

MARCH 23, 2021

## IPO Note

**BARBEQUE-NATION HOSPITALITY LTD****NOT RATED**

(Note: All the information in this note is taken from RHP)

**Offer Details****Details of The offer**

Particulars	Details
Price band (Rs/share)	Rs.498/- to Rs.500/- per equity share
Opening date of the Issue	Wednesday, March 24th , 2021
Closing date of the issue	Friday, March 26th, 2021.
No. of shares pre-issue (nos. Lacs)	339.4
Fresh Issue (nos. Lacs)*	36.0
Offer for sale (nos. Lacs)*	54.6
No. of shares post-issue (nos. Lacs)*	375.4
Issue size (Rs Cr)*	453
Face Value (Rs/ share)	Rs.5/- per share.
Bid Lot	30 equity shares & multiple of 30 equity shares thereafter
<b>Book Building</b>	
QIBs (Including Anchor)	75%
Non-Institutional	15%
Retail	10%
Employee reservation	Aggregating upto Rs 2 Cr.
Lead managers	Ambit Private Limited, Axis Capital Limited IIFL Holdings Limited, SBI Capital Markets Limited
Registrar to the issue	Link Intime India Pvt. Ltd.
Listing	BSE & NSE.

Source: Company & Company RHP, \* Based on upper price band

**Objects of the issue**

The Net Proceeds from the Fresh Issue are proposed to be utilized in the following manner:

- Capital expenditure for expansion and opening of new restaurants by the Company
- Prepayment or repayment of all or a portion of certain outstanding borrowings availed by the Company on a consolidated basis; and
- General corporate purposes.

In addition to the aforementioned objects, the Company intends to strengthen its capital base and expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges, including among other things, enhancing the visibility of the brand and the Company and creation of a public market for the Equity Shares in India.

**Proposed utilisation of the Net Proceeds of Fresh Issue**

Purpose	Rs Crores
Capital expenditure for expansion and opening of new restaurants	54.6
Prepayment or repayment of all or a portion of certain borrowings	75.0
General Corporate Purpose	NA

Source: Company RHP

**Amit Agarwal, CFA**  
Agarwal.amit@kotak.com  
+91 22 6218 6439

### Selling Shareholders details

Selling Shareholder	Number of Equity Shares offered in Offer for Sale
SHKSL (Promoter group)	10,18,288
Azhar Dhanani (Promoter group)	3,39,430
Sadiya Dhanani (Promoter group)	3,39,430
Sanya Dhanani (Promoter group)	3,39,430
Tamara Pvt. Ltd. (TPL) (Investor group)	33,23,106
AAJV Investment Trust (AAJVIT) (Investor group)	71,186
Menu Pvt. Ltd. (MPL) (Investor group)	26,600
Total	54,57,470

Source: Company's RHP

### Capital Structure

Holder	No of Shares (Lakh)	% Held
Promoter & Promoter Group	162.2	47.80
With Public	177.1	52.20
Offer for sale	54.6	
Fresh Issue	36.0	
Post offer no of shares	375.3	
Post offer Promoter shares	141.8	37.78

Source: Company's RHP

### About the Company

**Barbeque Nation Hospitality Limited** was incorporated on October 13, 2006. The company owns and operates **Barbeque Nation Restaurants**, one of India's leading casual dining restaurant chains and International Barbeque Nation Restaurants. They also own and operate **Tosceno Restaurants** and **You and Barbeque ("UBQ")** by Barbeque Nation. The first Barbeque Nation Restaurant was launched in 2006 by **Sayaji Hotels Ltd. ("SHL")**, one of their promoters. They launched their 1st Barbeque Nation Restaurant in 2008, and subsequently acquired 5 Barbeque Nation Restaurants owned by SHL in 2012.

**As of December 31, 2020, the company has 164 restaurants owned and operated by them** which includes 147 Barbeque Nation Restaurants across 77 cities in India, 6 International Barbeque Nation Restaurants across 4 cities outside India and 11 Italian Restaurants across 3 metro cities in India of which 9 are operated under the brand name "Tosceno" and 1 each under the brand names "La Terrace" and "Collage", respectively. International Barbeque Nation Restaurants are as 2 in Dubai, 2 in Abu Dhabi, 1 each in Kuala Lumpur and in Muscat.

Through their Barbeque Nation Restaurants, they pioneered the format of **'over the table barbeque'** concept in Indian restaurants. Their **fixed price 'all you can eat' concept** at their Barbeque Nation Restaurants offers their customers a varying spread of consistently delicious food at a value-oriented price in a pleasant and casual dining environment. One of their delivery products, **"Barbeque-in-a-Box,"** that they launched in June 2020, provides a wide range of starters, main course and desserts. This is in addition to two other products, **"Grills in a Box"** and **"Meals in our Box"**.

