

DECEMBER 01, 2020

	27-Nov	% Chg		
		1 Day	1 Mth	3 Mths
<b>Indian Indices</b>				
SENSEX Index	44,150	(0.2)	11.4	14.3
NIFTY Index	12,969	(0.1)	11.4	13.9
NSEBANK Index	29,609	0.2	19.5	25.5
NIFTY 500 Index	10,719	0.4	10.0	11.9
CNXMcap Index	19,715	2.7	14.5	14.2
BSESMCAP Index	16,915	1.9	13.1	11.6
<b>World Indices</b>				
Dow Jones	29,564	(1.2)	11.6	4.0
Nasdaq	12,195	(0.1)	11.8	3.6
FTSE	6,266	(1.6)	12.4	5.1
NIKKEI	26,434	(0.8)	15.0	14.2
Hangseng	26,341	(2.1)	9.3	4.6
Shanghai	3,395	0.1	5.3	(0.5)

<b>Value traded (Rs cr)</b>	27-Nov	% Chg Day
Cash BSE	4,101	39.0
Cash NSE	14,709	(76.0)
Derivatives	15,49,668	(78.6)

<b>Net inflows (US\$ mn)</b>	26-Nov	MTD	YTD
FII	407	-	14,868
Mutual Fund	(247.0)	-	-2,323

<b>Nifty Gainers &amp; Losers</b>	Price	Chg	Vol
27-Nov	(Rs)	(%)	(mn)

<b>Gainers</b>			
Tata Motors	179	2.8	125.9
Asian Paint	2,199	2.0	10.0
Hero MotoCorp	3,085	2.0	3.3
<b>Losers</b>			
Nestle India	16,971	(4.3)	1.1
Power Grid	191	(3.2)	26.3
JSW Steel	350	(2.6)	14.3

<b>Advances / Declines (BSE)</b>					
27-Nov	A	B	T	Total	% total
Advances	344	678	44	1,066	100
Declines	144	379	28	551	52
Unchanged	4	31	7	42	4

<b>Commodity</b>	% Chg			
	27-Nov	1 Day	1 Mth	3 Mths
Crude (US\$/BBL)	47.0	(1.0)	31.3	3.6
Gold (US\$/OZ)	1,783.0	(0.1)	(5.0)	(10.8)
Silver (US\$/OZ)	23.0	1.4	(4.4)	(22.2)

<b>Debt / Forex Market*</b>	27-Nov	1 Day	1 Mth	3 Mths
10 yr G-Sec yield %	6.1	-	(2.0)	(35.0)
Re/US\$	74.0	8.0	(50.0)	56.0

