005	Rejected	Significant difference
Net profit ratio	2.58	.117	Accepted	No significant difference
Return on capital employed	0.94	.419	Accepted	No significant difference
Return on Equity	0.95	.413	Accepted	No significant difference

The purpose of one way ANOVA test at 5% level of significance is to see that performance of all sample companies varies significantly over time. The result of all ANOVA tests is summarised in table 6. The p value for Current ratio and Quick ratio were less than 0.05, hence null hypotheses were rejected. The p value for Net profit ratio, Return on capital employed and Return on Equity were more than 0.05 so in these cases we fail to reject null hypotheses.

FINDINGS :

- In liquidity ratios Jubilant foodworks ltd shows a stronger position compared to their competitors.
- Net profit ratio of Westlife foodworld ltd is in negative while Jubilant foodworks ltd has highest net profit ratio over the time period.
- Though negative net profit ratio Westlife foodworld ltd has highest Return on capital employed over the period of time while jubilant foodworks ltd has managed consistency over the time period.
- Jubilant foodworks ltd has highest Return on Equity while Devyani international ltd has lowest ratio.
- Overall Jubilant foodworks ltd is the most consistent QSR company for the study period.

SUGGESTION:

- Devyani international ltd and Westlife foodworld ltd must have to stabilise their liquidity position.
- Jubilant foodworks ltd should focus on operational efficiency to improve their ROCE.
- There is a need for review of cost structure and overall business practices in Westlife foodworld Ltd as their net profit ratio is negative.

CONCLUSION:

Jubilant foodworks ltd emerges as the best entity for the study period as they have very strong liquidity and profitability compared to other two companies. Westlife foodworld ltd, though sound in ROCE, must address recurring losses. Devyani international ltd should focus on improving their profitability.

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