The company has integrated digital ecosystem of app, reservation system, delivery & loyalty program. They have managed risks due to Covid19 with consistent recovery. The company places a strong emphasis on customer reviews and feedback and use to obtain customer feedback in accordance with their internally devised and managed Guest Satisfaction Index ("**GSI**").

The company has significant online presence and they have witnessed increased reservations through their online platforms. In Fiscal 2020 and the 8 months ended November 30, 2020, over 46.7% and 60.8% of total reservations at Barbeque Nation Restaurants were made online. Also, as of December 31, 2020, their BBQ App had registered over 2.2 million downloads.

## Competitive Strengths

### Barbeque Nation is one of India's fastest growing and widely recognized restaurant brands in the rapidly growing CDR market

The company has steadily grown their owned and operated Barbeque Nation Restaurant network from a single restaurant in 2008 to 147 Barbeque Nation Restaurants (including opened, temporarily closed and under construction outlets) across 77 cities in India and 6 International Barbeque Nation Restaurants in 3 countries outside India as of December 31, 2020. In addition, as of December 31, 2020, they had granted franchise rights in respect of one Barbeque Nation Restaurant. Company's restaurant location portfolio consists of sites located in popular business districts, neighborhoods and local markets. As of December 31, 2020, almost half of the Barbeque Nation Restaurants were located in Metro cities.

#### Number of owned and operated Barbeque Nation Restaurants

City Type	FY17	FY18	FY19	FY20	8MFY21
Metro cities	50	55	68	78	75
Tier-I cities	13	14	17	22	22
Tier-II cities	14	28	35	42	42
Tier-III cities	2	5	6	8	8
<b>Total owned &amp; operated</b>	<b>79</b>	<b>102</b>	<b>126</b>	<b>150</b>	<b>147</b>
<b>Presence in no. of states &amp; Union Territories</b>	<b>19</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>24</b>

Source: Company RHP

### 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

The company has experienced consistent cover growth in recent Fiscals. The number of in-dining covers served at their Barbeque Nation Restaurants in India increased from 6.86 million in Fiscal 2017 to 9.92 million in Fiscal 2020 at a CAGR of 13.08%. In addition to their consistent cover growth, the Average Per Cover or APC (excluding revenues from UBQ and taxes) for dine-in customers at their Barbeque Nation Restaurants in India (excluding food delivery) has grown from Rs 707 in Fiscal 2017 to Rs 764 in Fiscal 2020 at a CAGR of 2.62%. Their APC from the Barbeque Nation Restaurants in India for the 8 months ended November 30, 2020 was Rs 762. Their business was significantly impacted due to COVID - 19, which led to their restaurants being temporarily closed from the third week of March 2020, therefore impacting their covers and sales. The average bill size (excluding taxes) for Barbeque Nation Restaurants owned and operated by them in India was Rs 3,026, Rs 3,215, Rs 3,249 and Rs 2,757 in Fiscals 2018, 2019, 2020 and in the 8 months ended November 30, 2020, respectively.

### Number of covers

Fiscal	Covers in Million	YoY (%)	APC in Rs
FY17	6.86	21.0	707
FY18	7.66	12.0	741
FY19	8.96	17.0	777
FY20	9.92	11.0	764
8MFY21	1.87	NA	762

Source: Company RHP

### Attractive offerings based on constant menu innovation and customer focus

Through their Barbeque Nation Restaurants, the company pioneered the format of ‘over the table barbeque’ concept in Indian restaurants. Their live grills embedded in dining tables allow their customers to grill their own barbeques. Indian cuisine is a natural part of the diet in the markets in which the Barbeque Nation Restaurants operate. They continue to offer new menu options, both vegetarian and non-vegetarian, largely based on Indian cuisine and use seasonal customer preferences to introduce new dishes. They also run popular food festivals at their Barbeque Nation Restaurants such as Jewels of the Sea, Barbeque Nation Festival League and Mango Mania, thereby offering their customers a range of Indian and international cuisines.

Their fixed price ‘all you can eat’ concept at their Barbeque Nation Restaurants offers their customers a varying spread of consistently delicious food at a value-oriented price in a pleasant and casual dining environment. Barbeque cuisine is distinctively attractive as compared with other dining options due to its Do it Yourself (“DIY”) and cooked-at-the-table nature and the flexibility and fun of mixing and matching a wide variety of meats, vegetables, sauces and condiments to create dishes according to each diner’s individual tastes and preferences. In addition, fixed price dining is very popular amongst relatively larger groups, due to customers’ perception of value for money and the comfort of certainty over the bill amount irrespective of varying individual appetites and consumption.