\*Change, basis points

## Nifty



Source: NSE

## News Highlights

- ▶ S&P Global Ratings retains its forecast of 9% contraction in India's economy for FY21 even as it pegged the FY22 growth at 10%. As per the report, while there are now upside risks to growth due to a faster recovery in population mobility and household spending, the pandemic is not fully under control. Official data released last week had shown India's economy recovering faster than expected in the September quarter led by a pick-up in manufacturing. The GDP shrank of 7.5% compared to an unprecedented 23.9% contraction in the June quarter. (ET)
- ▶ Healthcare Federation of India, NATHEALTH, has urged the government to give priority to healthcare sector's recovery in the 2021-22 budget. For the short term, they have requested for zero-rating of GST for healthcare services which will not only ensure that the credit chain is intact but also ensure that the input taxes are not loaded into the cost of healthcare services, thus making healthcare more affordable. The long-term recommendations advocate for adoption of a scientific costing and market based fair pricing rather than broad price capping exercises under Ayushman Bharat. (FE)
- ▶ **Indiabulls Housing Finance** sold further portion of its stake in Oak North Bank Plc worth Rs 93 crore. Total funds raised so far since September now at Rs 2,670 crore, including QIP and stake sale. (BQ)
- ▶ **TVS Motor** to acquire 100% stake in advanced fleet management solutions provider Intellicar Telematics for a cash consideration of Rs 15 crore. (MC)
- ▶ **SRF's** resin plant, set-up in Thailand by its wholly-owned subsidiary has been commissioned and capitalised at a cost of ~ Rs 140.6 crore. (BQ)
- ▶ **Premier Explosives** wins' contract worth Rs 14 crore from Ministry of Defence for supply of 26 mm Chaffs. (MC)
- ▶ **Kesoram Industries:** Fund raising committee and board approved issuance of NCDs or OCDs aggregating to Rs 2,200 crore on a private placement basis. Approval has also been granted to convert loan worth Rs 100 crore into equity shares. The company will also issue zero coupon optionally convertible redeemable preference shares up to Rs 500 crore to existing lenders. Board has also decided to enhance the limit of fund raising plan up to Rs 3,000 crore through equity, debt or any method deemed fit. (BQ)
- ▶ **Glenmark Pharmaceuticals Ltd** has agreed to divest some of its anti-allergy medicine brands in Russia, Ukraine, Kazakhstan, and Uzbekistan to **Dr Reddy's Laboratories Ltd**. The acquired brands, mometasone mono product and a combination of mometasone with azelastine, and are indicated for the treatment of Seasonal and Perennial Allergic Rhinitis. For Dr Reddy's, the deal will add to its presence in the anti-allergy segment in these countries. (Mint)
- ▶ **Gufic Biosciences** gets patent by the Eurasian patent office for invention of a "freeze dried parenteral composition" of tigecycline. Tigecycline is a tetracycline antibiotic medication is used to treat certain serious infections including community acquired pneumonia. (BQ)
- ▶ **ICICI Lombard** gets in-principle approval to scheme of amalgamation with Bharti Axa for its general insurance business. (BQ)
- ▶ **Bata India** announces appointment of current CEO Sandeep Kataria as the company's global CEO - the first Indian to be elevated to this role. (Mint)

## What's inside

- ▶ **IPO Note:** Burger King India Ltd

Source: ET = Economic Times, BS = Business Standard, FE = Financial Express, IE = Indian Express, BL = Business Line, BQ = BloombergQuint, ToI = Times of India, BSE = Bombay Stock Exchange, MC = Moneycontrol

## IPO Note

**BURGER KING INDIA 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.59/- to Rs.60/- per equity share
Opening date of the Issue	Wednesday, December 2nd , 2020
Closing date of the issue	Friday, December 4th, 2020.
No. of shares pre-issue (nos. Lacs)	3066.5
Fresh Issue (nos. Lacs)*	750
Offer for sale (nos. Lacs)*	600
No. of shares post-issue (nos. Lacs)*	3816.5
Issue size (Rs Cr)*	810
Face Value (Rs/ share)	Rs.10/- per share.
Bid Lot	250 equity shares & multiple of 250 equity shares thereafter
<b>Book Building</b>	
QIBs (Including Anchor)	50%
Non-Institutional	15%
Retail	35%
Lead managers	Kotak Mahindra Capital, CLSA India Edelweiss Financial, JM Financial
Registrar to the issue	Link Intime India Pvt. Ltd.
Listing	BSE & NSE.

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

**Capital Structure**

Holder	No of Shares (Lakh)	% Held
Promoter & Promoter Group (QSR Asia)	2893.1	94.35
With Public	173.4	5.65
Offer for sale	600	
Fresh Issue	750	
Post offer no of shares	3816.5	
Post offer Promoter shares	2293.1	60.08

Source: Company's RHP

**Objects of the issue**

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

**1. Funding roll out of new Company-owned Burger King Restaurants by way of:**

- (a) Repayment or prepayment of outstanding borrowings of the company obtained for setting up of new company-owned Burger King Restaurants.
- (b) Capital expenditure incurred for setting up of new Company-owned Burger King Restaurants.

**2. 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 our Equity Shares in India.

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### Proposed utilization of the Net Proceeds of Fresh Issue

Purpose	Rs Crores
Repayment or prepayment of outstanding borrowings	164.9
Capital expenditure for new Company-owned Burger King Restaurants	177.0
General Corporate Purpose	NA

Source: Company RHP

### About the Company

The Burger King India Limited (“BURGER KINGIL”) was incorporated on November 11, 2013. QSR Asia is their holding company. The company is the national master franchisee of the Burger King brand in India, with exclusive rights to develop, establish, operate and franchise Burger King branded restaurants in India. Their master franchisee arrangement provides them with the ability to use Burger King’s globally recognised brand name to grow its business in India, while leveraging the technical, marketing and operational expertise associated with the global Burger King brand. The globally recognised Burger King brand, also known as the “HOME OF THE WHOPPER®”, was founded in 1954 in the United States and is owned by Burger King Corporation, a subsidiary of Restaurant Brands International Inc., which holds a portfolio of fast food brands that are recognized around the world that include the BURGER KING®, POPEYES® and TIM HORTONS® brands.

