

### Issue highlights

- 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 **Toscano 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 1<sup>st</sup> 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 "Toscano" 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.

### Brief Financial Details\*

(₹ In Cr)

	As at	As at Mar' 31,			
	Nov'30,	2020(8)	2020(12)	2019(12)	2018(12)
Equity Share Capital	14.00	14.00	14.00	14.00	13.80
Reserves	(28.92)	(8.08)	117.64	131.19	
Net worth	(14.92)	5.92	131.63	144.99	
Long Term Borrowings	135.51	165.06	109.30	85.44	
Short Term Borrowings	37.83	41.47	15.71	18.51	
Revenue from Operations	201.00	846.97	739.02	586.34	
Revenue Growth (%)	-	14.58%	25.76%	-	
EBITDA as stated	12.59	168.04	149.39	140.37	
EBITDA (%) as stated	5.32%	19.75%	20.12%	23.77%	
Adj. EBITDA as stated	(52.17)	78.25	77.73	82.39	
Adj. EBITDA (%) as stated	(22.05)%	9.20%	10.47%	13.95%	
Profit Before Tax	(126.50)	(25.14)	(6.82)	19.16	
Net Profit/(Loss) for the period#	(100.65)	(32.93)	(38.39)	(5.80)	
Net Profit/(Loss) (%) as stated	(42.54)%	(3.87)%	(5.17)%	(0.98)%	
Net Asset Value (₹)	(5.33)	2.11	47.04	52.53	

Source: RHP \*Restated Consolidated, # for Total Operations (Continued and Discontinued operations).  
 ^ not annualised. EBITDA % to Total Revenue.

### Issue Details

Fresh Issue of Equity shares aggregating upto ₹ 180 Cr and Offer for sale of upto 5,457,470 equity shares

### Issue summary

**Issue size:** ₹ 452 – 453 Cr

**No. of shares:** 9,071,927~ – 9,057,470^

**Face value:** ₹ 5

**Employee Reservation:** Equity shares aggregating upto ₹ 2 Cr

**Price band :** ₹ 498 - 500

**Bid Lot:** 30 Shares and in multiple thereof

**Post Issue Implied Market Cap =**

**₹ 1,870 – 1,877 Cr**

**BRLMs:** Axis Capital, IIFL Securities, Ambit Capital, SBI Capital Markets

**Registrar:** Link Intime India Pvt. Ltd.

**Issue opens on:** Wednesday, 24<sup>th</sup> Mar'2021

**Issue closes on:** Friday, 26<sup>th</sup> Mar'2021

### Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	01-04-2021
Refunds/Unblocking ASBA Fund	05-04-2021
Credit of equity shares to DP A/c	06-04-2021
Trading commences	07-04-2021

### Issue break-up

	No. of Shares	₹ In Cr	% of Issue
QIB	6,773,826 - 6,763,103	337.34 – 338.16	75%
NIB	1,354,765 - 1,352,620	67.47 – 67.63	15%
Retail	903,176 – 901,747	44.98 – 45.09	10%
Emp	40,160 – 40,000	2.00 – 2.00	-
<b>Total</b>	<b>9,071,927 - 9,057,470</b>	<b>451.78 – 452.87</b>	<b>100%</b>

### Listing: BSE & NSE

### Shareholding (No. of Shares)

Pre issue	Post issue~	Post issue^
33,942,920	37,557,377	37,542,920

~@Lower price Band ^@ Upper Price Band

### Shareholding (%)

	Pre-Issue	Post-Issue
Promoters & Promoter Gr	47.80%	37.79%
Public	52.20%	62.21%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## BACKGROUND

### Company and Directors

The company was originally incorporated as Sanchi Hotels Private Limited on October 13, 2006 at Indore, Madhya Pradesh. Sayaji Hotels Ltd. ("SHL"), Sayaji Housekeeping Services Ltd., Kayum Dhanani, Raof Dhanani and Suchitra Dhanani are the Promoters of the company.

**T Narayanan Unni** is the Chairman and a Non-Executive Director and Independent Director of the company. He has been a Director of the company since February 9, 2009.