### Strong business processes and back-end systems leading to efficient operations

The company has benefited from strong processes and systems that have established over the past 14 years of the Company’s operation. Their restaurant locations are carefully chosen by a dedicated internal team. They have been successful in opening Barbeque Nation Restaurants in popular business districts, neighborhoods and local markets without typically paying high street premium rentals. Their rent (including lease rentals, common area maintenance charges and GST to the extent input credit was not allowed) was Rs 624.53, Rs 863.43, Rs 1,059.94 and Rs 432.02 million for Fiscals 2018, 2019, 2020 and for the 8 months’ period ended November 30, 2020 respectively and rent to revenue ratio was 10.58%, 11.63%, 12.46% and 18.26% for Fiscals 2018, 2019, 2020 and for the 8 months’ period ended November 30, 2020, respectively, on a consolidated basis. Due to the impact of COVID-19, their restaurants were temporarily closed from the third week of March 2020 and therefore the rent to revenue ratio for the 8 months’ period ended November 30, 2020 was not comparable.

### **Experienced staff and value-oriented business culture led by some of their Promoters and the senior management team bringing experience from well-known hospitality brands**

Some of their Promoters have several years of experience in the Indian hospitality industry. A number of their senior management team have knowledge and experience in the Indian hospitality industry, coming from well-known food and beverage and hospitality brands in India. Their management team's experience provides them with the skills required to implement their corporate practices and growth strategies.

To assist their management, they have a dedicated team of employees across their restaurant network. The company places strong emphasis on instilling their core values in each of their staff. The experience of their Promoters and their senior management team will also be pivotal in the expansion of Toscano Restaurants to Metro and Tier I cities. The company places great emphasis on training their employees. In addition, they emphasise organic growth, having promoted some of their staff who joined the company as trainees to chefs or management based on their performance.

### **Strategies**

#### **Increase same store sales growth, revenue per store and profitability as the vintage of the Barbeque Nation Restaurants increases**

The company is committed to continuing to enhance their same store sales growth and profitability. Accordingly, they intend to implement a number of initiatives, many of which represent natural extensions and a continuing refinement of their strategy to date. These key initiatives include:

- Increasing sales volume by introducing new and innovative dishes and "live counters" offering dishes customised to customers' preferences;
- Increase their delivery business
- Publicising to their customers the different food types available during various food festivals;
- Increasing customer traffic by upgrading the decor of existing restaurants to revitalise their ambience and create a welcoming atmosphere;
- Improving purchasing and logistics cost control through centralized purchases and strategic stocking of inventories in third-party central warehouses;
- Increasing cost savings and operational efficiencies by further consolidating food preparation processes into their central kitchens;
- Optimising restaurant-level staffing to maintain their service quality and reduce the labour costs;
- Increasing profitability by introducing new and innovative dishes that utilise food ingredients that are available in high quality and at low costs;
- Actively reducing wastage of food ingredients; and
- Diversifying the product offerings to expand the reach of the existing core brand, including expanding the sale of alcoholic beverages in the Barbeque Nation Restaurants.

### Continue expansion in Indian cities

The company intends to increase both their revenues and profits by opening new Barbeque Nation Restaurants and new Toscano Restaurants in existing cities where they operate as well as in new cities in India and exploring additional opportunities for UBQ by Barbeque Nation. Increasing their penetration in existing cities with a greater number of restaurants will enable them to access new catchment areas within these cities and optimize their infrastructure usage. As of December 31, 2020, they were providing a la carte food delivery in 77 cities in India under UBQ by Barbeque Nation from their existing kitchen infrastructure.

### Preserve the customer and team-focused culture and values

The company internally assess its employees to periodically identify competency gaps and use development inputs (such as training and job rotation) to address these gaps. It has been successful in building a team of talented professionals and intend to continue placing emphasis on managing attrition as well as attracting and retaining employees. They will continue to implement staff training policies and assessment procedures in a transparent and consistent manner as in the past and to continue investing in other resources that enhance their employees' skills and productivity. They will continue to help their employees develop understanding of their core values including their customer-oriented focus and service quality standards to enable them to meet their customers' needs and preferences. They also intend to continuously reengineer their organization to remain lean in order to respond effectively to changes in their business environment and key markets.

