



**Choice**  
Nurturing Financial Excellence

# IPO REPORT

## **“AVOID” to Barbeque-Nation Hospitality Ltd.**

**With gloomy business environment, sharp premium to the pre-IPO placement price unjustified**

## Salient features of the IPO:

- **Barbeque-Nation Hospitality Ltd. (BNHL)**, a casual dining restaurant chain is planning to raise up to Rs. 4,530mn through an IPO, which opens on 24<sup>th</sup> Mar. and closes on 26<sup>th</sup> Mar. 2021. The price band is Rs. 498 - 500 per share.
- The issue is a combination of fresh and OFS. The company will not receive any proceeds from the OFS part of the issue. Of the net proceeds from the fresh issue, Rs. 546.2mn will be utilized to fund the ongoing restaurant expansion and another Rs. 750mn will be used to prepay or repayment of the debt availed by the company. Residual funds will be used for general corporate purposes.
- BNHL has undertaken a pre-IPO placement of 5.951mn shares at a price of Rs. 252 per share, aggregating to Rs. 1,500mn. Consequently, the fresh issue size has got reduced from initial Rs. 3,300mn to Rs. 1,800mn.

## Key competitive strengths:

- One of India's fastest growing and widely recognized restaurant brands in the rapidly growing CDR market
- Steady growth in covers and consistent average per covers with a relatively high proportion of total revenues from weekday sales and lunch covers
- Attractive offerings based on constant menu innovation and customer focus
- Strong business processes and back-end systems leading to efficient operations
- Experienced staff and value-oriented business culture led by some of its promoters and senior management team bringing experience from well-known hospitality brands
- Proven track record of revenue growth

## Risk and concerns:

- Re-emergence of the Covid-19 infection
- Poor customer spending and unfavorable business environment
- Delay in store expansion
- Inability to maintain profitability
- Competition

**Peer comparison and valuation:** In FY20, BNHL was loss making at PAT levels. At higher price band of Rs. 500, the company is demanding an EV/Sales multiple of 3x (to its FY20 sales of Rs. 8,470mn), which is at discount to the peer average of 3.9x (excluding Jubilant Foodworks Ltd.).

**Below are a few key observations of the issue:** (continued in next page)

- The Chain Casual Dining Restaurant (CDR) market in India has been flourishing over the last few years. The Chain CDR segment is the second largest in the chain food services market in India after Quick Service Restaurant. In FY20, the size of the Chain CDR market is estimated at Rs. 134bn and is expected to grow at a healthy rate of 18% CAGR to reach the size of Rs. 302bn by FY25.
- In term of the restaurant counts as of 30<sup>th</sup> Sept. 2020, BNHL is one of the India's leading casual dining restaurant chains. The company owns and operates Barbeque Nation Restaurants and International Barbeque Nation Restaurants. It also owns and operates Toscano Restaurants and UBQ. BNHL is the pioneer in the "over the table barbeque" concept in restaurants in India.

Recommendation	AVOID
Price band	Rs. 498 - 500 per share
Face value	Rs. 5
Shares for fresh issue	3.600 - 3.614mn shares
Shares for OFS	5.457mn shares
Fresh issue size	Rs. 1,800mn
OFS issue size	Rs. 2,717.8 - 2.728.7mn
Total issue size	9.057 - 9.072mn shares (Rs. 4,517.8 - 4,528.7mn)
Employee reservation	0.04mn shares (Rs. 20mn)
Net issue size	9.017 - 9.032mn shares (Rs. 4,497.8 - 4,508.7mn)
Bidding date	24 <sup>th</sup> Mar. - 26 <sup>th</sup> Mar. 2021
MCAP at higher price band	Rs. 18,771mn
Enterprise value at higher price band	Rs. 25,169mn
Book running lead manager	IIFL Securities Ltd., Axis Capital Ltd., Ambit Capital Pvt. Ltd. and SBI Capital Markets Ltd.
Registrar	Link Intime India Pvt. Ltd.
Sector/Industry	Restaurants
Promoters	Sayaji Hotels Ltd., Sayaji Housekeeping Services Ltd., Mr. Kayum Dhanani, Mr. Raooif Dhanani and Mrs. Suchitra Dhanani

Issue breakup		
Category	Percent of issue (%)	Number of shares (mn)
QIB portion	75%	6.673 - 6.774mn shares
Non institutional portion	15%	1.353 - 1.355mn shares
Retail portion	10%	0.902 - 0.903mn shares