**Kayum Dhanani** is the Managing Director of the company. He has been a Director of the company since November 30, 2012. He has been associated with Sara Suole Pvt. Ltd. since 2005, which is involved in the business of manufacturing, processing and selling leather goods including, soles, shoes and other leather accessories.

**Rahul Agrawal** is the Whole-time Director and Chief Executive Officer of the company. He has been a Director of the company since December 31, 2020. He joined the company on July 24, 2017.

**Raof Dhanani** is the Non-Executive Director of the company. He has been a Director of the company since July 1, 2015. He joined the management of SHL in 2013 and is currently involved in managing the operations of SHL.

**Suchitra Dhanani** is the Non-Executive Director of the company. She was a director of the company from November 2, 2006 until March 28, 2008. Thereafter she was appointed as a consultant from January 2012 to March 2012, and later as an employee of the company until March 2013, for interior decorating and housekeeping related activities. She was subsequently appointed as a Director of the company on July 1, 2015.

**Tarun Khanna** is the Non-Executive, Nominee Director of the company appointed to the Board by their Shareholder, TPL. He has been a Director of the company since April 12, 2013. He has worked with GE Capital Transportation Financial Services Ltd. in the past. He joined CX Advisors LLP in February 2009 in the capacity of an investment principal and was inducted as a partner of the firm from March 2013. He is currently a partner of CX Advisors LLP.

**Devinjit Singh** is the Non-Executive Director of the company appointed to the Board by the Shareholder, Xponentia. He has been a Director of the company since January 23, 2020. He was previously associated with Carlyle Group for over 9 years and with Citigroup N.A. and Citigroup Global Markets India Pvt. Ltd. He joined Xponentia Capital Partners in 2018 as the Founder and Managing Partner.

**Abhay Chaudhari** is an Independent Director of the company. He has been a Director of the company since February 28, 2017. He held the position of president and chief operating officer of SBI Capital Markets Ltd., Mumbai from October 21, 2013 until January 31, 2016, and was involved with management, merger and advisory, private equity, equity and debt markets and credit and project advisory during his tenure in SBI Capital Markets Ltd.

**Natarajan Ranganathan** is the Independent Director of the company. He has been a Director of the company since December 31, 2020. He was previously associated with Helion Advisors Pvt. Ltd. and is currently a designated partner at Foundation Partners LLP and Schatz Consulting LLP.

### Key Managerial Personnel

**Amit V. Betala** is the Chief Financial Officer of the company. Prior to joining the company, he has more than 7 years of experience in various organisations including Clix Capital and Axis Bank.

**Gulshan Chawla** is the Chief People Officer of the company. Prior to joining the company, he worked for over 7 years in HR in HCL Technologies across India and USA. He also worked at Lava Mobiles and OYO Rooms.

**Ahmed Raza** is the Chief Technology Officer of the company. Prior to joining the company, he has worked with ShawMan Software Pvt. Ltd. and with SHL as Head, Corporate Human Resources / Information Technology.

**Mansoor Memon** is the Head of Projects in the company. Prior to joining the company, he worked with Chase Contracting LLC, Dubai and comes with a rich experience in Operations and Project Management. He began working with the company in June 2007.

**Nagamani CY** is the Company Secretary and Compliance Officer of the company. Prior to joining the company, she was associated with RSM Astute Consulting Plus Pvt. Ltd. from July 19, 2010 to July 11, 2014. She joined the company on July 21, 2014.

