

# Burger King India

Price Band ₹ 59-60

December 1, 2020

Burger King India (BKI) is a fast growing international QSR chain in India. It started its operations in 2014 and within five years established 261 restaurants across major cities. The company has exclusive rights to develop, establish, operate and franchise Burger King branded restaurants in India as a master franchisee. BKI grew at a faster pace in the last five years by mainly leveraging the disruption at McDonalds franchise in North India. The company has a well defined restaurant rollout plan to open 700 restaurants across geographies by 2026. The proceeds from the IPO would be sufficient to open 190 new stores until 2023.

## Competitive edge to higher deliveries, small size stores

We believe companies with a higher proportion of deliveries and takeaway would benefit from expansion of food delivery companies (Zomato, Swiggy). Moreover, higher proportion of deliveries would benefit in terms opening small size stores that would eventually rationalise the lease cost. BKI is well positioned to benefit from the expansion of food delivery apps in smaller cities and towns. The company would be able to open smaller stores that would be largely deliveries and takeaways stores. This would reduce the operational, lease & other related cost attached to larger stores. The average size of a Burger King Store is 1300-1400 sq ft that is almost half of an average McDonald's store (2600-3200 sq ft).

## Several unorganised smaller joints close down

With the grave impact of lockdown on the restaurant industry, the smaller unorganised restaurants have been negatively impacted by adverse working conditions, increased operational cost and trust deficit with unbranded restaurants. Hence, many local restaurants have closed down in the last eight months. This would eventually benefit branded QSR chains in general & Burger King, specifically, given its relatively newer presence and aggressive expansion plans at various locations.

## Key risks & concerns

- Localised lockdown to impact operations in medium term
- Negative advertisement of junk food
- Termination of master franchise
- Competition risk

## Priced at EV/S of 2.9x FY20 (post issue) on upper band

Benefiting from reduced competition from unorganised smaller local restaurants due to Covid related disruptions and expansion of food delivery businesses, the company is well positioned to expand its footprint in India. We believe BKI would be able to capture the growth largely aided by changing habits of eating out/ordering outside food. The company was quick to scale up its operating margins to double digit in the last two years. However, it is still making a loss at the bottomline level due to high depreciation provision. We have a **SUBSCRIBE** recommendation on the stock. At ₹ 60, the stock is available at 2.9x FY20 EV/sales (post fresh issue).

### Exhibit 1: Key Financial Summary

₹ crore	FY18	FY19	FY20	CAGR FY18-20 (%)
Total Revenues	378.1	632.7	841.1	49.1
EBITDA	8.1	79.0	103.9	257.6
EBITDA Margins (%)	2.1	12.5	12.4	
PAT	-82.2	-38.3	-76.7	
EPS (₹)	-3.1	-1.4	-2.8	
EV / Sales	6.5	3.9	2.9	
P/B (x)	8.0	9.2	8.3	
RoE (%)	-28.6	-15.3	-27.8	
RoCE (%)	1.1	8.6	8.7	

SUBSCRIBE



### Particulars

#### Issue Details

Issue Opens	2nd December 2020
Issue Closes	4th December 2020
Issue Size*	₹ 810 crore
Fresh Issue	₹ 450 crore
Price Band	₹ 59-60
No. of shares on offer (in crore)	13.5
QIB (%)	75
Retail (%)	10
Minimum lot size (no of shares)	250

\*based on upper price band of ₹ 60 per share

#### Shareholding Pattern (%)

	Pre-Issue	Post-Issue
Promoter Group	94.3	60.1
Public	5.7	39.9

#### Objects of issue

Objects of the Issue	₹ crore
Repayment or prepayment of outstanding borrowings of our Company obtained for setting up of new Company-owned Burger King Restaurants	165.0
Capital expenditure incurred for setting up of new Company-owned Burger King Restaurants	177.0
General corporate purposes	108.021
<b>Fresh Issue</b>	<b>450</b>
<b>Offer for sale</b>	<b>360</b>