Indicative IPO process time line	
Finalization of basis of allotment	1 <sup>st</sup> Apr. 2021
Unblocking of ASBA account	5 <sup>th</sup> Apr. 2021
Credit to demat accounts	6 <sup>th</sup> Apr. 2021
Commencement of trading	7 <sup>th</sup> Apr. 2021

Pre and post - issue shareholding pattern		
	Pre-issue	Post-issue
Promoter & promoter group	47.80%	37.79%
Public	52.20%	62.21%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Retail application money at higher cut-off price per lot	
Number of shares per lot	30
Application money	Rs. 15,000 per Lot

**Analyst**  
**Rajnath Yadav**  
Research Analyst (022 - 6707 9999; Ext: 912)  
Email: [rajnath.yadav@choiceindia.com](mailto:rajnath.yadav@choiceindia.com)

## Peer comparison and valuation (Contd...):

Company name	Face value (Rs.)	CMP (Rs.)	MCAP (Rs. mn)	EV (Rs. mn)	Stock return (%)				FY20 operating revenue (Rs. mn)	FY20 EBITDA (Rs. mn)	FY20 PAT (Rs. mn)	FY20 EBITDA margin (%)	FY20 PAT margin (%)
					1 M	3 M	6 M	1 Y					
<b>Barbeque-Nation Hospitality Ltd.</b>	<b>5</b>	<b>500</b>	<b>18,771</b>	<b>25,169</b>					<b>8,470</b>	<b>1,642</b>	<b>(488)</b>	<b>19.4%</b>	<b>-5.8%</b>
Jubilant Foodworks Ltd.	10	2,868	378,481	371,410	-2.8%	4.0%	21.5%	133.5%	39,273	8,756	2,800	22.3%	7.1%
Westlife Development Ltd.	2	468	72,858	74,388	5.1%	9.1%	18.6%	63.5%	15,478	2,140	(74)	13.8%	-0.5%
Speciality Restaurants Ltd.	10	43	1,998	1,366	-7.1%	-12.2%	19.9%	47.0%	3,578	570	(380)	15.9%	-10.6%
Burger King India Ltd.	10	136	52,077	53,596	-4.7%	-15.5%			8,412	1,040	(766)	12.4%	-9.1%
<b>Average</b>												<b>16.1%</b>	<b>-3.3%</b>

Company name	4Y top-line growth (CAGR, %)	4Y EBITDA growth (CAGR, %)	4Y PAT growth (CAGR, %)	4Y average EBITDA margin (%)	4Y average PAT margin (%)	4Y capital employed growth (CAGR, %)	4Y CFO growth (CAGR, %)	4Y average working capital cycle (x)	4Y average total asset turnover (x)	4Y average RoE (%)	4Y average RoIC (%)
<b>Barbeque-Nation Hospitality Ltd.</b>	<b>19.5%</b>	<b>11.1%</b>	<b>-314.8%</b>	<b>21.6%</b>	<b>-2.5%</b>	<b>26.8%</b>	<b>18.9%</b>	<b>(71.5)</b>	<b>0.9</b>	<b>-9.3%</b>	
Jubilant Foodworks Ltd.	15.0%	53.7%	69.2%	15.8%	6.2%	43.4%	52.9%	(45.9)	1.8	19.4%	18.1%
Westlife Development Ltd.	18.5%	65.8%	-15.4%	8.5%	0.2%	36.3%	44.9%	(18.2)	1.1	0.6%	
Speciality Restaurants Ltd.	4.6%	-449.0%	14.2%	4.8%	-9.2%	1.3%	170.4%	(40.6)	1.0	-14.1%	
Burger King India Ltd.	54.1%	-237.0%	10.3%	2.4%	-15.4%	16.9%	-425.1%	(29.2)	0.6	-21.8%	
<b>Average</b>	<b>23.0%</b>	<b>-141.6%</b>	<b>19.6%</b>	<b>7.9%</b>	<b>-4.5%</b>	<b>24.5%</b>	<b>-39.2%</b>	<b>(33.5)</b>	<b>1.1</b>	<b>-4.0%</b>	

