TRANSPARENT CAPITAL

Industry Overview:

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. At present, the hospitality industry in India is considered a 'sunrise industry' which means it has a huge scope in the near future. It is considered as one of the most profitable industries which also accounts for over 8.78 per cent of the total workforce, creating almost 15 million jobs in the past five years. The organized hotel industry in India market size grew at ~4% CAGR between 2015-2019.The demand from domestic travellers remains a bright spot and thus the mid-scale hotel segment holds higher growth potential.

The sector attracts a major chunk of foreign direct investment inflow along with the most important means of foreign exchange for the country. In India, the hospitality industry is categorized broadly into:

- Lodging
- Food and Beverages
- Transportations
- Theme parks and amusement parks
- Other related fields

Company Overview:

Barbeque Nation was founded in 2006 by Sayaji Hotels one of the Promoter. It currently owns and operates 138 outlets in India, 5 outlets in UAE, 1 outlet in Malaysia and 1 outlet in Oman.

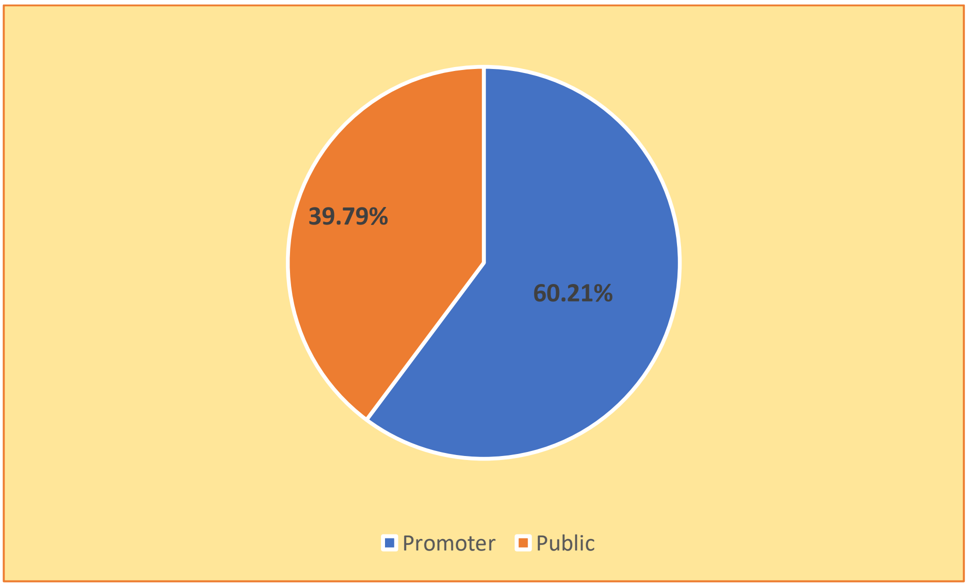
It is one of the leading casual dining chains in India. Indian cuisine is a natural part of the diet in the markets in which the Barbeque Nation Restaurants operate. The company continues to offer new menu options, both vegetarian and non-vegetarian, largely based on Indian cuisine and use seasonal customer preferences to introduce new dishes. The company's fixed price 'all you can eat' concept at Barbeque Nation Restaurants offers our customers a varying spread of consistently delicious food at a value-oriented price in a pleasant and casual dining environment. Company's core values prioritise being customer-focused to provide excellent products and service and employee-focused by maintaining a superior quality work environment. The company was ranked 13th among best companies to work for in India across all categories

Management:

1. Mr. Kayum Razak Dhanani, MD
2. Mrs. Suchitra Dhanani, Director
3. Mr. Tarun Khanna, Nominee Director
4. Mr. T N Unni, Independent Director
5. Mr. Raoof Razak Dhanani, Director
6. Mr. Abhay Chintama Chaudhari, Independent Director

7. Mr. Rahul Agrawal, CEO
8. Mr. Amit V Betala, CFO
9. Ms. Nagamani C Y, CS

Shareholding pattern:



