

Burger King India Ltd.
SECTOR Restaurants
Issue Highlights

Issue Open	December 2, 2020
Issue Close	December 4, 2020
Issue Price	Rs. 59 - Rs. 60 per share
Total Issue Size	Rs. 810 Cr
Of which	
Fresh Issue	Rs. 450 cr
Offer for sale	Rs. 360 cr
Face Value	Rs. 10/share
Market Lot	250 Equity Shares
Issue Type	Book Built Issue

Offer Structure

QIB Category	75%
Non-Institutional	15%
Retail category	10%

Lead Book Running Managers

- Kotak Mahindra Capital Company Ltd
- CLSA India Pvt. Ltd
- Edelweiss Financial Services Ltd
- JM Financial Ltd

Registrar To The Offer

- Link Intime India Pvt. Ltd.

About the Company

Incorporated in 2013, November, the Burger King India Ltd has master franchisee arrangement which helps them to grow business in India as well as use brand name of Burger King. The globally recognized Burger King brand which was incorporated in 1954, is also known as the "HOME OF THE WHOPPER®", in the USA and is owned by Burger King Corporation, a subsidiary of Restaurant Brands International Inc. The Burger King brand is the second largest fast food burger brand globally as measured by the total number of restaurants, with a global network of 18,675 restaurants in more than 100 countries and U.S. territories as at September 30, 2020. In India, they have 261 restaurants, including 8 sub-franchised Burger King restaurants, across 17 states and union territories and 57 cities. Amongst them, 226 are operational. Further, the company operates primarily in four different formats, which include high street locations, shopping malls and food courts, drive thrus, and transit locations.

Objects of the Issue

- Repayment or prepayment of outstanding borrowings and capital expenditure incurred for setting up of new company-owned by Burger King Restaurants
- General corporate purposes

Valuation

The Indian food services market has shown consistent growth since FY15 and was estimated at grow to Rs 4,236 bn by FY20, driven by changing consumer preference, frequent tendency to eat out, availability of variety of cuisine, changing lifestyle, and opening of different QSR such as McDonald's, Pizza Hut and Domino's Pizza, followed by Subway, KFC, Burger King, Haldiram's, Moti Mahal and Taco Bell, among others. Further, by FY25, the momentum is expected to continue with rising demand and increasing young population thus the Indian food services market is expected to reach Rs 6,505 bn with 9% CAGR. India is still an underpenetrated market for chain QSR as compared to China and USA. The chain QSRs is growing at a CAGR of 19% between FY15-20, while going ahead its is expected to grow at a CAGR of 23% by FY25 on the back of increasing demand and more penetration and expansion of international brands in India.

We believe Burger king is well place in this category as its one of the fastest growing company in the space. Also have globally recognition brand name, wide varieties of products for its customers and well managed supply chain model. Going forward, it plans is to expand its restaurant network, continue building brand recall value, manage cost efficiency to expand margins and introduce new products on timely basis. Due to pandemic, the company business as well as financial were adversely impacted as the restaurants were shut down completely. However with re-opening, its restaurants in all cities across India, where they have presence, have reopened but with limited operations. On financial front, the company is making losses however once the business starts picking up pace we expect improvement. Further, its listed peer Jubilant Foodworks (is preferred by investors) is making profits and Burger king faces strong competition in QSR space. Nonetheless, we believe as burger king is at nascent stage in India and it would pick up pace in the long term. Hence, investors having long term investment plan can subscribe to Burger King IPO.

Nirvi Ashar, MBA

nirvi.ashar@religare.com

Before you use this research report , please ensure to go through the disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014 and Research Disclaimer at the following link : <https://www.religareonline.com/disclaimer>

Specific analyst(s) specific disclosure(s) inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014 is/are as under:

Statements on ownership and material conflicts of interest , compensation– Research Analyst (RA)

[Please note that only in case of multiple RAs, if in the event answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) below , are given separately]

S. No.	Statement	Answer	
		Yes	No
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of Interest is given below this table]		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

Nature of Interest (if answer to F (a) above is Yes :

.....

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

Copyright in this document vests exclusively with RBL. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose, without prior written permission from RBL. We do not guarantee the integrity of any emails or attached files and are not responsible for any changes made to them by any other person.

Disclaimer: <https://www.religareonline.com/disclaimer>