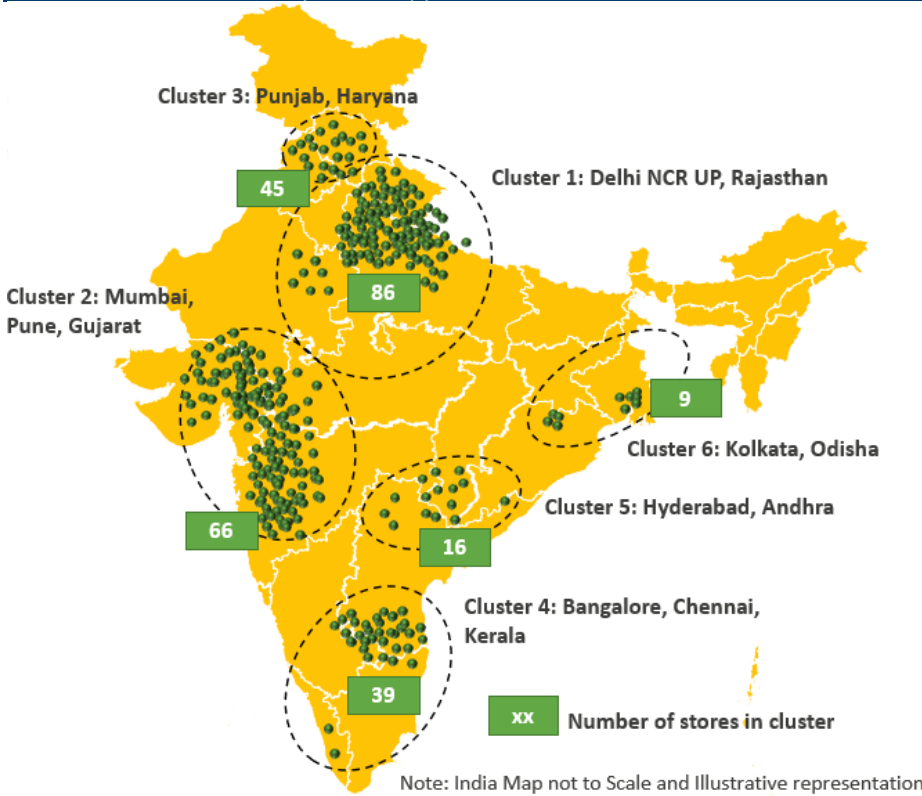
#### Research Analyst

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## Company background

Burger King India (BKI) is a fast growing international QSR chain in India. It started its operations in 2014 and within five years established 261 restaurants in major cities and towns. The company has exclusive rights to develop, establish, operate and franchise Burger King branded restaurants in India as a master franchisee. Its master franchisee arrangement provides it the ability to use Burger King’s brand name to grow the business in India, while leveraging the technical, marketing and operational expertise associated with brand. The arrangement provides flexibility to tailor menus to Indian tastes and preferences, promotions and pricing. Globally, the Burger King brand is the second largest fast food burger brand with a network of 18,675 restaurants in more than 100 countries.

Exhibit 2: Cluster based expansion approach



Source: RHP, ICICI Direct Research

Since opening its first restaurant in November 2014, the company has a well-defined restaurant rollout and development process with the aim of growing quickly largely leveraging the disruption at the McDonalds franchise in the north. The company has a well defined target of establishing 700 pan-India restaurants by 2026. The proceeds from the IPO would be sufficient to open additional 190 restaurants till 2023. Further expansion would largely be fulfilled by internal cash generation. The company has a strategy of opening stores using a cluster approach while creating resources & supply chain to open multiple stores in one cluster. The premises for the proposed new restaurants are expected to be taken on a lease basis. The company has in the past conducted its roll out process in three phases. Phase 1: site identification, evaluation and finalisation; Phase 2: site development and Phase 3: pre-launch).

Exhibit 3: Cumulative target of Burger King restaurants in India

Period Cumulative	Cumulative Targets
CY19	250
CY20	250
CY21	300
CY22	370
CY23	450

Source: RHP, ICICI Direct Research

Although the Covid-19 crisis has adversely affected the ability to open new restaurants and expand restaurant network temporarily, the company continues to evaluate expansion possibilities of its restaurant network and aims to increase the pace of growth when the Covid-19 crisis subsides. As on September 30, 2020, BKI had 261 restaurants, including eight sub-franchised Burger King restaurants, across 17 states and union territories and 57 cities across India. Of 261 restaurants, 249 are operational currently.

BKI launches the brand from flagship locations in high traffic and high visibility locations in key metropolitan areas and cities across India and then develops new restaurants within that cluster. This approach also helps to efficiently manage vertically managed and scalable supply chain and drive down costs due to the proximity of restaurants to each other and to the centres of third-party distributor.

**Exhibit 4: Geographical store bifurcation**

	Number of Restaurants						
	2015	2016	2017	2018	2019	2020	Sep-20
<b>North</b>	6	21	37	55	86	129	131
<b>West</b>	6	14	29	40	55	68	66
<b>South</b>	0	14	22	34	43	54	55
<b>East</b>	0	0	0	0	3	9	9
<b>Total</b>	<b>12</b>	<b>49</b>	<b>88</b>	<b>129</b>	<b>187</b>	<b>260</b>	<b>261</b>

Source: RHP, ICICI Direct Research

### Capex cost for setting up company owned restaurants

The costs for setting-up new company-owned Burger King restaurants primarily comprises set-up costs such as

- Equipment costs;
- Leasehold improvements and other related costs;
- Information technology infrastructure costs; and
- Store opening franchise fees

**Exhibit 5: Setting up cost of new restaurant**

Particular	Amount (in lakh)
Equipment costs	92
Leasehold improvements and other related costs	150
Information technology infrastructure costs	15
Store opening franchisee fees	22
<b>Total estimated costs per restaurant</b>	<b>279</b>

Equipment cost	Amount (in lakh)
Kitchen equipment	74
Refrigeration	7
Other related equipment	11
<b>Total</b>	<b>92</b>

Source: RHP, ICICI Direct Research

The size of Burger King restaurants ranges between about 400 and 4000 sq ft depending on the format of restaurant such as high street locations, shopping malls, food courts, drive through and transit locations. According to the business plan for setting-up new company owned restaurants across regions, the company has considered an average restaurant size of 1,300-1,400 sq ft for arriving at the estimated costs for setting-up a Burger King restaurant across regions.