The Burger King brand is the 2nd largest fast food burger brand globally as measured by the total number of restaurants, with a global network of over 18,675 restaurants in more than 100 countries and U.S. territories as at September 30, 2020. As of the date, they had 259 Company-owned Burger King Restaurants and 9 Sub-Franchised Burger King Restaurants, of which 249 were operational, including 2 Sub-Franchised Burger King Restaurant. Their restaurants operate primarily in 4 different formats, which include high street locations, which typically have high impact and high visibility locations for brand awareness; shopping malls and food courts, which are both ready catchments to drive footfalls and transit locations, which present a significant opportunity given India’s current promotion of infrastructure projects across the country

### Competitive Strengths

#### ***Exclusive national master franchise rights in India***

The company is the national master franchisee of the Burger King brand in India, with exclusive rights to develop, establish, operate and franchise Burger King branded restaurants in India. The master franchisee arrangement, which expires on December 31, 2039, provides the company with the ability to use Burger King’s globally recognised brand name to grow its business in India, while leveraging the technical, marketing and operational expertise associated with the global Burger King. Its master franchisee arrangement also provides it with flexibility to tailor its menu, promotions and pricing to the Indian tastes and preferences while meeting Burger King global quality assurance standards. It also provides them with flexibility over its vertically managed and scalable supply chain, and they receive the support of BURGER KING Asia Pac through its supplier approval process in selecting each of their suppliers. The sub-franchise rights also provide them with the additional flexibility to sub-franchise restaurants in locations where access to direct ownership of restaurants may be restricted due to the type of location, such as in airports and certain shopping malls where one party directly owns all the outlets.

The company also benefit from Burger King's extensive global marketing and advertising concepts, product development capabilities and cooking techniques to drive sales and generate increased restaurant footfalls, while also being guided by Burger King Corporation restaurant development procedures and standards. Company's right to use the Burger King brand exclusively on a national basis also provides them with substantial advantages with respect to operational efficiencies and the speed with which they are able to roll out its national advertising campaigns, manage its supply chain and tailor their menu architecture, promotions and pricing to the customers' tastes and preferences. The company also enjoy favourable royalty rates that are capped at 5% under its master franchisee arrangement, which together with the flexibility, they enjoy under its master franchise arrangement and their leveraging of the globally recognised Burger King brand, has helped them to grow its business quickly and drive sales and profitability in their restaurants.

#### ***Strong customer proposition***

Burger King offers a customer proposition that they believe enables them to attract customers and drive footfalls at their restaurants. The key pillars of their customer proposition include company's value leadership, variety, a wide range of vegetarian offerings, taste advantage and flame grilling expertise.

#### ***Brand positioned for millennials***

Approximately 60% of Indians eating out are millennials, which represent the age group from 15 to 34 years old. (Source: Techno Pak) India has a large number of millennials. BURGER KINGIL connect with millennials, many of whom are just entering the workforce, through its value leadership and strong entry menu at attractive price points. They also connect with millennials through its advertising and marketing campaigns, both on television and social media, its in-restaurant design and messaging, and the packaging of its products. Their recent advertising campaigns targeting millennials have included its #Wraps Without Gaps" launch, the "#BURGER KING Mumbai Indians prank#" and its "#Flirty Whopper" campaigns, which focus on the Burger King brand being about self-expression and 'just being who you are', which connects well with the millennials.

#### ***Vertically managed and scalable supply chain model***

The exclusive national rights and flexibility that its master franchisee arrangement provides BURGER KINGIL means that they have significant control over the purchasing of its ingredients and packaging materials. They also have multiple suppliers for most of its key ingredients, enabling them to generate competitiveness among its suppliers with the aim of obtaining the best procurement price. They also benefit from certain of its suppliers being global suppliers that source large volumes of ingredients and packaging materials, which helps them obtain more competitive pricing.

