

**Issue Details**

Listing	BSE & NSE
Open Date	24 Mar 2021
Close Date	26 Mar 2021
Price Band	Rs. 498-500
Market Lot	30 shares
Minimum Lot	1 Lot

Barbeque Nation Hospitality Ltd (BNHL), incorporated in 2006, owns and operates Barbeque Nation Restaurants, one of the leading casual dining restaurant chains in India. As of 31<sup>st</sup> December, 2020, the company has 164 restaurants owned and operated by them, which includes 147 Barbeque Nation Restaurants (including opened, temporarily closed and under construction outlets) across 77 cities in India, 6 International Barbeque Nation Restaurants across 4 cities outside India and 11 Italian Restaurants across three metro cities in India, of which 9 are operated under the brand name 'Toscano' and 1 each under the brand names 'La Terrace' and 'Collage', respectively. In addition, BNHL has 1 Barbeque Nation Restaurant, which is operated by a third-party on a franchise model.

**Issue Structure**

Offer for sale	40%
Fresh Issue	60%
Issue Size	Rs. 453 cr
Total no of shares	90,57,470
QIB share (%)	≥ 75%
Non Inst share (%)	≤ 15%
Retail share (%)	≤ 10%

During FY18-20, BNHL's revenue grew at a 20.2% CAGR to Rs. 847 cr in FY20. Over the same period, its EBITDA grew at a CAGR of 9.8% to Rs. 164 cr in FY20. The company earned a net profit of Rs. 7 cr in FY18 and a loss of Rs. 32 cr in FY20.

**Key Highlights:**

- ❖ In FY 2020, the size of the chain casual dining market is estimated at Rs.134 bn. The segment is expected grow at a healthy CAGR of 18% to reach Rs.302 bn by FY 2025. BNHL, being a leading company in the casual dining sector, is well positioned for growth in the near future.
- ❖ Through its Barbeque Nation Restaurants, the company pioneered the format of the 'over the table barbeque' concept in Indian restaurants according to the Technopak Report. Live grills embedded in dining tables allow guests to grill their own barbeques.
- ❖ BNHL offer competitive attractions, such as a wide range of vegetarian and non-vegetarian appetizers and main courses, a popular dessert menu, a pleasant and casual dining environment and prompt service, thereby making it a popular destination for celebrations.

**Shareholding Pattern**

	Pre (%)	Post (%)
Promoters	47.8	28.7
Public	52.2	71.3

**Key Financials (in ₹ crores)**

	Sales	EBITDA	Net Profit	EBITDA (%)	Net Profit (%)	EPS* ₹	BV* ₹	RoE (%)	RoCE (%)	P/E* (x)	P/BV* (x)	EV/EBITDA (x)
<b>FY18</b>	586	136	7	23.2	1.2	1.8	38.6	4.7	8.2	276.9	12.9	16.7
<b>FY19</b>	739	146	-21	19.7	-2.9	-5.6	35.1	-16.1	6.2	-	14.3	16.5
<b>FY20</b>	847	164	-32	19.4	-3.8	-8.6	1.6	-547.5	3.3	-	317.3	15.5