Over the years, the company has received several awards and accolades including the following recent awards:

Year	Award	Publication
2020	<ul style="list-style-type: none"> <li>Rank 7, Best Large Workplace in Asia</li> <li>Top 10 Retail Companies to Work for</li> </ul>	<ul style="list-style-type: none"> <li>Great Places to Work Institute</li> <li>Great Places to Work Institute</li> </ul>
2019	<ul style="list-style-type: none"> <li>Best in Barbecue and Grills in Town</li> <li>Top 50 India's Best Companies to Work For Rank 14</li> <li>Best Large Workplace in Asia</li> </ul>	<ul style="list-style-type: none"> <li>Eazy Diner Foodie Awards</li> <li>Economic Times and Great Places to Work Institute</li> <li>Great Places to Work Institute</li> </ul>
2018	<ul style="list-style-type: none"> <li>Top 10 Retail Companies to Work for</li> <li>Best National Chain of the Year 2018</li> </ul>	<ul style="list-style-type: none"> <li>Great Places to Work Institute</li> <li>Franchise India</li> </ul>

*The Italian Restaurants have also received several awards and accolades:*

2019	<ul style="list-style-type: none"> <li>Excellence in Restaurant Wine Program</li> <li>Fine Dining (Standalone), India's Best Restaurants</li> </ul>	<ul style="list-style-type: none"> <li>India Wine Awards</li> <li>The Week</li> </ul>
2018	<ul style="list-style-type: none"> <li>Best Italian in Casual Dining</li> <li>Excellence in Restaurant Wine Program</li> </ul>	<ul style="list-style-type: none"> <li>Times Food and Nightlife Awards</li> <li>India Wine Awards</li> </ul>

## OBJECTS OF THE ISSUE

Objects	Amount
<ul style="list-style-type: none"> <li>Capital expenditure for expansion and opening of new restaurants by the Company</li> </ul>	54.62
<ul style="list-style-type: none"> <li>prepayment or repayment of all or a portion of certain outstanding borrowings availed by the company on a consolidated basis; and</li> </ul>	75.00
<ul style="list-style-type: none"> <li>General Corporate Purposes</li> </ul>	[ • ]
<b>Total</b>	<b>[ • ]</b>

## Proposed schedule of implementation and deployment of Net Proceeds

Objects	Amount	Amount to be deployed from the Net Proceeds in	
		Fiscal 2022	Fiscal 2023
Capital expenditure for expansion & opening of new restaurants by the Company	54.62	42.02	12.60
Prepayment or repayment of all or a portion of certain outstanding borrowings availed by the company on a consolidated basis	75.00	75.00	Nil
General Corporate Purposes	[ • ]		
<b>Total</b>	<b>[ • ]</b>	<b>[ • ]</b>	<b>[ • ]</b>

## OFFER DETAILS

The Offer	
Fresh Issue (₹ 180 Cr)	Upto 3,614,457 <sup>~</sup> - 3,600,000 <sup>^</sup> Equity Shares <i>(<sup>~</sup> lower price band and <sup>^</sup> at upper price band)</i>
<b>* Offer for sale by:</b>	<b>Upto 5,457,470 Equity Shares</b>
Sayaji Housekeeping Services Ltd ("SHKSL")– The Promoter Selling Shareholder	Up to 1,018,288 Equity Shares
Azhar Dhanani- The Promoter Group Selling Shareholder	Up to 339,430 Equity Shares
Sadiya Dhanani – The Promoter Group Selling Shareholder	Up to 339,430 Equity Shares
Sanya Dhanani– The Promoter Group Selling Shareholder	Up to 339,430 Equity Shares
Tamara Pvt. Ltd. ("TPL") - The Investor Selling Shareholder	Up to 3,323,106 Equity Shares
AAJV Investment Trust ("AAJVI") - The Investor Selling Shareholder	Up to 71,186 Equity Shares
Menu Pvt. Ltd. ("MPL") - The Investor Selling Shareholder	Up to 26,600 Equity Shares

## Details of Pre- IPO Placement of ₹ 149.97 Cr

The company has undertaken a Pre-IPO Placement of 5,951,132 **Equity Shares** at a price of ₹ 252/- per share, aggregating to ₹ 149.97 crore as under:

Name of the Entity	No. of Equity Shares	Amount (₹ Cr)
Xponentia Opportunities Fund-I ("Xponentia"),	1,587,302	40.00
Jubilant Foodworks Ltd. ("Jubilant"),	3,650,794	92.00
Other Individual and Employee	713,036	17.97
<b>Total</b>	<b>5,951,132</b>	<b>149.97</b>