Company Name	EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt equity ratio	Total asset turnover ratio	RoE (%)	RoCE (%)	P / E (x)	P / B (x)	EV / Sales (x)	EV / EBITDA (x)	MCAP / Sales (x)	Earning yield (%)
<b>Barbeque-Nation Hospitality Ltd.</b>	<b>(13.0)</b>	<b>89.5</b>	<b>0.0</b>	<b>2.4</b>	<b>0.8</b>	<b>-14.5%</b>	<b>3.5%</b>	<b>(38.5)</b>	<b>5.6</b>	<b>3.0</b>	<b>15.3</b>	<b>2.2</b>	<b>-2.6%</b>
Jubilant Foodworks Ltd.	21.2	85.0	11.0	0.0	1.2	25.0%	20.3%	135.2	33.7	9.5	42.4	9.6	0.7%
Westlife Development Ltd.	(0.5)	37.0	0.0	0.3	0.9	-1.3%	5.7%	(991.3)	12.6	4.8	34.8	4.7	-0.1%
Speciality Restaurants Ltd.	(8.1)	34.9	0.0	0.0	1.0	-23.2%	-0.2%	(5.3)	1.2	0.4	2.4	0.6	-19.0%
Burger King India Ltd.	(2.0)	7.2	0.0	0.7	0.7	-27.8%	-1.2%	(68.0)	18.9	6.4	51.5	6.2	-1.5%
<b>Average</b>			<b>2.7</b>	<b>0.3</b>	<b>0.9</b>	<b>-6.8%</b>	<b>6.1%</b>	<b>(232.3)</b>	<b>16.6</b>	<b>5.3</b>	<b>32.8</b>	<b>5.3</b>	<b>-5.0%</b>

Source: Choice Broking Research

- Since its launch of first restaurant in 2008, BNHL has steadily expanded its owned and operated restaurant network to 147 (as of 31<sup>st</sup> Dec. 2020) Barbeque Nation Restaurants across 77 cities and six International Barbeque Nation Restaurants in three countries. Through its subsidiary, Red Apple, the company owns and operates nine Italian restaurants under the brand name, "Toscana" and operates one restaurant each under the brand names "La Terrace" and "Collage" respectively. In Nov. 2018, it launched UBQ by Barbeque Nation Restaurant to provide a-la-carte Indian cuisine in the value segment.
- Around 46% of the restaurants are located in metro cities. Also the company generated around 50% and 45% of the business from the sales during the weekdays and lunch services, respectively. According to the Technopark Report, these operating metrics are higher than the industry average.
- BNHL's reported financial performance is characterized by robust growth in the business, mainly on the back of rapid expansion in the restaurant network. However on account of higher depreciation charge and finance cost, it reported net loss in three out of the four reported fiscal. Over FY17-20, the company reported a 19.5% CAGR rise in consolidated top-line to Rs. 8,469.7mn in FY20. Restaurant network expanded by around 24% CAGR during the same period. Gross margin remained steady to an average of 65.6% during the period. However, mainly due to higher employee expenses, consolidated EBITDA margin contracted by 472bps to be at 19.4% in FY20. Consolidated EBITDA increased by 11.1% CAGR over FY17-20 to Rs. 1,642.2mn in FY20. With rapid restaurant expansion, depreciation charge and finance cost increased by 28.8% and 19.9% CAGR, respectively. Consequently, the operations were at net loss in three out of four reported fiscals. BNHL reported a positive operating cash flow, with an average operating cash flow of around Rs. 1,346mn over FY17-20. Consolidated debt increased by 30.7% CAGR with net-debt to EBITDA ratio of 4.8x in FY20. Its current ratio is consistently below one, while the RoCE is in declining trend. Average RoCE stood at 9.5% over FY17-20.
- In FY21, BNHL's operations are impacted by Covid-19 pandemic induced lockdown. Its business was almost fully closed in the initial two months of the fiscal. However, with step-by-step opening of the economic activities, the company gradually re-opened its restaurants and ramped-up the business. In Nov. 2020, it has attained 84% of the pre-Covid monthly business. For the eight month ended Nov. 2020, the company reported a top-line of Rs. 2,010mn, with an EBITDA and PAT loss of Rs. 230.1mn and Rs. 1,007.9mn, respectively.

## Peer comparison and valuation (Contd...):

- To ease the liquidity pressure in the pandemic period, BNHL conducted pre-IPO placement of 5.951mn shares at a price of Rs. 252 per share, aggregating to Rs. 1,500mn. Consequently, Xponentia Opportunities Fund picked 3.6% stake, while Jubilant Foodworks Ltd. picked up 11.1% stake (on pre-IPO basis) in the company.
- Based on our quick estimate, the company is forecasted to report a 3.7% CAGR de-growth in consolidated top-line over FY20-23E to Rs. 7,571.9mn in FY23E. Gross and EBITDA margins are likely to expand by 15bps and 223bps over the period to be at 65.6% and 21.6%, respectively in FY23E. The company would continue to report loss at PAT level over FY20-23E.
- At higher price band of Rs. 500, the company is demanding an EV/Sales multiple of 3x (to its FY20 sales of Rs. 8,470mn), which is at discount to the peer average of 3.9x. Comparison with QSR chains is unjustifiable because of different business model and relatively higher proportion of delivery business. In contrast, BNHL's delivery business contributed 15% to the business in Nov. 2020 (mainly due to pandemic induced lockdown), which is not sustainable in the future. In FY20, delivery business contributed 3% to the company's total revenue.