#### ***Operational quality, a people-centric culture and effective technology systems***

A key focus of the business is promoting and maintaining operational quality, a people-centric culture and effective technology systems that enable them to optimise the performance of their restaurants, enhance the customer experience offered and contribute to the growth.

#### ***Well defined restaurant development process***

Burger King has a well-defined new-restaurant roll out process that enables them to identify locations and build out restaurants quickly, consistently and efficiently. BURGER KINGIL build its restaurant network using a cluster approach and penetration strategy with the objective to provide greater convenience and accessibility for the customers across relevant geographies.

In identifying and selecting new restaurant locations, BURGER KINGIL undertake detailed analyses of the trade area quality of the location, which focuses on the demographics of the location and the businesses in the surrounding areas; the site quality, which focuses on site visibility, footfall generation, accessibility and parking; and the feasibility of the site, which focuses on whether there is enough space for its restaurant layout and operations at the site.

They also utilize well-defined restaurant architecture that includes pre-defined restaurant layouts and pre-approved standardised equipment. Their well-defined restaurant development has contributed to them becoming one of the fastest growing QSR brands to reach 200 restaurants among international QSR brands in India during the first 5 years of its operations. (Source: Technopak)

#### Growth in company's Restaurants since March 31, 2015

Region	Sept 2020	FY20	FY19	FY18	FY17	FY16	FY15
North	131	129	86	55	37	21	6
West	66	68	55	40	29	14	6
South	55	54	43	34	22	14	0
East	9	9	3	0	0	0	0
<b>Total</b>	<b>261</b>	<b>260</b>	<b>187</b>	<b>129</b>	<b>88</b>	<b>49</b>	<b>12</b>
By operating structure							
Company owned	253	252	181	123	85	48	12
Sub-franchised	8	8	6	6	3	1	-
<b>Total</b>	<b>261</b>	<b>260</b>	<b>187</b>	<b>129</b>	<b>88</b>	<b>49</b>	<b>12</b>
<b>New addition during the year/Period</b>	<b>1</b>	<b>73</b>	<b>58</b>	<b>41</b>	<b>39</b>	<b>37</b>	<b>12</b>

Source: Company RHP

#### Experienced, passionate and professional management team

The management team also includes former senior employees who have significant work experience in the food and beverage industry, retail and major fast moving consumer goods brands, including Sumit P. Zaveri, the Chief Financial Officer, who was associated with Natures Basket Ltd. and Tata Starbucks Pvt. Ltd., Srinivas Adapa, the Marketing Officer, who was associated with Kellogg India Pvt. Ltd., Abhishek Gupta, the Chief of Business Development and Operations Support Officer, who was associated with Tata Starbucks Ltd., Namrata Tiwari, the Chief People Officer, who was associated with Kaya Ltd., Sandeep Dey, the Supply Chain Officer, who was associated with Yum! Restaurants (I) Pvt. Ltd., Prashant Desai, the Strategy and Investor Relations Officer, who was associated with Financial Technologies (I) Ltd; Dr. Sudhir Tamne, the Quality and Regulatory Officer, who was associated with Yum! Restaurants (I) Pvt. Ltd., Cicily Thomas, the Operations Officer, who was associated with Reliance Brands Ltd., and Madhuri Shenoy, the Training & Brand Standard Officer, who was associated with Kaya Ltd. In addition, 8 of their management team members have been associated with the company since the start of its operations in November 2014.

## Strategies

### ***Increase the pace of expansion of the restaurant network***

Burger King intend to grow its restaurant network in a disciplined manner by continuing to identify new locations in key metropolitan areas and cities across India in order and build out restaurants quickly, consistently and efficiently to capitalize on the growing market opportunity in India for QSR restaurants. They expanded their number of restaurants from 12 restaurants as at March 31, 2015 to 260 restaurants, including 8 Sub-Franchised Burger King Restaurants, as at March 31, 2020, and currently had 268 restaurants, including 9 Sub-Franchised Burger King Restaurants.