### Expansion through owned & franchise formats in select international markets

The company intends to continue to roll out primarily owned and operated restaurants and franchise owned (whether franchise or company operated) restaurants in select international cities in line with their carefully defined process for new restaurants openings. They will prioritize their expansion of restaurants in those markets where they can leverage their existing infrastructure and expertise.

#### Number of International Barbeque Nation Restaurants as of December 31, 2020

Countries	Owned & Operated Restaurants
United Arab Emirates	4
Oman	1
Malaysia	1
Total	6

Source: Company RHP

### Continue evaluating strategic brand acquisitions

Barbeque Nation is their core brand in the chain Casual Dining Restaurant (CDR) market. They plan to continue pursuing brand diversification to capture additional market segments, take advantage of a wider range of market opportunities and ultimately increase their overall market share by enlarging their customer base.

## Operations

Standardised processes and systems at Barbeque Nation Restaurants include:

- Barbeque Nation Restaurants typically offer customers at least five vegetarian and five non-vegetarian largely pre-cooked appetisers they can season and barbeque on a grill embedded in their table, an all-you can-eat main course buffet and a selection of desserts, for a fixed price;
- Centralised cloud-based reservation and feedback management systems;
- Food preparation times are carefully calculated and the chefs have studied customer habits to forecast requirements;
- Strong IT systems including centralised data processing;
- Internal algorithms to forecast demands based on past trends;
- Extensive training to all employees on the Company's core values, behavioural and technical competencies and in anticipation of hygiene audits; and
- Customer service-focused culture through internally devised and managed GSI tracking

### Food festivals at Barbeque Nation Restaurant

Name of Festival	Cuisine
Hakuna Matata	African cuisine
Jewels of the Sea	Sea food
Mango Mania	Mango centred dishes
MA Road ki Masti	Mumbai's street food
Jat Set Go	Punjabi food and drinks
Moplah Festival	Kerala's food
Med Feast	Mediterranean food
Khao Galli – Dilli 6	Delhi's street food

Source: Company RHP

## Covid19 impact & Barbeque Nation

Company's restaurants in different states and regions in India have been disproportionately affected by COVID-19 and the measures implemented in each state have varied due to regional and regulatory differences in each state in India. As a result of COVID-19, the company has had to temporarily close a number of restaurants across India commencing from March 2020 and have experienced reduced store-level operations, including reduced operating hours and restaurant closures. During the initial stage of the COVID-19 crisis, footfalls and sales in their restaurants fell significantly due to the lockdown and other measures implemented by the Govt. Their footfalls and sales have since started to recover, although not yet to levels they saw prior to the COVID-19 crisis.

As of the date, their restaurants in 77 cities across India have reopened, often with limited operations. The majority of their restaurants have opened for dine-in guests; however, the capacity may be limited, based on local regulations. In addition, the COVID-19 pandemic has directly impacted their same-store sales in the restaurants. The reduction in the level of business activity due to the COVID-19 crisis has also led to write offs of food inventory and a reduction in orders with their suppliers since their inventory includes food items which are perishable in nature.

### Re-Opening of outlets

As of March 31, 2020, the company had a consolidated store network of 167 restaurants, which included 146 Barbeque Nation Restaurants, 4 Barbeque Nation Restaurants under construction, 6 International Barbeque Nation Restaurants and 11 Italian Restaurants. As and when, restrictions on operations were lifted by the concerned regulatory authority; they ramped up the operations of their restaurants.

#### Month-wise status of their restaurants since Covid outbreak

No. of Restaurants	Dec-20	Nov-20	Oct-20	Sep-20	Aug-20	Jul-20	Jun-20	May-20	Apr-20	Mar-20
Operational	159	156	152	123	106	89	73	4	2	0
Temporarily closed & under construction	5	8	12	41	58	75	92	162	165	167
Permanently Closed	0	0	0	0	0	1	1	1	0	0
<b>Total Store Network</b>	<b>164</b>	<b>164</b>	<b>164</b>	<b>164</b>	<b>164</b>	<b>164</b>	<b>165</b>	<b>166</b>	<b>167</b>	<b>167</b>

Source: Company's RHP

### Sales Recovery

Company's sales have recovered month on month post lockdown and easing of various supply side restrictions like restrictions on operating hours, restrictions on operational capacity and restrictions on sales of liquor. While some of these restrictions have eased across a few states, they continue to face some restrictions across some cities. The recovery of their monthly sales has been driven both by an increase in dine-in sales and delivery sales.