The company has reported a smart recovery from the pandemic led lockdown and further with pan-India vaccination drive, the business outlook appeared to be improving. However, the emergence of the second wave of the Covid-19 infections, could delay the business normalcy speed. Also without any meaningful change in the business fundamental, the issue price is almost double the pre-IPO placement price. Thus considering the above observations, we assign an **"AVOID"** rating for the issue.

## About the issue:

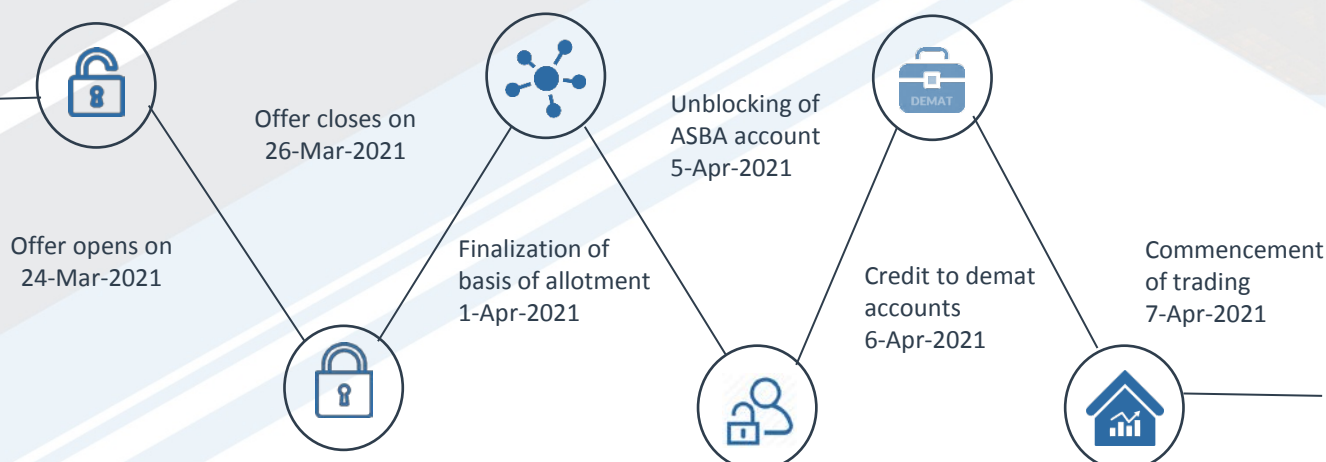
- BNHL is coming up with an initial public offering (IPO) with 9.057 - 9.072mn shares (fresh issue: 3.600 - 3.614mn shares; OFS shares: 5.457mn shares) in offering. The offer represents around 24.13% of its post issue paid-up equity shares of the company. Total IPO size is Rs. 4,517.8 - 4,528.7mn.
- The issue will open on 24<sup>th</sup> Mar. 2021 and close on 26<sup>th</sup> Mar. 2021.
- The issue is through book building process with a price band of Rs. 498 - 500 per share.
- 0.04mn shares (aggregating to Rs. 20mn) are reserved for eligible employees.
- The issue is a combination of fresh and OFS. The company will not receive any proceeds from the OFS part of the issue. Of the net proceeds from the fresh issue, Rs. 546.2mn will be utilized to fund the ongoing restaurant expansion and another Rs. 750mn will be used to prepay or repayment of the debt availed by the company. Residual funds will be used for general corporate purposes.
- The company has undertaken a pre-IPO placement of 5.951mn shares at a price of Rs. 252 per share, aggregating to Rs. 1,500mn. Consequently, the fresh issue size has got reduced from initial Rs. 3,300mn to Rs. 1,800mn.
- 75% of the net issue shall be allocated on a proportionate basis to qualified institutional buyers, while rest 15% and 10% is reserved for non-institutional bidders and retail investors, respectively.
- Promoter holds 47.80% stake in the company and post-IPO this will come down to 37.79%. Public holding will increase from current 52.20% to 62.21%.