### ***Continue to build on the value leadership***

Burger King intends to continue to build on its value leadership in order to drive footfalls and increase same-store sales in its restaurants. They plan to do this by continuing to drive menu architecture to offer quality products that are not only tailored to Indian taste and preferences, but also to provide substantial value at attractive price points. They also intend to continue to offer customers its wide entry level menu across the burgers, wraps, sides and drinks that is available for under Rs 100, which gives new customers opportunities to access its brand for the first time.

In addition, they plan to drive footfalls in its restaurants by continuing to offer a number of promotional offerings at attractive price points. They introduce new products from time to time that are designed to attract customers looking for everyday value and intend to continue to strive to enhance the customer experience by providing variety across the food offerings and across different day parts.

### ***Continue to grow the brand awareness and loyalty***

The brand awareness and loyalty to the Burger King brand in India has increased since its launch in November 2014 and that there is significant opportunity to continue to grow its brand in India as their restaurant network grows and they penetrate further into existing and new markets. They intend to continue to increase awareness and consideration of its brand amongst Indian consumers by using their integrated marketing approach. They intend to continue to connect with millennials through its advertising and marketing campaigns.

### ***Actively manage unit economics and achieve economies of scale through operational leverage***

Burger King intends to continue to actively manage the unit economics of its business and achieve economies of scale through operational leverage. As they continue to grow the number of restaurants, Burger King intend to continue spreading corporate-level fixed costs, in particular its brand building and launch expenses and its corporate-level administrative expenses, across a larger restaurant network. They also intend to continue to optimize spending on ingredients, reduce its exposure to price fluctuations and target best procurement prices by maintaining multiple suppliers for most of its key products.

### ***Leverage technologies across the business***

Burger King intends to leverage its investments in the “360° technology” that they have invested in and deployed across its business of the past several years. They intend to continue to invest in technology. Its technology roadmap covers Customer engagement, Delivery and Business process.

## Strong customer proposition & Burger King

**Value leadership:** Company's aim has not only been to offer quality products that are tailored to Indian taste and preferences, but also to provide substantial value at attractive price points. The key driver of this strategy has been its "two good menu with variety", "2 for" promotions, such as its 2 Crispy Veg burgers for just Rs 69 and its 2 Crispy Chicken burgers for just Rs 89, as well as its launch of King Deals which include "3 for Rs 99" and 3 for Rs 129" with varied option promotion combining the burgers/wraps with fries and Pepsi. Burger King have extended its WHOPPER® brand with the launch of its Lite WHOPPER® Jr. @ Rs 9, which helps them to drive footfalls into its restaurants. In addition to its "two good menu with variety", they have also created a wide entry level menu across the burgers, wraps, rice, sides and drinks that is available for under Rs 100.

**Variety:** Burger King has a wide variety of 18 different vegetarian and non-vegetarian burgers covering both value and premium offerings. While its core strength is burgers, BURGER KING continuously strive to enhance its customer experience by providing variety across its food offerings, including burgers, wraps, beverages, sides, snacks, shakes and desserts across different day parts, including breakfast, lunch and dinner, and snack times and late night.

**Wide range of vegetarian offerings:** Its menu items are developed and made in India to cater to the local Indian palate and include a wide range of vegetarian meal options. Of the 18 burgers that BURGER KING has developed specifically for the Indian market, 7 are vegetarian burgers targeting customers who seek vegetarian food options.

**Taste advantage and flame grilling expertise:** Burger King's menu is built through extensive taste testing in order to appeal to the Indian palate and the tastes of its customers. They also offer burgers made-to-order for its customers. It serve customers flame grilled patties for its various burgers, including the non-veg WHOPPER®, BK Grill Chicken and Chicken Tandoor Grill, which are not offered by any other QSR brands in India.

