

## Burger King India Ltd: Good Issue

**IPO Note: Fastest-growing International QSR chains in India: Negative PAT growth and margin :Global MNC Brand Ranking\*\*\***



### Issue details

Price band (Rs)	Rs.59-60
IPO Opening Date	02/12/20
IPO Closing Date	04/12/20
Issue Size	Rs.810 Cr.

### Recommendation

BKIL has posted turnover/net profit (loss) of Rs. 388.74 cr. / Rs. - (82.23) cr. (FY18), Rs. 644.13 cr. / Rs. - (38.28) cr. (FY19) and Rs. 846.83 cr. / Rs. - (76.57) cr. (FY20). However, the COVID-19 crisis has had a significant impact on its results of operations at the end of FY20 and in the six months ended September 2020, resulting in a decrease of revenue from sale of food and beverages to Rs 151.65 crore in the six months ended September 2020, compared to Rs 425.37 crore in the six months ended September 2019. As per offer documents, BKIL has shown Jubilant Foodworks and Westlife Developments as its listed peers. They are currently trading at a P/Es of around 229.66 and 00. Company has huge expansion future plan **Considering all these, Risk taking investors may consider investment in this IPO.**

### Highlights

- One of the fastest growing international QSR chains, Burger King has been performing in the Indian market more than adequately during the past few years of their operations based on number of restaurants.
- The brand, second only to McDonald's in the fast food burger business, has globally, over 18,000 restaurants in more than 100 countries and U.S. territories.
- In growth terms, Burger King saw a sales growth of 56.3 per cent over FY16-20 against Westlife Development (McDonald's) 17 per cent and Domino's 12 per cent during the same period.
- As of June 30, 2019, QSR had 202 restaurants, which included seven Sub-Franchised Burger King restaurants, spread across in over 16 states, union territories and more than 47 cities across India.

### Company Introduction

Burger King is the India's fastest growing quick service restaurant chains. It is the second largest fast food burger brand with having 216 Burger-King restaurants and 8 Sub-Franchised Burger King restaurants.

It has an exclusive right to establish, develop, and operate Burger King branded restaurants in India. It aims to cater to the Indian tastes and preferences through adding new food offerings to its product portfolio. Company establishes its branches in high traffic areas in key metropolitan areas and cities across the country.

### Company Promoters:

QSR Asia Pte. Ltd is the promoter of the company.



[www.bk.com](http://www.bk.com)

### Financial Summary (Rs. In Crore)

Particulars	Six months ended Sept. 30, 2020	FY2020	FY2019	FY2018
<b>Total Income</b>	151.65	846.82	644.13	388.73
<b>Net Profit</b>	-118.94	-76.57	-38.27	-82.23
<b>EPS (Rs)</b>	-	-	-	-

\*EPS not annualized

Source: RHP and ACE Equity

### RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

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## Objects of the Issue:

The net proceed from the IPO will be used towards following purposes;

- To finance the roll-out of new company-owned Burger King Restaurants.
- To meet the general corporate purposes.

To meet the general corporate purposes

## IPO Issue Proceed

**The company would utilise fresh issue proceeds for funding roll out of new company-owned Burger King Restaurants and general corporate purposes. Under the Master Franchise and Development Agreement, the company is required to develop and open at least 700 restaurants (including company-owned Burger King Restaurants and Sub-Franchised Burger King Restaurants) by December 31, 2026, which has recently been extended by one year from December 31, 2025 due to the COVID-19 crisis.**

Burger King Ltd is coming out with a maiden IPO of combo offer of fresh equity issue (Rs.450 cr.) and offer for sale (Rs.360 cr.). It consists fresh equity issue of approx shares of Re. 75000000 each (at the upper price band) and offer for sale of 60000000 shares. Thus the overall issue will be for approx. 135000000 equity shares. The issue opens for subscription on December 02, 2020, and will close on December 04, 2020. The company has fixed the price band of Rs. 59 - Rs. 60 per share. Minimum application is to be made for 250 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. Burger King mulls mobilizing Rs. cr. - Rs. 756-810 cr. (Based on lower and upper price bands) through this IPO. Post issue, Burger King's current paid-up equity capital of Rs. 306.65 cr. will stand enhanced to Rs. 381.65 cr. The company has reserved 75% of the issue for QIBs, 15% for HNIs and 10% for Retail investors. With this issue, the company is looking for a market cap of Rs. 22899 cr.