### Pre and post issue shareholding pattern (%)

	Pre Issue	Post Issue (at higher price band)
Promoter & Promoter Group (%)	47.80%	37.79%
Public (%)	52.20%	62.21%

Source: Choice Equity Broking

## Indicative IPO process time line:



## Financial performance:

**Performance over FY17-20:** BNHL's reported financial performance is characterized by robust growth in the business, mainly on the back of rapid expansion in the restaurant network. On account of higher depreciation charge and finance cost, it reported net loss in three out of the four reported fiscal. Over FY17-20, the company reported a 19.5% CAGR rise in consolidated top-line to Rs. 8,469.7mn in FY20. Restaurant network expanded by around 24% CAGR during the same period.

Gross margin remained steady to an average of 65.6% during the period. However, mainly due to higher employee expenses, consolidated EBITDA margin contracted by 472bps to be at 19.4% in FY20. Consolidated EBITDA increased by 11.1% CAGR over FY17-20 to Rs. 1,642.2mn in FY20.

With rapid restaurant expansion, depreciation charge and finance cost increased by 28.8% and 19.9% CAGR, respectively. During the period, other income increased by 23.1% CAGR. Consequently, the operations were at net loss in three out of four reported fiscals.

BNHL reported a positive operating cash flow, with an average operating cash flow of around Rs. 1,346mn over FY17-20. Consolidated debt increased by 30.7% CAGR with net-debt to EBITDA ratio of 4.8x in FY20. Its current ratio is consistently below one, while the RoCE is in declining trend. Average RoCE stood at 9.5% over FY17-20.

**Performance during 8M FY21:** BNHL's operations are impacted by Covid-19 pandemic induced lockdown in FY21. Its business was almost fully closed in the initial two months of the fiscal. However, with step-by-step opening of the economic activities, the company gradually re-opened its restaurants and ramped-up the business. In Nov. 2020, it has attained 84% of the pre-Covid monthly business. For the eight month ended Nov. 2020, the company reported a top-line of Rs. 2,010mn, with an EBITDA and PAT loss of Rs. 230.1mn and Rs. 1,007.9mn, respectively.

Consolidated financial snapshot (Rs. mn)	FY17	FY18	FY19	FY20	8M FY21	CAGR (%)	Y-o-Y (% Annual)
Total revenue	4,965.3	5,863.4	7,390.2	8,469.7	2,010.0	19.5%	14.6%
EBITDA	1,196.9	1,362.6	1,458.6	1,642.2	(230.1)	11.1%	12.6%
Adjusted PAT	49.2	(84.3)	(281.1)	(487.7)	(1,007.9)		73.5%
Restated adjusted EPS	1.3	(2.2)	(7.5)	(13.0)	(26.8)		73.5%
Cash flow from operating activities	1,077.3	1,275.5	1,222.5	1,810.5	321.0	18.9%	48.1%
NOPLAT	222.3	128.0	(1,327.6)	144.4	(1,050.3)	-13.4%	
FCF		(101.1)	(1,317.0)	1,197.3			
RoIC (%)	5.8%	2.6%	-22.5%	2.2%	-20.1%	(359) bps	2,474 bps
Revenue growth rate (%)		18.1%	26.0%	14.6%			
EBITDA growth rate (%)		13.8%	7.0%	12.6%			
EBITDA margin (%)	24.1%	23.2%	19.7%	19.4%	-11.4%	(472) bps	(35) bps
EBIT growth rate (%)		15.9%	-14.6%	-46.3%			
EBIT margin (%)	11.5%	11.3%	7.6%	3.6%	-52.3%	(790) bps	(405) bps
Restated adjusted PAT growth rate (%)			233.5%	73.5%			
Restated adjusted PAT margin (%)	1.0%	-1.4%	-3.8%	-5.8%	-50.1%	(675) bps	(195) bps
Inventory days	33.1	32.3	28.2	21.4	49.8	-13.6%	-24.2%
Debtor days	3.0	3.0	2.6	1.5	4.9	-20.2%	-41.4%
Payable days	(85.9)	(100.6)	(106.2)	(118.3)	(503.7)	11.2%	11.3%
Cash conversion cycle	(49.8)	(65.2)	(75.5)	(95.4)	(449.0)	24.2%	26.4%
Fixed asset turnover ratio (x)	1.1	1.0	1.1	1.0	0.3	-2.7%	-2.8%
Total asset turnover ratio (x)	0.9	0.8	0.9	0.9	0.2	-1.9%	-1.8%
Current ratio (x)	0.4	0.6	0.4	0.3	0.2	-10.4%	-20.1%
Debt to equity (x)	3.4	3.4	4.4	136.0	(48.3)	242.0%	2965.1%
Net debt to EBITDA (x)	2.9	3.3	3.9	4.8	(31.0)	17.8%	22.6%
RoE (%)	4.6%	-5.8%	-21.4%	-824.4%	675.3%		
RoA (%)	0.9%	-1.2%	-3.4%	-5.1%	-11.1%	(603) bps	(167) bps
RoCE (%)	13.3%	11.7%	8.7%	4.2%	-17.1%	(911) bps	(452) bps