The company's shares are majorly held by the promoter which constitute to 60.21%, **CX partners** owns 33.79% and **Rakesh Jhunjhunwala's investment firm Alchemy Capital** holds 2.05% in the company, **Jubilant FoodWorks Limited** made an investment of Rs 92 crore into Barbeque-Nation Hospitality Limited (BNHL) for an equity stake of 10.76%, and the public holding constitute of 39.79%. The public holding consists of Institutional holding in form of Foreign Portfolio Investors (i.e. 3.43%) and Non-Institutional holding in the form of overseas Body Corporates (i.e. 34.99%), individual shareholders holding up to 1 lakh and over 1 lakh (i.e. 0.67%) and others (i.e. 0.7%).

The shareholding pattern of the company is impressive with majority promoter holding and no pledging of promoter shares and Foreign investors and it is a positive sign, thus increasing the confidence of the investors in the company.

Financial Analysis:

(Figures in Millions)

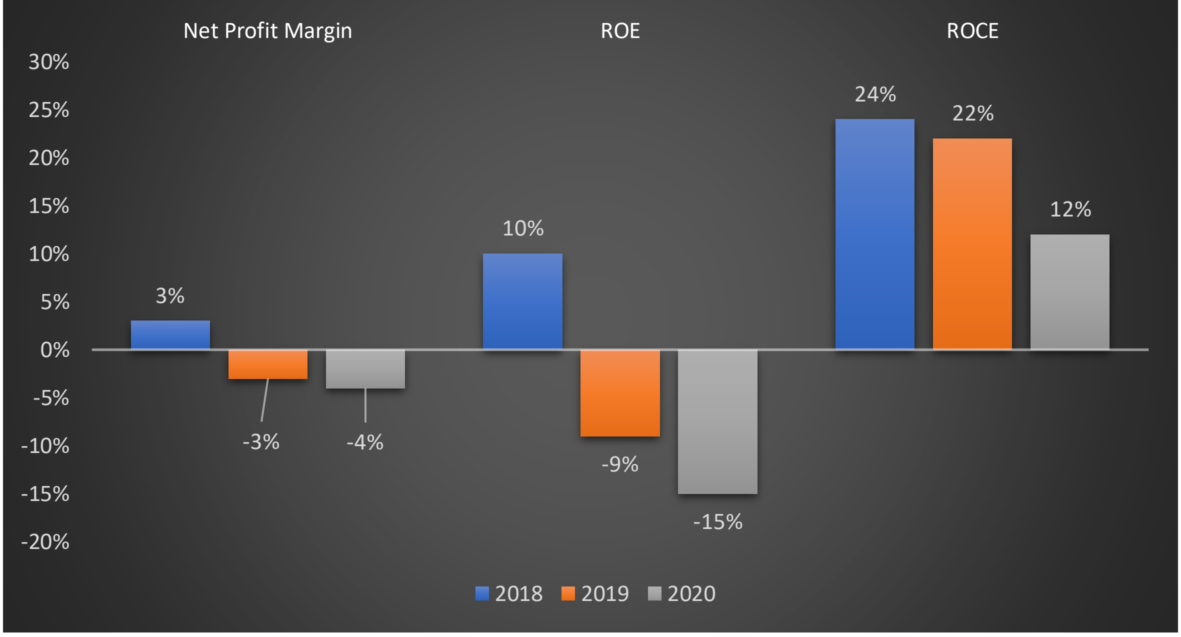
Particulars	**2018**	**2019**	**2020**
Revenue from Operations	5,863.37	7,390.16	8,469.70
Operating Expenses	5,080.54	5,931.54	6,827.55
EBITDA	823.94	1,493.87	1,680.39
Finance Cost	184.36	564.01	755.92
Net Profit/(Loss)	148.41	-212.02	-329.28