### Indicative Burger offering as at November 18, 2020

Vegetarian	Price Rs	Non Vegetarian	Price Rs
Crispy Veg	45	King Egg	49
Classic Veg	69	Crispy Chicken	69
Veg Lite WHOPPER® Jr.	99	Classic Chicken	89
Crunchy WHOPPER® Veg	139	Chicken Lite WHOPPER® Jr.	109
Cheese Meltdown	159	Chicken Tandoor Grill	139
Paneer Overload	169	Fiery Chicken	149
Veg LTO WHOPPER®	179	Spiced WHOPPER® Chicken	159
		Chicken LTO WHOPPER®	189
		Classic Mutton WHOPPER®	229
		Mutton LTO WHOPPER®	279

Source: Company RHP

## Covid19 impact & Burger King

The outbreak of the COVID-19 pandemic, as well as GoI measures to reduce the spread of COVID-19, had a substantial impact on company's restaurant operations since last week of March 2020. Their 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 and its sub-franchisees have had to close temporarily a number of restaurants across

India commencing from March 2020 and have experienced reduced store-level operations, including reduced operating hours and dining-room closure

As of the date, its restaurants in all cities across India, where they have presence, have reopened, often with limited operations. The majority of its 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 its restaurants. Although its same-store sales grew at 29.21% in FY19, its same-store sales decreased by 0.30% in FY20 and by 56.9% in the 6 months ended September 30, 2020. The reduction in level of business activity due to COVID-19 crisis has also led to write offs of food inventory and related commitments since its inventory includes food items which are perishable in nature.

During the COVID-19 crisis, to the extent its restaurants were not permitted to provide dine-in services but were allowed to remain open, they have focused their business on drive-thru, takeaway and delivery (as applicable). They have also implemented high standards of safety and hygiene protocols across its restaurants covering guest safety, crew safety, sanitisation, social distancing, temperature checks and safe deliveries.

The company has also launched an improved version of its Burger King mobile app. The features of the new version of its Burger King Mobile App include (i) the Omni Channel experience in ordering for dine-in, takeaway and delivery (ii) the Burger King Crown loyalty program, and (iii) exclusive offers through digital coupons.

One of its key strategies has been the expansion of its restaurant network in line with their obligations under Master Franchise and Development Agreement. In light of the COVID-19 pandemic, the expansion of its restaurant network has slowed significantly, and the COVID-19 pandemic has also adversely affected its ability to open new restaurants and expand their restaurant network. They have delayed some new restaurant openings and will continue to evaluate the pace and quantity of new restaurant openings and the expansion of its restaurant network until more clarity on the restaurant industry operating environment in India emerge.

### **Key Risk Factors**

- The outbreak of the 2019 novel coronavirus ("COVID-19") pandemic, as well as Govt measures to reduce the spread of COVID-19.
- Real and perceived health concerns arising from food-borne illnesses, health epidemics, food quality, allergic reactions or other negative food-related incidents could have a material adverse effect on the business.
- Exclusive right to develop, operate and franchise Burger King Restaurants in India depends on the Master Franchise and Development Agreement, which imposes certain restrictions and other obligations on the operations that could adversely affect the business.
- The termination of Master Franchise and Development Agreement would have a material adverse effect.
- Demand for the products may decrease due to changes in consumer preferences and food habits.
- Any negative impact on the Burger King brand may adversely affect the business.



- Deliveries of ingredients and packaging materials from third-party distributor to certain of the restaurants may be disrupted or delayed.
- Not be able to identify suitable locations and successfully develop and roll out new restaurants and the expansion into new regions and markets.
- Changes in governmental regulation or public perception with respect to healthy eating habits.

### Business fundamentals of key QSR brands

Particulars	Dominos	McDonalds	KFC	Subway	Burger King
Average Ticket Value (Rs.)	500-550	550-600	500-550	250-300	500-550
Gross margins	77-78%	64-66%	64-66%	66-68%	64-65%
Royalty	3-4%	4-5%	7-8%	7-8%	4-5%
Store EBIDTA margins	21-23%	13-15%	14-16%	20-22%	12-14%
Capex per store	Rs1.5 to 2.0cr	Rs3.5 to 4cr	Rs 3 to 3.5cr	Rs 0.4 to 0.5cr	Rs 2 crore to 2.5 crore
Average store size (in sq.ft.)	1400-1600	2600-3200	2500-3000	750-1000	1300-1400
Average sales / Day	Rs. 0.7 lakh to 0.8 lakh	Rs. 1.2 lakh to 1.3 lakh	Rs. 1.2 lakh to 1.3 lakh	Rs. 0.3 lakh- 0.35 lakh	Rs1.1 lakh to 1.2 lakh