### Shareholding Pattern:

Shareholder	Pre-offer		Cost of Acquisition	No. of Shares offered	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital			Number of Equity Shares	% of Total Equity Share Capital
<b>Promoters &amp; Promoter Group</b>						
- SHKSL	12,621,116			1,018,288	11,602,828	
- Promoters & Promoter Group	3,604,305			1,018,290	2,586,015	
<b>Total for Promoter &amp; Promoter Group</b>	<b>16,225,421</b>	<b>47.80%</b>			<b>14,188,843</b>	<b>37.79%</b>
<b>Public</b>						
- TPL	6,078,402		167.27	3,323,106	2,755,296	
- AAJVIT	198,392		216.32	71,186	127,206	
- MPL	532,104		592.00	26,600	505,504	
- Public - Others	10,908,601				19,966,071	
<b>Total for Public</b>	<b>17,717,499</b>	<b>52.20%</b>			<b>23,354,077</b>	<b>62.21%</b>
<b>Total Equity Share Capital</b>	<b>33,942,920</b>	<b>100.00%</b>	-	<b>5,457,470</b>	<b>37,542,920</b>	<b>100.00%</b>

Pursuant to the transaction with Xponentia, Devinjit Singh, who is the Founder and Managing Partner of Xponentia Capital Partners, has been appointed as a Non-Executive Director on the Board

### BUSINESS OVERVIEW

**Barbeque Nation Hospitality Limited** 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 Toscano Restaurants and 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 1<sup>st</sup> Barbeque Nation Restaurant in 2008, and subsequently acquired 5 Barbeque Nation Restaurants owned by SHL in 2012. The company has steadily grown their owned and operated Barbeque Nation Restaurant network from a single restaurant in Fiscal 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.

They owns 61.35% of the equity share capital on a fully diluted basis of one of their Subsidiaries, **Red Apple**, which owns and operates 9 restaurants under the brand name, "**Toscano**", a casual dining Italian restaurant chain and operates 1 restaurant each under the brand names "**La Terrace**" and "**Collage**" respectively. The first Toscano Restaurant commenced operations in June 2008 and, as of December 31, 2020, they operated 11 Italian Restaurants, 9 of which are under the brand name "Toscano", in 3 cities in India. In November 2018, they launched **UBQ** by Barbeque Nation Restaurant to provide *a la carte* Indian cuisine in the value segment. At present, UBQ by Barbeque Nation Restaurant predominantly caters to the delivery segment.

The value they offer, the nature and quality of their food offerings and the ambience and service of their restaurants create a one-of-a-kind overall customer experience. Through their Barbeque Nation Restaurants, they pioneered the format of '**over the table barbeque**' concept in Indian restaurants. Live grills embedded in dining tables allow their guests to grill their own barbeques. The Barbeque Nation Restaurants, compared to other fixed price dining options, offer competitive attractions such as a wide range of vegetarian and non-vegetarian appetisers and main courses, a popular dessert menu, a pleasant and casual dining environment and prompt service. They also periodically run popular food festivals at their Barbeque Nation Restaurants offering their guests a range of Indian, international and fusion cuisines.

UBQ by Barbeque Nation provides *a la carte* Indian cuisine in the value segment, initially through leading food delivery service providers for the delivery of their food. As of December 31, 2020, they were providing delivery in 77 cities in India of *a la carte* Indian cuisine under UBQ by Barbeque Nation from their existing kitchen infrastructure. According to Technopak, the Chain Casual Dining market ("CDR") in India has been flourishing over the last few years. The Chain CDR segment represents the 2nd largest share in the chain food services market in India after QSR. In FY 2020, the size of the Chain CDR is estimated at ₹ 13,400 crore. The segment is expected grow at a healthy CAGR of 18% to reach ₹ 30,200 crore by FY 2025. The Barbeque Nation Restaurants have experienced steady growth in the number of covers over the last 3 Fiscals, and the proportion of total revenues from weekday sales and lunch covers at Barbeque Nation Restaurants is relatively higher as compared with the industry average. They carefully choose the locations of their Barbeque Nation Restaurants with the objective of keeping their rent to potential revenue ratio low.