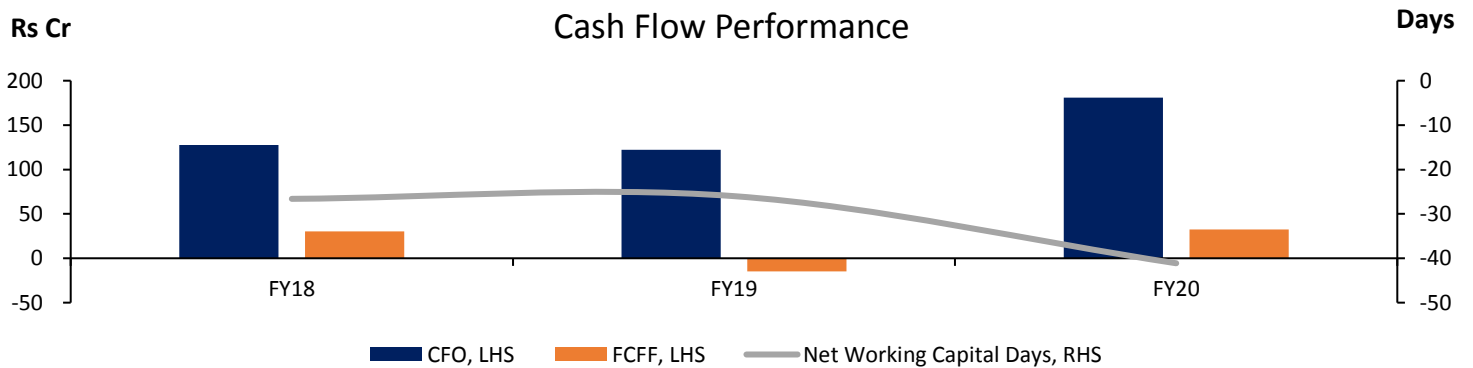
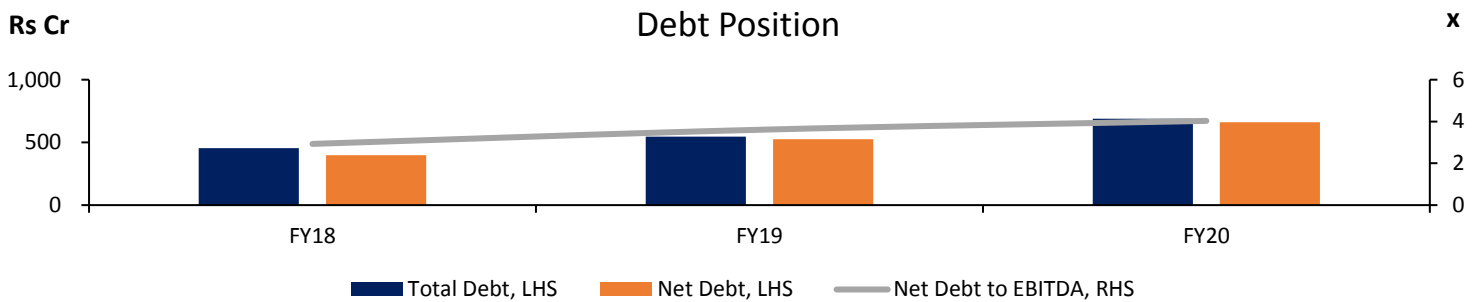
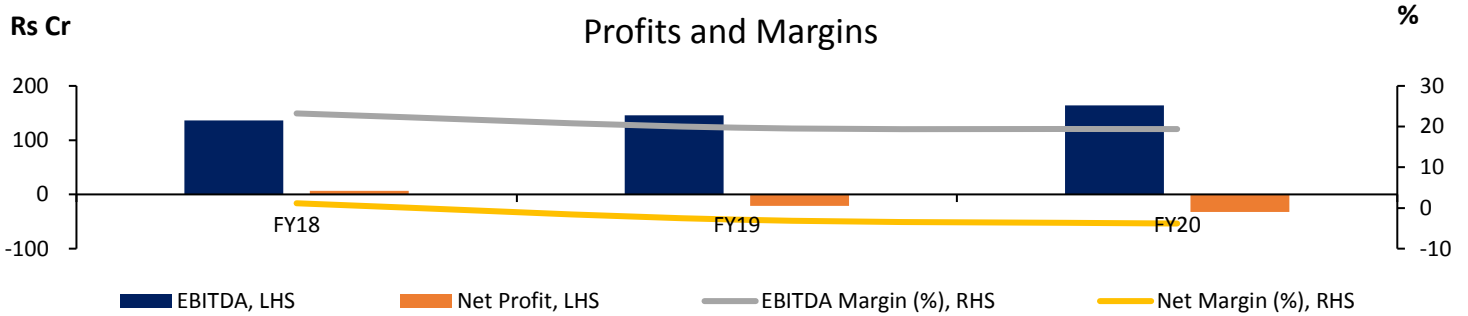
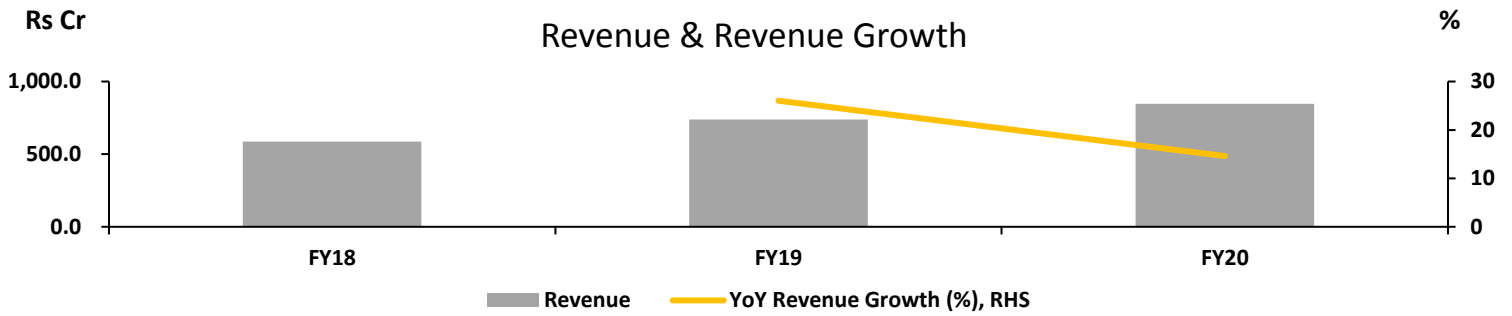
\* Post issue number of shares considered