Source: Company RHP

## Financials

### Profit/Loss account in Rs Crores

Particulars	FY18	FY19	FY20	H1FY21
<b>Revenue from operations</b>	<b>378.1</b>	<b>632.7</b>	<b>841.2</b>	<b>135.2</b>
Cost of material	143.9	230.1	301.5	49.2
Gross margins (%)	62.0	63.6	64.2	63.6
Employee expenses	70.4	96.9	136.5	51.7
other expenses	155.7	226.8	299.2	63.0
Total Expenditure	370.0	553.7	737.2	163.9
Operating profit/(loss)	8.1	79.0	104.0	-28.7
OPM(%)	2.1	12.5	12.4	-21.2
<b>Adjusted EBIDTA (excluding impact of IND AS 116)</b>	<b>-40.3</b>	<b>15.1</b>	<b>20.3</b>	<b>-62.6</b>
OPM (%)	NA	2.4	2.4	NA
Other income	10.6	11.3	5.6	16.4
finance cost	36.9	46.5	65.5	42.4
Depreciation	64.0	82.2	116.4	62.1
PBT	-82.2	-38.4	-72.2	-116.8
Tax expense	0.0	0.0	0.0	0.0
Adjusted PAT/Loss	-82.2	-38.4	-72.2	-116.8
Exceptional item	0.0	0.0	4.3	2.1
Reported PAT/Loss	-82.2	-38.4	-76.6	-118.9

Source: Company RHP

**Balance Sheet in Rs crores**

Particulars	FY18	FY19	FY20	H1FY21
<b>Assets</b>				
Non-current assets				
Property, Plant & Equipment	240.2	347.5	474.2	459.1
Right of use of assets	343.3	429.2	538	521.7
Capital WIP	10.3	20.2	47.6	41.1
Intangible assets	8.8	15.8	24.5	25.5
Loans	16.1	21.3	29.1	29.6
Other financial assets	0	0.1	0.1	0
Income tax assets (net)	0.6	0.8	1	0.2
Other non-current assets	1.9	3.9	3.3	3.3
Investments	86.9	38.4	18.6	28
Inventories	5.2	6.9	9.4	8.1
Trade receivables	2.6	5.9	3.2	6.7
Cash & cash equivalent	7.2	15.9	4.1	9.2
Bank balance	0.2	0.2	24	24.2
other financial assets	1.3	3	1.2	0.5
other current assets	5.7	11.4	19.4	19.8
<b>Total Assets</b>	<b>730.4</b>	<b>920.5</b>	<b>1197.7</b>	<b>1177.1</b>
<b>Liabilities</b>				
Equity Capital	265.0	265.0	277.7	290.9
Other equity	22.1	-15.4	-2.3	-72.1
Networth	287.1	249.6	275.4	218.8
Non current liabilities	287.1	249.6	275.4	218.9
Borrowing	0.0	0.0	178.8	176.0
Lease liabilities	352.3	450.8	566.5	561.7
Provisions	3.3	5.2	18.7	19.7
other non-current liabilities	0.7	0.8	0.8	0.7
Current liabilities				
Borrowings	0.0	100.0	19.7	19.8
Trade payables	43.4	60.9	81.6	126.1
Lease liabilities	17.7	23.2	31.2	26.6
other financial liabilities	15.7	22.2	15.4	19.7
Provisions	1.7	2.4	3.3	3.7
Other current liabilities	8.3	5.3	6.2	4.2
<b>Total Equity &amp; Liabilities</b>	<b>730.4</b>	<b>920.5</b>	<b>1197.7</b>	<b>1177.1</b>

Source: Company RHP

**Cash flow statement in Rs Crores**

Particulars	FY18	FY19	FY20
Net cash generated from operating activities	30.5	86.5	112.7
Net cash generated from investing activities	12.8	(114.0)	(230.4)
Net cash generated from financing activities	(48.4)	36.1	105.9
Net increase/(decrease) in cash and cash equivalent	(5.2)	8.7	(11.8)
Cash at the beginning of the year	12.4	7.2	15.9
Cash and cash equivalent at end of the year	7.2	15.9	4.1

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.

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