Company's offering format positions them to capitalise on both the robust growth trend of the CDR market in India and the broader chain restaurant market within the food and services industry. The numbers of covers at Barbeque Nation Restaurants as well as their revenues and EBITDA have grown consistently as their Restaurants have matured, particularly after being in operation for more than 2 years. For example, the number of in-dining covers at their Barbeque Nation Restaurants in India has grown from 6.86 million in Fiscal 2017 to 9.92 million in Fiscal 2020 at a CAGR of 13.08%. Further, out of the 147 Barbeque Nation Restaurants owned and operated by them in India as of December 31, 2020, 24 Barbeque Nation Restaurants were opened between March 31, 2019 and December 31, 2020 and 71 Barbeque Nation Restaurants have been opened since April 1, 2017.

**The company places a strong emphasis on customer reviews and feedback** and their Barbeque Nation Restaurants uses their in-house call centre to obtain customer feedback in accordance with their internally devised and managed Guest Satisfaction Index ("GSI"). Their Barbeque Nation Restaurants uses 2 cloud-based systems: the Central Reservation System ("CRS") and the Central Feedback System ("CFS"). They also accept reservations for their Barbeque Nation Restaurants through their revamped smartphone application 'BBQ App', Facebook chat messenger, chat-bot and other reservation platforms. They have integrated "Business Insights", the in-house business intelligence software, which allows them to track restaurant wise data (operational and financial) for their Barbeque Nation Restaurants at a granular level and it has a direct interface with the enterprise resource planning system of the Barbeque Nation Restaurants.

The company was ranked amongst the top 10 retail companies to work for by Great Place to Work Institute in 2020 in collaboration with the Retailers Association of India and was ranked number 7 amongst India's best companies to work for in 2020 by the Great Place to Work Institute in collaboration with Economic Times.

**As of December 31, 2020, the company has 164 restaurants owned and operated by them** which includes 147 Barbeque Nation Restaurants (including opened, temporarily closed and under construction outlets) 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 "Toscano" and 1 each under the brand names "La Terrace" and "Collage", respectively. In addition, they have 1 Barbeque Nation Restaurant which is operated by a third-party on a franchise model.

## BUSINESS IMPACT – COVID 19

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 GoI. 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. The month-wise status of their restaurants is set out below.

No. of Restaurants	Dec'31, 2020	Nov'30, 2020	Oct'31, 2020	Sep'30, 2020	Aug'31, 2020	Jul'31, 2020	Jun'30, 2020	May'31, 2020	Apr'30, 2020	Mar'31, 2020
Operational	159	156	152	123	106	89	73	4	2	0
Temporarily closed and 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>

During the COVID-19 pandemic, the company launched **#NoCompromiseDining** with operating procedures outlining physical distancing, contact-free experience, sanitization protocols and customer experience.

### 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. Their consolidated sales of food and beverages over the last few months post lockdown are as follows:

	Monthly Sales* Fiscal 2020 (₹ Cr)	Monthly Sales* Fiscal 2021 (₹ Cr)	Fiscal 2021 Monthly Sales* as a % of Fiscal 2020 Monthly Sales*	Month-on-month growth (%) in Fiscal 2021	No. of restaurants operational for dine-in at the end of each month during Fiscal 2021	Average Daily Sales per Restaurants (in ₹)
March	35.61	-	-	-	-	-
February	73.51	-	-	-	-	-
January	82.32	-	-	-	-	-
December	88.43	-	-	-	-	-
November	72.51	61.08	84.2%	12.5%	156	130,519
October	70.57	54.29	76.9%	39.3%	152	115,224
September	69.32	38.98	56.2%	61.4%	123	105,626
August	69.06	24.15	35.0%	92.8%	106	73,477
July	71.88	12.52	17.4%	67.1%	89	45,394
June	74.86	7.50	10.0%	332.5%	73	34,221
May	72.58	1.73	2.4%	247.2%	4	139,748
April	64.69	0.50	0.8%	(98.6)%	2	83,184

\* Monthly Sales means the consolidated sales of food and beverages

### Delivery Focus with Product Innovation



Company's delivery business has grown from ₹26.09 crore in Fiscal 2020 to ₹37.89 crore during the 8 months ending November 30, 2020. They will continue to focus on the delivery segment and will continue to work on improving their product offering in relation to consistency, quality, recipes, delivery menu and meal combos. 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", which are offered through delivery among other offerings. They will continue to work towards increasing the average daily sales of these products and these variants. Company's average daily delivery sale per restaurant was ₹5,354 in Fiscal 2020.