❖ As of 31<sup>st</sup> December, 2020, 2 Barbeque Nation Restaurants were in the construction phase and the company plans to launch them in FY 2021. BNHL also aims to further expand its Barbeque Nation Restaurant network in Metro cities, Tier I, Tier II and Tier III cities in India. The company also plans to prioritize its expansion of restaurants in those international markets where it can leverage its existing infrastructure and expertise.

❖ **Valuation**

At the higher price band of Rs. 500 per share, BNHL is valued at 3.0X FY20 EV/Sales.



Source: Company Reports and Ventura Research

### Issue Structure and Offer Details

The proposed issue size of BNHL IPO is Rs. 452.87 cr of which Rs. 180 cr is through a fresh issue of shares and Rs. 272.87 cr is by way of an OFS. The price band for the issue is in the range of Rs. 498-500 and the bid lot is 30 shares and multiples thereof.

Issue Structure		
Category	No. of shares offered	Offer Details
Total Offer for Sale	90,57,470	
- Employee reservation	40,000	
- Net Offer for Sale	90,17,470	
- Qualified Inst. Buyers	Not more than 67,63,103	≤ 75% of Net OFS
- Non Inst. Investors	Not less than 13,52,620	≥ 15% of Net OFS
- Retail Investors	Not less than 9,01,747	≥ 10% of Net OFS

Source: Company Reports & SEBI

Objects of the offer	
Purpose	Amount (Rs. cr.)
Capital expenditure for expansion and opening of new restaurants	54.6
Prepayment or repayment of all or a portion of certain outstanding borrowings obtained by the company	75.0
General corporate purposes*	•
<b>Total</b>	<b>•</b>

\*The amount utilised for general corporate purposes shall not exceed 25% of the gross proceeds of the Fresh Issue.

Shareholding Pattern		
Category	Pre-issue	Post-issue
Promoters	47.8%	28.7%
Public	52.2%	71.3%

