



Presents

Barbeque Nation Limited

Company's Overview

1. Barbeque Nation Restaurants is one of India's leading casual dining restaurant chains according to the Technopak Report.
2. The first Barbeque Nation Restaurant was launched in 2005 by Sayaji Hotels, one of the promoters.

Five Barbeque Nation Restaurants owned by Sayaji Hotels were transferred to the company in 2012.

They have steadily grown owned and operated Barbeque Nation Restaurant network from a single restaurant in Fiscal 2007 to 81 Barbeque Nation Restaurants in 42 cities in India and one restaurant in Dubai as of June 30, 2017. In addition, as of June 30, 2017, they had granted the franchise rights of one Barbeque Nation Restaurant.

3. The Pioneer of “Live Grills” had made Barbeque Nation a place to visit for food lovers across India. They offer wide range of vegetarian and non-vegetarian appetisers and main courses, a popular dessert menu, a pleasant and casual dining environment and prompt service.
4. The APC (excluding taxes and service charges) at the Barbeque Nation Restaurants has grown from ₹617 in Fiscal 2013 to ₹702 in Fiscal 2017.
5. According to Technopak, the chain CDR segment is one of the fastest growing segments in the Indian restaurant industry and is projected to grow at a Compounded Annual Growth Rate (“CAGR”) of approximately 21.00% from Fiscal 2017 to Fiscal 2022.

6. They have recently diversified into a second brand, becoming the India franchisee of the American hamburger chain, Johnny Rockets.

As of June 30, 2017, they had five Johnny Rockets Restaurants in operation and an additional one Johnny Rockets Restaurant was under construction. They intend to scale up the Johnny Rockets Restaurants, currently located in Bengaluru, Delhi and Gurugram, to other Metro cities and Tier-I cities.

Strength of the Company

1. One of India's fastest growing and widely recognised restaurant brands in the rapidly growing CDR segment.
2. The fixed price casual dining, given its convenience, quick service and moderate average spending, is increasingly popular among consumers.
3. Steady growth in covers and APC leading to growth in average bill size with a relatively high proportion of total revenues from weekday sales and lunch covers.
4. Attractive offering at competitive prices based on constant menu innovation and customer focus.
5. Strong business processes and back-end systems leading to efficient operations

Industry Overview

1) The Indian economy is expected to reach an estimated US\$3.5 trillion by Fiscal 2020. Food services are emerging as a key segment in the Indian economy, with an overall market worth of US\$50 billion as of Fiscal 2017, which is approximately 8 times bigger than hotels.

2) The contribution of Food Services is close to 2.3% of India's GDP in 2017 which is expected to go 2.6% by 2022.

3) It is estimated that Indians spend 8% to 10% of their food expenditures outside the home in restaurants, cafeterias and other food establishments. This trend is expected to strengthen in future.

4) Indian consumers are dining out more frequently and younger Indians are shedding the biases of their elders against international franchises and foreign foods. There is plenty of room for growth in the industry.

5) The revolution in this sector began in Fiscal 1996 with the opening up of restaurants by McDonald's, Pizza Hut, Domino's followed by entry of brands like Subway and Barbeque Nation after 2000 and expansion of well-known home grown brands like Haldiram's and Moti Mahal. The food services market has been growing and it has witnessed many changes with respect to rising disposable income, availability of quality labour force and use of technology.

UZ Viewpoint

The way we are moving towards in time with rising disposable income everyone wants good delicious food, spent time with dear and near ones, get relax from work but not worrying to shed out that extra from pocket which will be the key to success for these Restaurant Chains in future.

You go out in these restaurants and try to find seats without waiting. If you get one, you are lucky but this is quite rare. This shows the revenue visibility of these Restaurant Chains in India if managed and expanded well.

The margins in the food service is huge which is another big positive for these companies.

Today we have the largest youth population in the world. As per survey, the age group between 20-35 is highest in the world. The youth love to party and dining out and if they get places like Barbeque Nation which serve hot and delicious the future looks very bright for such restaurant chains.

Financial Performance(Consolidated)

(Figures in Million)

Year	Rev	EBITDA	Finance Cost	PAT	OPM	NPM	EPS
2015	3,040	474	84.44	134.88	16%	4%	5.07
2016	4,030	489	97.19	58.87	12%	1%	2.21
2017	5,034	668	143.99	102.41	13%	2%	3.8

UZ Financial Review

1. The company has posted a 27.67% CAGR in revenues during FY 2013-17.
2. The company has posted a 38.45% CAGR in PAT during FY13-17.
3. The company has posted an consolidated EPS of 3.8 in FY17.
4. The D/E stands at 0.35 which is quite manageable. After IPO company would become debt free.
5. The company has close to 2.7024 Cr shares as on FY17. So if we give Unlisted Price of 850 to Barbeque Nation the Mcap comes out to be 2300 Cr.
6. Mcap/Sales= 4.57
7. Price/Book Value= 15

Valuation of the Company

Jubilant food which is a listed company is the peer of the Barbeque Nation.

1. Barbeque Nation(FY17 Standalone)

Revenue= 489 Cr

EBITDA= 70 Cr

PAT= 15 Cr

EBITDA Margins= 14.31%

PAT Margins= 3.06%

Employee/Revenue=17%

Mcap/Sales= 4.70

P/B= 15

2. Jubilant Food(FY-18 Standalone)

Revenue= 3000 Cr

EBITDA= 466 Cr

PAT= 206 Cr

EBITDA Margins= 15.33%

PAT Margins= 6.86%

Employee/Revenue= 21%

Mcap/Sales= 6

P/B= 18

Private Equity Investment

Private equity firm CX Partners-backed casual dining restaurant chain Barbeque Nation Hospitality Ltd has raised ₹80-90 crore in a pre-IPO placement from Alchemy Capital Management, an investment firm co-founded by ace stock market investor Rakesh Jhunjhunwala in 2017.

As per sources, the Pre-IPO placement was done at 2300-2400 Cr Valuation. So with an Equity of 2.7 Cr in FY17, the Pre-IPO placement would have done at Rs. 890 per share at least.

Listing News

They have filed a DRHP for IPO in 2017 , however same is still not finalized.