Company's restaurants are standardised in terms of offerings while allowing individual restaurant-level business managers reasonable autonomy in daily operations. Some of their standardised processes and systems at Barbeque Nation Restaurants include:

- The Barbeque Nation Restaurants typically offer customers at least 5 vegetarian and 5 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 their 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.

The company employs a management structure designed to promote efficiency in supervising, directing and supporting their operations, quality assurance systems, recruitment process and training programmes in different regions and cities.

The details of their delivery sales over the past few months:

	Monthly delivery sales (₹ Cr)	No. of restaurants operational for delivery at the end of the period	Average Daily Delivery Sales per restaurants (in₹)
November 2020	8.89	159	18,627
October 2020	8.85	154	18,529
September 2020	7.53	137	18,321
August 2020	5.45	125	14,060
July 2020	3.05	118	8,345
June 2020	2.25	112	6,703
May 2020	1.42	99	4,622
April 2020	0.46	69	2,211

### Strengthened Digital Assets

The company has recently updated their BBQ App. This updated BBQ App includes:

- Option to make dine-in reservations;
- Online ordering for their delivery products; and
- 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.

Under their Smiles Loyalty program, they currently provide 5% of the bill value (subject to certain terms and conditions) to their customers as Smiles points which can be redeemed within a defined timeline during the customer's next dine-in visit or delivery order from their BBQ App or website.

### Cost Optimisation

The company has undertaken various cost optimisation 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.

### Liquidity status

The financial impact of COVID-19 has had, and is expected to continue to have, an adverse effect on their liquidity, and they are seeking appropriate sources of liquidity in order to sustain their business throughout this crisis. This also led to temporary delays in compliance with their payment obligations to their lenders and payment of their statutory dues. **They recently completed a private placement of Equity Shares for an aggregate consideration of ₹149.97 crore.** They have also engaged in rent relief negotiations with their landlords and arrived at negotiated agreements with respect to reductions in rent and their rental obligations during the COVID-19 pandemic with a large proportion of them. In addition, the salaries of senior management and certain other support centre employees were reduced temporarily. They have also negotiated revised commercial terms during the COVID-19 pandemic with some of their other service providers, and they have managed their inventory through promotions, reorganisation and liquidation of stocks. This has provided them with working capital support and additional liquidity. However, depending on how long the COVID-19 pandemic lasts, the company may need to seek additional sources of liquidity. The COVID-19 pandemic is adversely affecting the availability of liquidity generally in the credit markets, and there can be no assurance that additional liquidity from other sources will be available to them on favourable terms, or at all, especially the longer the COVID-19 pandemic lasts or if it were to worsen. While they cannot currently estimate the duration or the future negative financial impact of the COVID-19 pandemic on their business, they expect the negative effects to continue into the fourth quarter of Fiscal 2021 and beyond.