Source: Company Reports and SEBI

## Financial Statements & Analysis

Figures in Rs Cr	FY18	FY19	FY20	Figures in Rs Cr	FY18	FY19	FY20
<b>Income Statement</b>				<b>Per Share Data &amp; Yields</b>			
Net Revenue	586.3	739.0	847.0	Adjusted EPS	1.8	-5.6	-8.6
<i>YoY Growth (%)</i>		<i>26.0</i>	<i>14.6</i>	Adjusted BVPS	38.6	35.1	1.6
Cost of Food & Beverages Consumed	197.8	247.6	292.2	CFO per share	34.0	32.6	48.2
<i>YoY Growth (%)</i>		<i>25.2</i>	<i>18.0</i>	CFO Yield (%)	1.8	6.5	9.6
Employee Benefit Expenses	125.7	168.0	197.5	<b>Solvency Ratio (X)</b>			
<i>YoY Growth (%)</i>		<i>33.6</i>	<i>17.6</i>	Net Debt to Equity	2.8	4.0	111.8
Other Operating Expenses	126.6	177.5	193.0	Net Debt to EBITDA	2.9	3.6	4.0
<i>YoY Growth (%)</i>		<i>40.3</i>	<i>8.7</i>	Interest Coverage Ratio	1.2	1.0	0.4
<b>EBITDA</b>	<b>136.3</b>	<b>145.9</b>	<b>164.2</b>	<b>Working Capital Ratios</b>			
<i>YoY Growth (%)</i>		<i>7.0</i>	<i>-12.6</i>	Payable Days	42	38	48
<i>Margin (%)</i>	<i>23.2</i>	<i>19.7</i>	<i>19.4</i>	Receivable Days	3	2	1
Depreciation & Amortization	70.3	89.5	134.0	Inventory Days	12	10	6
<b>EBIT</b>	<b>66.0</b>	<b>56.3</b>	<b>30.3</b>	Net Working Capital Days	-27	-26	-41
<i>YoY Growth (%)</i>		<i>-14.6</i>	<i>46.3</i>	<b>Return Ratios (%)</b>			
<i>Margin (%)</i>	<i>11.3</i>	<i>7.6</i>	<i>3.6</i>	Return on Equity	4.7	-16.1	-547.5
Other Income	4.1	3.5	3.8	Return on Capital Employed	8.2	6.2	3.3
Exceptional Items	-2.6	10.27	-16.4	Return on Invested Capital	9.1	6.4	3.4
Finance Cost	53.6	56.4	75.6	<b>Valuation (X)</b>			
<b>PBT</b>	<b>19.2</b>	<b>-6.8</b>	<b>-25.1</b>	P/E	276.9	-	-
<i>YoY Growth (%)</i>		<i>-135.6</i>	<i>268.5</i>	P/BV	12.9	14.3	317.3
<i>Margin (%)</i>	<i>3.3</i>	<i>-0.9</i>	<i>-3.0</i>	EV/EBITDA	16.7	16.5	15.5
Tax	12.4	14.4	7.8	<b>Cash Flow Statement</b>			
<i>Tax Rate (%)</i>	<i>64.6</i>	<i>-210.6</i>	<i>-31.0</i>	Profit Before Tax	6.6	-29.5	-25.1
<b>PAT</b>	<b>6.8</b>	<b>-21.2</b>	<b>-32.9</b>	Add: Depreciation	75.3	102.2	134.0
Share of Profit from JV	0.0	0.0	0.5	Add: Finance Cost	53.6	56.4	75.6
<b>Net Profit</b>	<b>6.8</b>	<b>-21.2</b>	<b>-32.4</b>	Change in other assets & liabilities	-5.6	13.1	-24.6
<i>YoY Growth (%)</i>		<i>-412.5</i>	<i>52.9</i>	Change in working capital	12.1	-5.7	29.1
<i>Margin (%)</i>	<i>1.2</i>	<i>-2.9</i>	<i>-3.8</i>	Less: Tax Paid	-14.5	-14.3	-7.8
<b>Balance Sheet</b>				<b>Cash Flow from Operations</b>	<b>127.5</b>	<b>122.3</b>	<b>181.1</b>
Share Capital	13.8	14.0	14.0	Net Capital Expenditure	-101.0	-129.8	-151.5
Total Reserves	131.2	117.6	-8.1	Change in other investments	1.7	-1.0	-3.6
<b>Shareholders' Fund</b>	<b>145.0</b>	<b>131.6</b>	<b>5.9</b>	Add: Dividend & Interest Income	0.0	1.7	2.2
Financial Liabilities	386.8	471.5	665.3	<b>Cash Flow from Investing</b>	<b>-99.3</b>	<b>-129.1</b>	<b>-152.9</b>
Other Non Current Liabilities	8.7	11.4	0.0	Change in Share Capital	-	-	-
Long Term Provisions	0.2	0.0	8.5	Proceeds from Equity	41.10	29.76	-6.01
<b>Total Liabilities</b>	<b>540.6</b>	<b>614.5</b>	<b>679.7</b>	Change in Short Term Borrowings	15.1	-2.8	25.8
Gross Block	283.6	398.3	512.3	Change in Long Term Borrowing	25.5	33.0	61.8
Less: Accumulated Depreciation	58.9	95.1	180.1	Change in Lease Liabilities	-59.7	-71.0	-87.5
<b>Net Block</b>	<b>224.8</b>	<b>303.2</b>	<b>332.2</b>	Less Dividend Paid	-3.3	-3.4	-3.4
Right of Use Assets	293.9	354.6	401.5	Less: Interest Paid	-11.4	-10.3	-17.3
Intangible Assets	6.2	5.5	6.7	<b>Cash Flow from Financing</b>	<b>7.3</b>	<b>-24.7</b>	<b>-26.5</b>
Capital WIP	18.5	15.9	10.9	Net Cash Flow	35.6	-31.6	1.6
Goodwill	23.0	19.0	72.3	Adjustments	0.0	-0.1	1.1
Loans	21.2	23.2	28.9	Opening Balance of Cash	8.1	43.6	12.0
Other Non Current Financial Assets	1.2	1.5	2.2	<b>Closing Balance of Cash</b>	<b>43.6</b>	<b>12.0</b>	<b>14.7</b>
Deferred Tax Assets (net)	26.2	30.5	27.8				
Other Non Current Assets	17.3	3.3	5.7				
Net Current Assets	-91.6	-142.2	-208.4				
<b>Total Assets</b>	<b>540.6</b>	<b>614.5</b>	<b>679.7</b>				

Source: Company Reports & Ventura Research

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