#### Monthly consolidated sales of food and beverages

Month	FY21 Sales in Rs Crores	FY20 Sales in Crores
March		35.61
February		73.51
January		82.32
December		88.43
November	61.08	72.51
October	54.29	70.57
September	38.98	69.32
August	24.15	69.06
July	12.52	71.88
June	7.50	74.86
May	1.73	72.58
April	0.50	64.69

Source: Company's RHP

### Strengthened Digital Assets

The company has recently updated their BBQ App. This updated BBQ App includes: (1) Option to make dine-in reservations; (2) Online ordering for their delivery products; and (3) Exclusive offers through digital coupons. The BBQ App also provides a payment option for their dine-in customers.

Company's share from their digital assets (BBQ App, their website and chat bots) as a percentage of total reservations has grown from 34.6% in the month of February 2020 to 47.5% in the month of December 2020. The cumulative mobile downloads have increased from over 1.28 million at the end of November 30, 2019 to over 2.2 million at the end of December 2020.

### **Cost Optimization**

The company has undertaken various cost optimization efforts such as seeking rent reliefs from their landlords, renegotiating their commercial terms, temporarily reducing senior management salaries and realigning store operating costs and structures. As of December 31, 2020, they had 7,298 full time employees in the company and its subsidiaries as against 9,620 full time employees as on February 29, 2020.

### **Key Risk Factors**

- The outbreak of the 2019 Covid-19 pandemic, as well as GoI measures to reduce the spread of COVID-19, have had a substantial impact on the restaurant operations and the timing of how long the COVID- 19 pandemic and the related GoI measures will last is still uncertain.
- Deterioration in relationships with, third-party delivery aggregators, may adversely affect the business, results of operations and financial condition.
- Inability to implement the growth strategy successfully including in relation to selecting cities and locations for the new restaurants would adversely impact operations and financial condition.
- The Company has been issued a notice from the National Anti-Profiteering Authority under the Central Goods and Services Tax Act, 2017. Any adverse decision in these matters may have a direct adverse impact.
- SHL, Kayum Dhanani, Raoof Dhanani and Suchitra Dhanani, who are Promoters, and certain Promoter Group members were involved in SEBI proceedings in relation to certain non-compliances under securities related laws.
- One of the Non-Executive and Independent Directors, Mr. Abhay Chaudhari, has been named in the CIBIL suit filed accounts list.
- Some of the Promoters and Directors operate or control entities engaged in a similar line of business as the Company, which may lead to competition with these entities.
- Despite an increase in the number of Barbeque Nation Restaurants and growth in consolidated revenues, the company has incurred losses in some of the recent fiscals.
- One of the Promoters and Directors, Raoof Dhanani is involved in a criminal proceeding and in an insolvency proceeding.
- The Income Tax Department, Bengaluru has passed orders against the Company and one of the Promoters and Managing Director, Kayum Dhanani.

## Financials

### Profit/Loss account in Rs Crores

Particulars	FY18	FY19	FY20	8MFY21
Revenue from operations	586.3	739.0	847.0	201.0
Other income	4.1	3.5	3.8	35.6
Total income	590.4	742.5	850.8	236.6
<b>EXPENSES</b>				
Cost of food and beverages consumed	197.8	247.6	292.2	76.4
Employee benefits expenses	125.7	168.0	197.5	71.3
Other operating expenses	126.6	177.5	193.0	76.3
<b>Total expenses</b>	<b>450.1</b>	<b>593.2</b>	<b>682.8</b>	<b>224.0</b>
<b>EBIDTA</b>	<b>140.4</b>	<b>149.4</b>	<b>168.0</b>	<b>12.6</b>
Finance costs	53.6	56.4	75.6	59.1
Depreciation and amortisation expense	70.3	89.5	134.0	82.0
Profit / (loss) before tax and exceptional items	16.5	3.5	-41.5	-128.6
Exceptional items	-2.6	10.3	-16.4	-2.1
Profit / (loss) before tax	19.2	-6.8	-25.1	-126.5
Current tax	15.4	18.4	4.9	0.0
Deferred tax	-3.1	-4.1	-5.7	-25.8
Deferred tax impact	0.0	0.0	8.5	0.0
Net tax expense / (benefit) [I]	12.4	14.4	7.8	-25.8
Profit/(loss) after tax from continuing operations	6.8	-21.2	-32.9	-100.6
Loss from discontinued operations	-12.6	-22.7	0.0	0.0
Tax benefit / (expense) of discontinued operations	0.0	5.5	0.0	0.0
<b>Profit/(loss) for the year</b>	<b>-5.8</b>	<b>-38.4</b>	<b>-32.9</b>	<b>-100.6</b>
EPS from continued operations	2.1	-8.3	-11.8	-36.0