Source: Choice Equity Broking



### Competitive strengths:

- One of India's fastest growing and widely recognized restaurant brands in the rapidly growing CDR market
- Steady growth in covers and consistent average per covers with a relatively high proportion of total revenues from weekday sales and lunch covers
- Attractive offerings based on constant menu innovation and customer focus
- Strong business processes and back-end systems leading to efficient operations
- Experienced staff and value-oriented business culture led by some of its promoters and senior management team bringing experience from well-known hospitality brands
- Proven track record of revenue growth

### Business strategy:

- Increase same store sales growth, revenue per store and profitability as the vintage of Barbeque Nation restaurants increases
- Continue expansion in Indian cities
- Preserve customer and team-focused culture and values
- Expansion through owned & franchise formats in select international markets
- Continue evaluating strategic brand acquisitions



### Risk and concerns:

- Re-emergence of the Covid-19 infection
- Poor customer spending and unfavorable business environment
- Delay in store expansion
- Inability to maintain profitability
- Competition

## Financial statements:

### Consolidated profit and loss statement (Rs. mn)

	FY17	FY18	FY19	FY20	8M FY21	CAGR over FY17 - 20 (%)	Annual growth over FY19 (%)
<b>Total revenue</b>	<b>4,965.3</b>	<b>5,863.4</b>	<b>7,390.2</b>	<b>8,469.7</b>	<b>2,010.0</b>	<b>19.5%</b>	<b>14.6%</b>
Cost of food and beverages consumed	(1,770.9)	(1,978.4)	(2,476.3)	(2,922.0)	(764.3)	18.2%	18.0%
Employee benefits expenses	(896.8)	(1,256.9)	(1,679.8)	(1,975.1)	(712.7)	30.1%	17.6%
Other operating expenses	(1,100.8)	(1,265.5)	(1,775.5)	(1,930.5)	(763.2)	20.6%	8.7%
<b>EBITDA</b>	<b>1,196.9</b>	<b>1,362.6</b>	<b>1,458.6</b>	<b>1,642.2</b>	<b>(230.1)</b>	<b>11.1%</b>	<b>12.6%</b>
Depreciation & amortization expenses	(627.4)	(702.7)	(895.4)	(1,339.6)	(820.2)	28.8%	49.6%
<b>EBIT</b>	<b>569.5</b>	<b>659.9</b>	<b>563.3</b>	<b>302.5</b>	<b>(1,050.3)</b>	<b>-19.0%</b>	<b>-46.3%</b>
Finance costs	(438.2)	(535.7)	(564.0)	(755.9)	(591.4)	19.9%	34.0%
Other income	20.5	41.1	35.3	38.2	356.1	23.1%	8.5%
Exceptional items	(6.6)	26.3	(102.7)	163.8	20.7	-392.1%	-259.5%
<b>PBT</b>	<b>145.2</b>	<b>191.6</b>	<b>(68.2)</b>	<b>(251.4)</b>	<b>(1,265.0)</b>		
Tax expenses	(64.2)	(123.8)	(143.8)	(77.9)	258.5	6.7%	-45.8%
<b>PAT from continuing operations</b>	<b>81.0</b>	<b>67.8</b>	<b>(212.0)</b>	<b>(329.3)</b>	<b>(1,006.5)</b>		<b>55.3%</b>
PAT from dis-continued operations	(41.4)	(125.8)	(171.8)				
<b>PAT before minority interest</b>	<b>39.6</b>	<b>(58.0)</b>	<b>(383.9)</b>	<b>(329.3)</b>	<b>(1,006.5)</b>		<b>-14.2%</b>
Minority interest	3.1			5.4	19.28	20.5%	
<b>Reported PAT</b>	<b>42.6</b>	<b>(58.0)</b>	<b>(383.9)</b>	<b>(323.9)</b>	<b>(987.2)</b>		<b>-15.6%</b>
<b>Adjusted PAT</b>	<b>49.2</b>	<b>(84.3)</b>	<b>(281.1)</b>	<b>(487.7)</b>	<b>(1,007.9)</b>		<b>73.5%</b>