### Share of Key Cuisine in Indian Organized Food Services FY 2020

Cuisine	Market Size FY 2020 (₹ Cr)	Market Share FY 2020	CAGR (2016-20)	Key Chain Players
North Indian	42,600	26.6%	18%	<b>Barbeque Nation</b> , Moti Mahal, Pind Balluchi
Chinese	30,400	19.0%	20%	Wow Momos, Mainland China, Yo China
South Indian	12,300	7.7%	14%	Sagar Ratna, Saravana Bhavan, Shree Rathnam, Naivedyam
Regional Indian	5,900	3.7%	27%	Dindigul Thalappakatti, Vasudev Adigas
Street Food	10,100	6.3%	23%	Goli Vada Pav, Jumboking, Haldiram, Bikanerwala
Bakery & Dessert	10,600	6.6%	27%	Café Coffee Day, Starbucks, Keventers, Chaayos
American	11,500	7.2%	21%	McDonald's, Burger King, Subway, Chili's
Pizza	11,500	7.2%	25%	Domino's, Pizza Hut, UNO's, PizzaExpress
Italian	7,200	4.5%	20%	Jamie's Italian, Tonino
Continental	5,600	3.5%	20%	Le Pain Quotidien, Indigo Delicatessen
Pan Asian	3,200	2.0%	20%	Yum Yum Cha, Mamagoto, Pa Pa Ya, Bo Tai
Others	9,300	5.8%	22%	-

### COMPETITIVE STRENGTHS

- Barbeque Nation is one of India's fastest growing and widely recognised 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.

- 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 APC (excluding revenues from UBQ and taxes) for dine-in customers at their Barbeque Nation Restaurants in India (excluding food delivery) has grown from ₹707 in Fiscal 2017 to ₹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 ₹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.

Year/Period	Number of in-dining covers (in India)		APC (in ₹)*
	(in million)	YOY (in %)	
8 months ended November 30, 2020	1.87	NA	762
Fiscal 2020	9.92	11%	764
Fiscal 2019	8.96	17%	777
Fiscal 2018	7.66	12%	741
Fiscal 2017	6.86	21%	707

\* These figures exclude sales through food delivery and taxes.

Year/Period	Number of covers (Consolidated)		APC (in ₹)*
	(in million)	YOY (in %)	
8 months ended November 30, 2020	2.03	NA	809
Fiscal 2020	10.38	12	789
Fiscal 2019	9.23	19	793
Fiscal 2018	7.79	13	750
Fiscal 2017	6.90	21	710

\* These figures exclude sales through food delivery and taxes.

The average bill size (excluding taxes) for Barbeque Nation Restaurants owned and operated by them in India was ₹3,026, ₹3,215, ₹3,249 and ₹2,757 in Fiscals 2018, 2019, 2020 and in the 8 months ended November 30, 2020, respectively.

Company's ability to generate a relatively high proportion of their total revenues from weekday and lunch covers arises because Barbeque Nation Restaurants are a popular choice for corporate lunches during the week and families during the weekends. The Barbeque Nation Restaurants are located at close proximity to both commercial and residential areas and as a result they host business lunches as well as informal get-togethers, family celebrations and other events such as birthdays and social lunch get together. The higher weekday and lunch covers also help them to increase their utilisation and efficiently manage costs at Barbeque Nation Restaurants.

- ***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.

Since Fiscal 2017, they have rebranded and changed their brand logo and renovated some of their relatively older Barbeque Nation Restaurants to be more appealing and contemporary. The company constantly endeavours to increase the number of live counters at their Barbeque Nation Restaurants, offering their customers customised dishes prepared in accordance with their requests. Some of their dishes may vary depending on the city in which such Barbeque Nation Restaurant is located keeping local tastes and preferences in mind. They have also introduced gift cards and vouchers as part of their offering and they tie-up with sales partners to increase their covers. Company's approach of constant innovation assists in retaining their competitiveness, maintaining their repeat customer base and attracting new customers.

- ***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, neighbourhoods 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 ₹624.53, ₹863.43, ₹1,059.94 and ₹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.

The company source their ingredients from various suppliers and, in some cases, import them from outside India. As of December 31, 2020, they also had 2 commissaries, 1 each in Delhi NCR and Mumbai, which serve a number of nearby Barbeque Nation Restaurants by preparing dishes on a volume basis and further realising economies of scale.