Source: Company RHP

**Balance Sheet in Rs crores**

Particulars	FY18	FY19	FY20	8MFY21
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	224.8	303.2	332.2	303.4
Right-of-use assets	293.9	354.6	401.5	373.5
Capital work-in-progress	18.5	15.9	10.9	5.1
Goodwill	23.0	19.0	72.3	72.3
Other intangible assets	6.2	5.5	6.7	5.6
<b>Financial Assets</b>				
Loans	21.2	23.2	28.9	30.4
Other financial assets	1.2	1.5	2.2	1.3
Deferred tax assets (net)	26.2	30.5	27.8	53.5
Other non-current assets	17.3	3.3	5.7	5.0
<b>Total Non-current assets [A]</b>	<b>632.2</b>	<b>756.8</b>	<b>888.2</b>	<b>849.9</b>
<b>Current assets</b>				
Inventories	19.0	19.3	14.9	15.9
<b>Financial assets</b>				
Investments	0.0	0.0	0.0	0.0
Trade receivables	5.6	4.9	2.2	4.1
Cash and cash equivalents	43.6	12.0	14.7	7.7
Other financial assets	0.3	1.0	4.2	1.6
Other current assets	22.4	25.2	31.3	29.4
<b>Total current assets [B]</b>	<b>90.9</b>	<b>62.3</b>	<b>67.3</b>	<b>58.7</b>
<b>Total assets [A+B]</b>	<b>723.2</b>	<b>819.1</b>	<b>955.5</b>	<b>908.6</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	13.8	14.0	14.0	14.0
Other equity	131.2	117.6	-8.1	-28.9
<b>Total Equity to Shareholders</b>	<b>145.0</b>	<b>131.6</b>	<b>5.9</b>	<b>-14.9</b>
Non-controlling interest	0.0	0.0	5.2	3.3
<b>Total equity [D]</b>	<b>145.0</b>	<b>131.6</b>	<b>11.1</b>	<b>-11.6</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	85.4	109.3	165.1	135.5
Lease liability	301.3	362.2	432.8	407.4
Other financial liabilities	0.0	0.0	67.4	0.0
Provisions	8.7	11.4	8.5	8.6
Other non-current liabilities	0.2	0.0	0.0	0.0
<b>Total Non-current liabilities [E]</b>	<b>395.7</b>	<b>482.9</b>	<b>673.8</b>	<b>551.4</b>
<b>Current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	18.5	15.7	41.5	37.8
Lease liability	49.4	57.8	48.8	50.2
Trade payables	0.0	0.0	0.0	0.0
total outstanding MSMEs	0.0	0.1	0.9	2.8
total outstanding others	67.3	76.7	111.6	157.7
Other financial liabilities	32.0	38.9	48.8	90.5
Other current liabilities	6.7	8.0	11.6	21.8
Provisions	3.2	3.4	6.3	5.6
Current tax liabilities (Net)	5.3	4.0	1.1	2.4
<b>Total current liabilities [F]</b>	<b>182.5</b>	<b>204.6</b>	<b>270.5</b>	<b>368.8</b>
<b>Total liabilities [G= [E+F]]</b>	<b>578.2</b>	<b>687.5</b>	<b>944.3</b>	<b>920.2</b>
<b>Total equity and liabilities [G+D]</b>	<b>723.2</b>	<b>819.1</b>	<b>955.5</b>	<b>908.6</b>

Source: Company RHP

**Cash flow statement in Rs Crores**

<b>Particulars</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>8MFY21</b>
Net cash generated from operating activities	127.6	122.3	181.1	32.1
Net cash generated from investing activities	(99.3)	(129.1)	(152.9)	2.0
Net cash generated from financing activities	7.3	(24.7)	(26.5)	(41.2)
Net increase/(decrease) in cash and cash equivalent	35.6	(31.6)	1.6	(7.1)
Cash at the beginning of the year	8.1	43.7	12.1	13.7
<b>Cash and cash equivalent at end of the year</b>	<b>43.7</b>	<b>12.1</b>	<b>13.7</b>	<b>6.6</b>

