

Barbeque Nation Hospitality Ltd : Average Issue

IPO Note : Casual Dining restaurant chain : Consistent losses in last three fiscal Year : : Negative Net-worth : Ranking**



Issue details

Price band (Rs)	Rs.498-500
IPO Opening Date	24/03/21
IPO Closing Date	26/03/21
Issue Size	Rs.452.87 Cr.

Recommendation

On the financial performance front, BNHL has reported turnover/net profit (loss) of Rs. 590.45 cr. / Rs. 6.78 cr. (FY18), Rs. 742.54 cr. / Rs. - (21.20) cr. (FY19) and Rs. 850.79 cr. / Rs. - (32.93) cr. (FY20). For the eight months period ended on November 30, 2020, it has reported a net loss of Rs. - (100.65) cr., on a turnover of Rs. 236.61 cr. Thus for all these periods, it has shown the red bottom line. Looking at the whopping loss for the first eight months, this company will have longer gestation periods. The issue is priced at a negative P/BV based on its NAV of Rs. - (5.33) per share as of November 30, 2020. it has posted losses. **But looking at the losses made in the first eight months of the current fiscal on account of pandemic scare and resurgence of the same since past one week or so, immediate future appears gloomy. We recommend to avoid this IPO**

Highlights

- Barbeque-Nation Hospitality Ltd. (BNHL) is owning and operating Barbeque Nation Restaurants, one of India's leading casual dining restaurant chains (in terms of outlet count as of September 30, 2020) according to the Technopak Report, and International Barbeque Nation Restaurants.
- It also owns and operates Toscano Restaurants and UBQ by Barbeque Nation Restaurant.
- The company has steadily grown from a single restaurant in 2008 to 147 Barbeque Nation Restaurants across 77 cities in India and six International Barbeque Nation Restaurants in three countries outside India as of December 31, 2020.

Company Introduction

Incorporated in 2006, Barbeque Nation Restaurants is one of the leading casual dining restaurant chains in India. It offers the best quality of food offerings, ambiance, and services to customers. It also owns and operates Toscano Restaurants and UBQ by Barbeque Nation that caters to the delivery segment.

The first Barbeque Nation Restaurant was established in 2008 and as of November 30, 2019, the network has been steadily grown to 138 Barbeque Nation Restaurants in 73 cities in India and 7 International Barbeque Nation Restaurants in 3 countries outside India. The company has recently diversified into another brand "Red Apple" which operates 10 Italian restaurants in 2 cities of India i.e. Bengaluru and Chennai.

It also periodically runs popular food festivals at Barbeque Nation Restaurants offering guests a range of Indian, international and fusion cuisines. BNHL diversified into another brand pursuant to its acquisition of 61.35% of the equity share capital on a fully diluted basis of Red Apple, which operates 11 Italian Restaurants in three cities in India, namely Bengaluru, Chennai and Pune. Of the Italian Restaurants operated by it as of December 31, 2020, three



www.barbequenation.com

Financial Summary (Rs. In Crore)

Particulars	Eight months ended Nov. 2020	FY2020	FY2019	FY2018
Total Income	236.60	850.79	742.54	590.44
Net Profit	-100.64	-32.92	-38.38	-5.80
EPS (Rs)	-	-	-	-

*EPS not annualized

Source: RHP and ACE Equity

RANKING METHODOLOGY

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

Toscano Restaurants were opened since March 31, 2019, and four Toscano Restaurants were opened in the three Fiscals immediately preceding Fiscal 2019.

Company Promoters:

Sayaji Hotels Limited, Sayaji Housekeeping Services Limited, Kayum Dhanani, Raof Dhanani, and Suchitra Dhanani are the company promoters.

Objects of the Issue:

- To make prepayment/repayment of all or a part of the company's outstanding borrowings availed on a consolidated basis.
- To meet general corporate purposes.

IPO Issue Proceed

To part finance its plans for capital expenditure for expansion and opening of new restaurants (Rs. 54.62 cr.), prepayment/repayment of all or a portion of certain outstanding borrowings availed by the company (Rs. 75.00 cr.) and general corpus fund needs, BNHL is coming out with a maiden IPO for a combo book built issue comprising fresh equity issue worth Rs. 180 cr. (for approx. 3600000 shares) and an offer for sell of 5457470 shares. The company mulls raising Rs. 452.87 cr., at the upper price band of the issue. It has fixed a price band of Rs. 498 - Rs. 500 per equity share having a face value of Rs. 5 per share. The issue opens for subscription on March 24, 2021, and will close on March 26, 2021. Minimum application is to be made for 30 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 24.13 % of the post issue paid-up capital of the company. Post issue, BNHL's current paid-up equity capital of Rs. 16.97 cr., will stand enhanced to Rs. 18.77 cr. Based on the upper price band, BNHL is looking for a market cap of Rs. 1877.15 cr.

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