### Consolidated balance sheet statement (Rs. mn)

	FY17	FY18	FY19	FY20	8M FY21	CAGR over FY17 - 20 (%)	Annual growth over FY19 (%)
Equity share capital	135.1	138.0	139.9	140.0	140.0	1.2%	0.0%
Other equity	925.1	1,311.9	1,176.4	(80.8)	(289.2)		
Non controlling interest				52.3	33.0		
Non current borrowings	836.7	1,091.5	1,421.5	2,035.0	2,091.5	34.5%	43.2%
Non current lease liabilities	2,312.4	3,013.2	3,621.9	4,328.0	4,073.6	23.2%	19.5%
Non current financial liabilities				674.3			
Non current provisions	71.0	87.3	114.1	85.3	85.6	6.3%	-25.2%
Other non current liabilities	2.4	1.7					
Current borrowings	34.5	185.1	157.1	414.7	378.3	129.2%	163.9%
Current lease liabilities	394.7	494.2	577.8	487.7	502.2	7.3%	-15.6%
Current financial liabilities	24.8	83.3	60.8	104.1	168.9	61.3%	71.3%
Trade payables	416.8	673.3	768.3	1,125.1	1,604.1	39.2%	46.4%
Other current liabilities	64.7	66.8	79.9	115.6	218.0	21.3%	44.6%
Current provisions	26.8	32.3	33.5	62.7	55.5	32.8%	87.0%
Current net tax liabilities	43.3	53.1	39.7	10.6	24.3	-37.4%	-73.3%
<b>Total liabilities</b>	<b>5,288.2</b>	<b>7,231.6</b>	<b>8,190.9</b>	<b>9,554.6</b>	<b>9,085.9</b>	<b>21.8%</b>	<b>16.6%</b>
Property, plant and equipment	1,759.8	2,247.5	3,032.4	3,321.9	3,033.8	23.6%	9.5%
Other intangible assets	64.9	62.0	54.9	67.3	55.9	1.2%	22.6%
Right of use asset	2,236.9	2,939.2	3,546.3	4,014.7	3,734.6	21.5%	13.2%
Capital work-in-progress	150.4	185.2	158.9	108.9	50.8	-10.2%	-31.4%
Goodwill	230.0	230.0	189.7	723.0	723.0	46.5%	281.2%
Non current loans	171.9	212.1	232.4	289.2	303.6	18.9%	24.4%
Other non current financial assets	25.3	11.6	15.3	21.6	13.2	-5.2%	41.6%
Non current net deferred tax assets	229.4	262.2	304.5	277.9	534.6	6.6%	-8.7%
Other non current assets	13.9	172.6	33.3	57.2	49.9	60.3%	71.9%
Inventories	160.7	189.8	192.7	149.3	158.6	-2.4%	-22.6%
Trade receivables	40.7	56.0	49.0	21.5	41.0	-19.2%	-56.1%
Current investments	27.9	0.0					
Cash and cash equivalents	52.7	436.2	119.8	147.0	76.7	40.7%	22.7%
Other current financial assets	0.8	3.0	10.1	41.9	16.4	274.1%	315.6%
Other current assets	122.9	224.4	251.7	313.3	293.8	36.6%	24.5%
<b>Total assets</b>	<b>5,288.2</b>	<b>7,231.6</b>	<b>8,190.9</b>	<b>9,554.6</b>	<b>9,085.9</b>	<b>21.8%</b>	<b>16.6%</b>

Source: Choice Equity Broking



## Financial statements:

### Consolidated cash flow statement (Rs. mn)

Particulars (Rs. mn)	FY17	FY18	FY19	FY20	8M FY21	CAGR over FY17 - 20 (%)	Annual growth over FY19 (%)
Cash flow before working capital changes	1,145.7	1,299.2	1,422.1	1,598.2	(245.4)	11.7%	12.4%
Change in working capital	18.4	120.9	(56.7)	290.8	550.9	150.8%	
<b>Cash flow from operating activities</b>	<b>1,077.3</b>	<b>1,275.5</b>	<b>1,222.5</b>	<b>1,810.5</b>	<b>321.0</b>	<b>18.9%</b>	<b>48.1%</b>
Purchase of property, plant & equipment	(721.0)	(1,010.7)	(1,299.8)	(840.6)	(35.6)	5.3%	-35.3%
<b>Cash flow from investing activities</b>	<b>(901.8)</b>	<b>(992.8)</b>	<b>(1,291.0)</b>	<b>(1,529.0)</b>	<b>20.6</b>	<b>19.2%</b>	<b>18.4%</b>
<b>Cash flow from financing activities</b>	<b>(268.3)</b>	<b>73.0</b>	<b>(247.4)</b>	<b>(265.4)</b>	<b>(411.9)</b>	<b>-0.4%</b>	<b>7.2%</b>
<b>Net cash flow</b>	<b>(92.8)</b>	<b>355.6</b>	<b>(315.9)</b>	<b>16.2</b>	<b>(70.2)</b>		
Opening balance of cash and bank balances	173.4	80.6	435.7	130.8	147.0	-9.0%	-70.0%
<b>Closing balance of cash and bank balances</b>	<b>80.6</b>	<b>436.2</b>	<b>119.8</b>	<b>147.0</b>	<b>76.7</b>	<b>22.2%</b>	<b>22.7%</b>