Source: Company RHP

## RATING SCALE (PRIVATE CLIENT GROUP)

### Definitions of ratings

<b>BUY</b>	– We expect the stock to deliver more than 15% returns over the next 12 months
<b>ADD</b>	– We expect the stock to deliver 5% - 15% returns over the next 12 months
<b>REDUCE</b>	– We expect the stock to deliver -5% - +5% returns over the next 12 months
<b>SELL</b>	– We expect the stock to deliver < -5% returns over the next 12 months
<b>NR</b>	– <b>Not Rated.</b> Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
<b>SUBSCRIBE</b>	– We advise investor to subscribe to the IPO.
<b>RS</b>	– <b>Rating Suspended.</b> Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
<b>NA</b>	– <b>Not Available or Not Applicable.</b> The information is not available for display or is not applicable
<b>NM</b>	– <b>Not Meaningful.</b> The information is not meaningful and is therefore excluded.
<b>NOTE</b>	– Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

### FUNDAMENTAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

<b>Rusmik Oza</b> Head of Research rusmik.oza@kotak.com +91 22 6218 6441	<b>Arun Agarwal</b> Auto & Auto Ancillary arun.agarwal@kotak.com +91 22 6218 6443	<b>Amit Agarwal, CFA</b> Transportation, Paints, FMCG agarwal.amit@kotak.com +91 22 6218 6439	<b>Priyesh Babariya</b> Research Associate priyesh.babariya@kotak.com +91 22 6218 6433
<b>Jatin Damania</b> Metals & Mining, Midcap jatin.damania@kotak.com +91 22 6218 6440	<b>Purvi Shah</b> Pharmaceuticals purvi.shah@kotak.com +91 22 6218 6432	<b>K. Kathirvelu</b> Support Executive k.kathirvelu@kotak.com +91 22 6218 6427	
<b>Sumit Pokharna</b> Oil and Gas, Information Tech sumit.pokharna@kotak.com +91 22 6218 6438	<b>Pankaj Kumar</b> Midcap pankajr.kumar@kotak.com +91 22 6218 6434	<b>Krishna Nain</b> M&A, Corporate actions krishna.nain@kotak.com +91 22 6218 7907	

### TECHNICAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

<b>Shrikant Chouhan</b> shrikant.chouhan@kotak.com +91 22 6218 5408	<b>Amol Athawale</b> amol.athawale@kotak.com +91 20 6620 3350	<b>Sayed Haider</b> Research Associate sayed.haider@kotak.com +91 22 62185498
---	---	--

### DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

<b>Sahaj Agrawal</b> sahaj.agrawal@kotak.com +91 79 6607 2231	<b>Prashanth Lalu</b> prashanth.lalu@kotak.com +91 22 6218 5497	<b>Prasenjit Biswas, CMT, CFTE</b> prasenjit.biswas@kotak.com +91 33 6615 6273
---	---	--

MARCH 23, 2021

## Disclosure/Disclaimer (Private Client Group)

Kotak Securities Limited established in 1994, is a subsidiary of Kotak Mahindra Bank Limited. Kotak Securities is one of India's largest brokerage and distribution house.

Kotak Securities Limited is a corporate trading and clearing member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), Metropolitan Stock Exchange of India Limited (MSE), National Commodity and Derivatives Exchange (NCDEX) and Multi Commodity Exchange (MCX). Our businesses include stock broking, services rendered in connection with distribution of primary market issues and financial products like mutual funds and fixed deposits, depository services and Portfolio Management.

Kotak Securities Limited is also a depository participant with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Kotak Securities Limited is also registered with Insurance Regulatory and Development Authority as Corporate Agent for Kotak Mahindra Old Mutual Life Insurance Limited and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI). We are registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advise/warning/deficiency letters/ or levied minor penalty on KSL for certain operational deviations. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time.

We offer our research services to clients as well as our prospects.

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions.

This material is for the personal information of the authorized recipient, and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is for the general information of clients of Kotak Securities Ltd. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients.

We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable though its accuracy or completeness cannot be guaranteed. Neither Kotak Securities Limited, nor any person connected with it, accepts any liability arising from the use of this document. The recipients of this material should rely on their own investigations and take their own professional advice. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

Kotak Securities Limited has two independent equity research groups: Institutional Equities and Private Client Group. This report has been prepared by the Private Client Group.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Kotak Securities Limited (KSL) may have proprietary long/short position in the above mentioned scrip(s) and therefore may be considered as interested. The views provided herein are general in nature and does not consider risk appetite or investment objective of particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with KSL. Kotak Securities Limited is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independent of the PCG research and accordingly PMS may have positions contrary to the PCG research recommendation. Kotak Securities Limited does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and take professional advice before investing.

The analyst 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.

No part of this material may be duplicated in any form and/or redistributed without Kotak Securities' prior written consent.