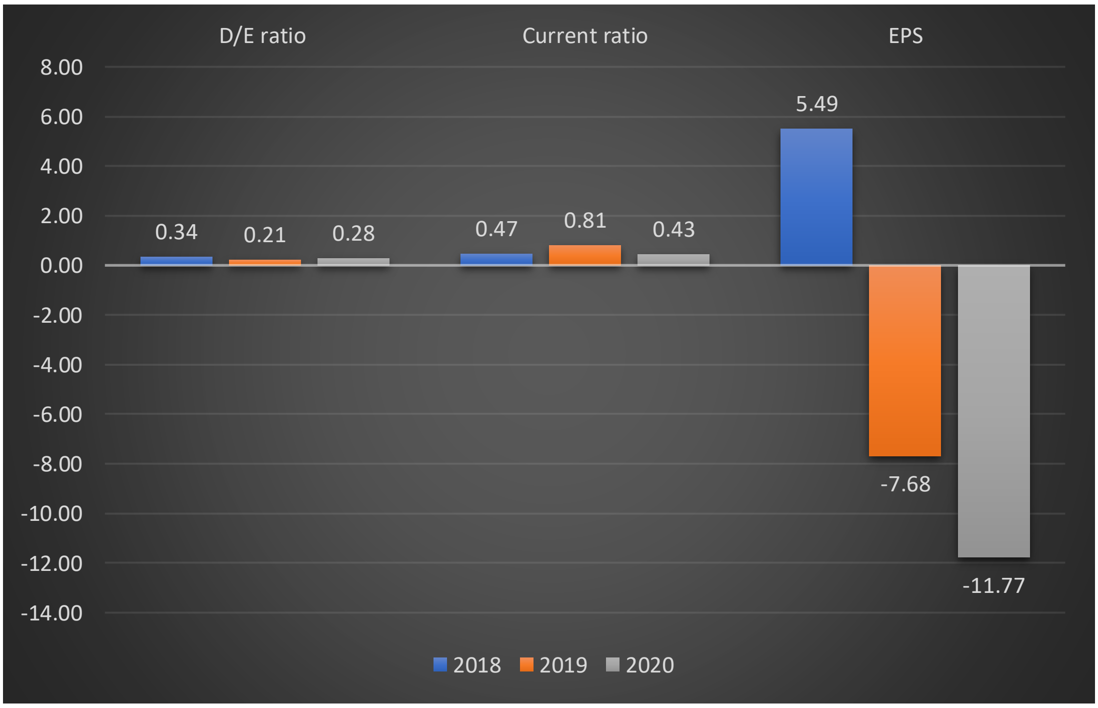
1. The revenue of the company has shown a uptrend, the company has posted a 20%CAGR in revenues during FY 2018-2020.

2. The operating expenses of company is also rising Y-O-Y, the company has posted a 16% in expenses during FY 2018-2020. The positive thing is that the growth rate of revenue is higher than the growth rate of expenses.
3. The EBITDA of company is also rising Y-O-Y, the company has posted a 43% in expenses during FY 2018-2020.
4. The Finance Cost of company has seen a sharp rise over the period, the company has posted a 102% in Finance Cost during FY 2018-2020.
5. The Net Profit/Loss of the company has shown a downtrend, the company has posted loss after 2018 and the amount of loss has increased in 2020.

Particulars	**2018**	**2019**	**2020**
Net Profit Margin	3%	-3%	-4%
ROE	10%	-9%	-15%
ROCE	24%	22%	12%
D/E ratio	0.342140983	0.210239	0.277854
Current ratio	0.46556253	0.806568	0.432164
EPS	5.491782235	-7.68216	-11.7667

1. The Net Profit Margin has shown a declining trend, indicating inability to convert the revenue earned into the profits due to increasing expenses and finance costs of the company.
2. The ROE of the company is declining due to declining profits and indicates that the management of the company is inefficiently using the shareholders capital.
3. ROCE shows amount of profit generated using the capital employed, the company's ROCE is positive but is declining, which is a negative sign.
4. The positive thing for the company is that the D/E ratio of the company has decreased marginally showing that the company is trying to reduce its debt.
5. Current ratio the company is decent but has fallen after 2019, showing weak sign.
6. Due to the losses incurred from 2019 the company after recording positive EPS in 2018 has recorded negative EPS since then.
7. Market Cap of the company is Rs. 13171.2 million





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