CRS is connected to their CRS agents, smartphone application, web-based app and in-restaurant POS reservation system. This synchronised system allows them to track all reservations for Barbeque Nation Restaurants centrally, with all interconnected booking systems feeding the central cloud database. CFS allows quick customer response from multiple media at any time of the day. The CFS allows them to store all customer feedback, centrally and initiate a quick response. They place a strong emphasis on customer reviews and feedback. They have also integrated "Business Insights", their in-house business intelligence software, which allows them to track restaurant wise data (operational and financial) for Barbeque Nation Restaurants at a granular level. "Business Insights" has a

direct interface with their enterprise resource planning system for Barbeque Nation Restaurants, which is designed to handle and streamline the complex workings of their financials, inventory, warehousing, sales, purchases and manufacturing and enhance the ability to predict trends and business data through advanced detailed reporting.

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.

- ***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.

As of December 31, 2020, they had 7,298 full-time employees in the company and its Subsidiaries organised, supported and incentivised to maximise productivity. Compensation for their Barbeque Nation Restaurant managers is linked to GSI, sales and profitability of their restaurant, which promotes a culture of responsibility for customer service, revenue and costs.

## **KEY BUSINESS 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 optimise 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.

Enhancing their reach to cover additional cities will enable them to reach out to a larger target customer base. They opened 23, 24 and 21 new Barbeque Nation Restaurants in Fiscals 2018, 2019 and 2020 respectively. As of December 31, 2020, 2 Barbeque Nation Restaurants were in the construction phase and they plan to launch them in Fiscal 2021. They will continue to further expand their Barbeque Nation Restaurant network in Metro cities, Tier I, Tier II and Tier III cities in India. Toscano, as a brand, has demonstrated scalability in a single city, and it has the potential to expand to Metro and Tier I cities. Their Subsidiary, Red Apple, opened 1 and 3 Toscano Restaurants in Fiscals 2019 and 2020, respectively.

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

The company 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 organisation 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 prioritise their expansion of restaurants in those markets where they can leverage their existing infrastructure and expertise.

- **Continue evaluating strategic brand acquisitions**

Barbeque Nation is their core brand in the chain 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.

They intend to structure their brand portfolio to offer different price points and appeal to different clientele, with each brand maintaining a distinctive identity. The food services industry has potential for significant further growth and they plan to leverage their market position and experience in the food services industry by introducing other international food service brands in India or through acquisition of an existing Indian brand. A multi-brand strategy will allow them to (i) reduce their exposure to risks in a specific market segment, and (ii) derive cost efficiency and synergy from sharing operations or functions, leveraging their industry knowledge and experience, pooling negotiating powers with landlords and suppliers, and coordinating marketing and promotion initiatives across different brands and market segments

## COMPARISON WITH LISTED INDUSTRY PEERS

Name of the Bank	Consolidated/ Standalone	Face Value	Total Revenue for Fiscal 2020 (₹ Cr)	EPS (Basic)	NAV <sup>^</sup>	P/E <sup>~</sup>	RoNW (%)
Barbeque-Nation Hospitality Limited	Restated	5	850.79	(11.77)	2.11	[ • ]	(556.59)%
<b>Peer Group</b>							
Jubilant Foodworks Limited	Consolidated	10	3,996.89	21.22	85.02	140.05	24.95%
Westlife Development Limited	Consolidated	2	1,560.79	(0.47)	37.07	NA*	(1.27)%
Speciality Restaurants Limited	Consolidated	10	368.06	(8.09)	34.88	NA*	(23.20)%
Burger King India Limited	Consolidated	10	846.83	(2.87)	10.31	NA*	(27.80)%

Source: RHP; \* P/E ratio is negative. P/E Ratio has been computed based on the closing market price of the equity shares (Source: NSE) on March 12, 2021.

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*Barbeque-Nation Hospitality Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares and has filed the RHP with the RoC and thereafter with SEBI and the Stock Exchanges. The RHP is available on the website of Securities and Exchange Board of India at [www.sebi.gov.in](http://www.sebi.gov.in), on the websites of the Stock Exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) as well as on the websites of the BRLMs, Axis Capital Limited at [www.axiscapital.co.in](http://www.axiscapital.co.in). Investors should note that investment in equity shares involves a high degree of risk and for details relating to such risk, see "Risk Factors" of the RHP. Potential investors should not rely on the DRHP filed with SEBI for making any investment decision.*

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