Particulars (Rs. mn)	FY17	FY18	FY19	FY20	8M FY21
Revenue growth rate (%)		18.1%	26.0%	14.6%	
EBITDA growth rate (%)		13.8%	7.0%	12.6%	
EBITDA margin (%)	24.1%	23.2%	19.7%	19.4%	-11.4%
EBIT growth rate (%)		15.9%	-14.6%	-46.3%	
EBIT margin (%)	11.5%	11.3%	7.6%	3.6%	-52.3%
PAT growth rate (%)			233.5%	73.5%	
PAT margin (%)	1.0%	-1.4%	-3.8%	-5.8%	-50.1%
Inventories turnover ratio (x)	30.9	33.5	38.6	49.5	12.7
Trade receivable turnover ratio (x)	121.9	121.3	140.8	240.3	49.0
Accounts payable turnover ratio (x)	11.9	10.8	10.3	8.9	1.3
Fixed asset turnover ratio (x)	1.1	1.0	1.1	1.0	0.3
Total asset turnover ratio (x)	0.9	0.8	0.9	0.9	0.2
RoE (%)	4.6%	-5.8%	-21.4%	-824.4%	675.3%
RoA (%)	0.9%	-1.2%	-3.4%	-5.1%	-11.1%
RoCE (%)	13.3%	11.7%	8.7%	4.2%	-17.1%
Restated reported EPS (Rs.)	1.3	(2.2)	(7.5)	(13.0)	(26.8)
Restated DPS (Rs.)	0.7	0.7	0.7		
Restated BVPS (Rs.)	28.2	38.6	35.1	1.6	(4.0)
Restated operating cash flow per share (Rs.)	28.7	34.0	32.6	48.2	8.5
Restated free cash flow per share (Rs.)		(2.7)	(35.1)	31.9	
Dividend payout ratio	54.9%	-33.2%	-10.0%	0.0%	0.0%

Note: Ratios calculated on pre-issue data; Source: Choice Equity Broking

## Disclaimer

This is solely for information of clients of Choice Broking and does not construe to be an investment advice. It is also not intended as an offer or solicitation for the purchase and sale of any financial instruments. Any action taken by you on the basis of the information contained herein is your responsibility alone and Choice Broking its subsidiaries or its employees or associates will not be liable in any manner for the consequences of such action taken by you. We have exercised due diligence in checking the correctness and authenticity of the information contained in this recommendation, but Choice Broking or any of its subsidiaries or associates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this recommendation or any action taken on basis of this information. This report is based on the fundamental analysis with a view to forecast future price. The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. Choice Broking has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; Choice Broking makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. The opinions contained within the report are based upon publicly available information at the time of publication and are subject to change without notice. The information and any disclosures provided herein are in summary form and have been prepared for informational purposes. The recommendations and suggested price levels are intended purely for stock market investment purposes. The recommendations are valid for the day of the report and will remain valid till the target period. The information and any disclosures provided herein may be considered confidential. Any use, distribution, modification, copying, forwarding or disclosure by any person is strictly prohibited. The information and any disclosures provided herein do not constitute a solicitation or offer to purchase or sell any security or other financial product or instrument. The current performance may be unaudited. Past performance does not guarantee future returns. There can be no assurance that investments will achieve any targeted rates of return, and there is no guarantee against the loss of your entire investment.

POTENTIAL CONFLICT OF INTEREST DISCLOSURE (as on date of report) Disclosure of interest statement – • Analyst interest of the stock /Instrument(s): - No. • Firm interest of the stock / Instrument (s): - No.



+91-022-6707 9999



[www.choicebroking.in](http://www.choicebroking.in)



+91-022-6707 9959

**Choice Equity Broking Pvt. Ltd.**

Choice House, Shree Shakambhari Corporate Park, Plot No: -156-158,  
J.B. Nagar, Andheri (East), Mumbai - 400 099.