Details of Associates are available on [www.kotak.com](http://www.kotak.com)

1. "Note that the research analysts contributing to the research report may not be registered/qualified as research analysts with FINRA; and
2. Such research analysts may not be associated persons of Kotak Mahindra Inc and therefore, may not be subject to NASD Rule 2711 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account

Any U.S. recipients of the research who wish to effect transactions in any security covered by the report should do so with or through Kotak Mahindra Inc. (Member FINRA/SIPC) and (ii) any transactions in the securities covered by the research by U.S. recipients must be effected only through Kotak Mahindra Inc. (Member FINRA/SIPC) at 369 Lexington Avenue 28th Floor NY NY 10017 USA (Tel:+1 212-600-8850).

Kotak Securities Limited and its non US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non US issuers, prior to or immediately following its publication. This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. This research report and its respective contents do not constitute an offer or invitation to purchase or subscribe for any securities or solicitation of any investments or investment services. Accordingly, any brokerage and investment services including the products and services described are not available to or intended for Canadian persons or US persons."

Research Analyst has served as an officer, director or employee of subject company(ies): No

We or our associates may have received compensation from the subject company(ies) in the past 12 months.

We or our associates have managed or co-managed public offering of securities for the subject company(ies) in the past 12 months: No

We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months. We or our associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months. We or our associates may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report. Our associates may have financial interest in the subject company(ies).

Research Analyst or his/her relative's financial interest in the subject company(ies): No

Kotak Securities Limited has financial interest in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No

Nature of financial interest is holding of equity shares or derivatives of the subject company.

Our associates may have actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.

Research Analyst or his/her relatives has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No.

Kotak Securities Limited has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No

MARCH 23, 2021

---

By referring to any particular sector, Kotak Securities Limited does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and take professional advice before investing. Such representations are not indicative of future results.

Subject company(ies) may have been client during twelve months preceding the date of distribution of the research report.

"A graph of daily closing prices of securities is available at <https://www.nseindia.com/ChartApp/install/charts/mainpage.jsp> and <http://economictimes.indiatimes.com/markets/stocks/stock-quotes>. (Choose a company from the list on the browser and select the "three years" icon in the price chart)."

Kotak Securities Limited. Registered Office: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051. CIN: U99999MH1994PLC134051, Telephone No.: +22 43360000, Fax No.: +22 67132430. Website: [www.kotak.com](http://www.kotak.com)/[www.kotaksecurities.com](http://www.kotaksecurities.com). Correspondence Address: Infinity IT Park, Bldg. No 21, Opp. Film City Road, A K Vaidya Marg, Malad (East), Mumbai 400097. Telephone No: 42856825. SEBI Registration No: INZ000200137 (Member ID: NSE-08081; BSE-673; MSE-1024; MCX-56285; NCDEX-1262), AMFI ARN 0164, PMS INP000000258 and Research Analyst INH000000586. NSDL/CDSL: IN-DP-NSDL-23-97. Our research should not be considered as an advertisement or advice, professional or otherwise. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing. Investments in securities market are subject to market risks, read all the related documents carefully before investing. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts. **Kotak Securities Limited is a Sub-Syndicate member for the public issue of BARBEQUE-NATION HOSPITALITY LTD.** Compliance Officer Details: Mr. Manoj Agarwal. Call: 022 - 4285 8484, or Email: [ks.compliance@kotak.com](mailto:ks.compliance@kotak.com).

In case you require any clarification or have any concern, kindly write to us at below email ids:

- **Level 1:** For Trading related queries, contact our customer service at 'service.securities@kotak.com' and for demat account related queries contact us at [ks.demat@kotak.com](mailto:ks.demat@kotak.com) or call us on: Toll free numbers 18002099191 / 1860 266 9191
- **Level 2:** If you do not receive a satisfactory response at Level 1 within 3 working days, you may write to us at [ks.escalation@kotak.com](mailto:ks.escalation@kotak.com) or call us on 022-42858445 and if you feel you are still unheard, write to our customer service HOD at [ks.servicehead@kotak.com](mailto:ks.servicehead@kotak.com) or call us on 022-42858208.
- **Level 3:** If you still have not received a satisfactory response at Level 2 within 3 working days, you may contact our Compliance Officer (Mr. Manoj Agarwal) at [ks.compliance@kotak.com](mailto:ks.compliance@kotak.com) or call on 91-(022) 4285 8484.
- **Level 4:** If you have not received a satisfactory response at Level 3 within 7 working days, you may also approach Managing Director / CEO (Mr. Jaideep Hansraj) at [ceo.ks@kotak.com](mailto:ceo.ks@kotak.com) or call on 91-(022) 4285 8301.