## Industry background

Food services is a key segment in the Indian economy, which accounted for ~US\$56.5 billion in 2020, of which ~US\$22.8 billion comes from the organised market (chain and organised standalone outlets). Changing consumer dynamics coupled with increasing market spread of brands in India are expected to continue to boost the food services sectors growth.

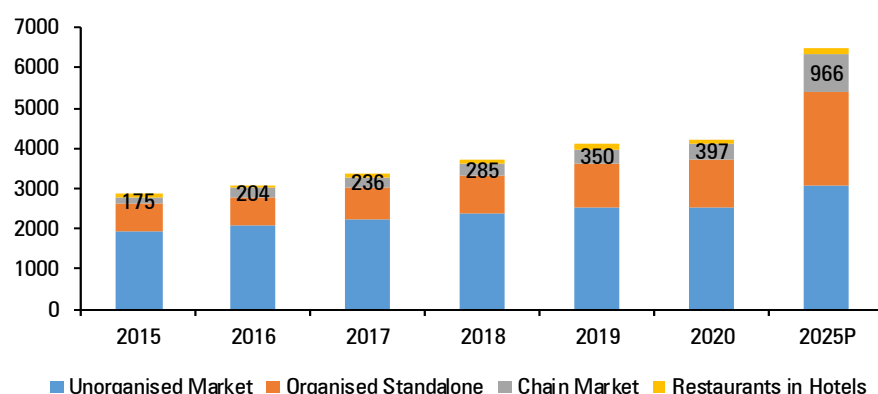
**Exhibit 6: Per capita spend on food services by urban population (US\$)**

Countries	Per Capita Spend on Food Services by Urban Population (US\$)		
	CY 2015	CY 2020	CAGR (CY 2015-2020)
USA	1735	2239	5.0%
UAE**	1330	1631	4.0%
China	659	684	1.0%
Saudi Arabia	665	769	3.0%
Brazil	634	707	2.0%
South Africa	170	282	11.0%
Indonesia	219	253	3.0%
Turkey	124	181	8.0%
India*	94	122	5.0%

Source: RHP, ICICI Direct Research

India has one of the lowest per capita spends on eating out compared to major developed and developing economies. This is primarily due to a higher rural population and a preference for largely eating at home. In addition, lack of significant eating out options in tier-1 & tier-2 cities results in lower frequency of dining out. However, eating out frequency is expected to increase mainly driven by higher disposable income and increased exposure to a variety of culinary customs from across the world. Moreover, expansion of food delivery companies would also aid growth of restaurants in India, especially in smaller towns and cities.

**Exhibit 7: Food service market size in India (in ₹ billion)**



Source: RHP, ICICI Direct Research

## Organised food services market overview

The organised food services market in India (chain and standalone outlets, excluding restaurants in hotels) was estimated at ₹ 1.6 lakh crore in FY20 and is expected to grow at a CAGR of 15.4% to ₹ 3.3 lakh crore in FY25. It is expected to increase its share of the total market from 37.8% in FY20 to 50.3% by FY25.

## Exhibit 8: Growth of organic restaurants during FY15-20 &amp; FY20-25

Format	CAGR FY 2015-20	CAGR FY 2020-25
Quick Service Restaurants	17%	19%
Casual Dining Restaurants	15%	16%
Café	7%	7%
Frozen Dessert/ Ice Cream	11%	11%
PBCL	11%	11%
Fine Dining Restaurants	3%	5%

Source: RHP, ICICI Direct Research, IQVIA MAT March 2015-20

The organised QSR sub-segment in India was estimated at ₹ 34,800 crore in FY20 and is expected to grow at a CAGR of 19% to ₹ 82,500 crore by FY25. The growth in the QSR sub-segment is expected to be driven by the chain QSR market, which was ~54% of the total QSR sub-segment in FY20 and is estimated to be ~64% of the total QSR sub-segment by FY25. The historical growth of chain QSR has primarily been driven by international brands such as Domino's Pizza, McDonalds, Burger King, KFC and Subway, which combined account for ~44% of the total chain outlets in India as of FY20.

## Exhibit 9: Restaurants expansion of international QSRs in India

Brands	Year of Entry	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Sep-20
Dominos	1996	726	876	1026	1127	1334	1227	1335	1354
Subway	2001	476	476	568	613	638	NA	671	541
McDonalds	1996	369	369	393	424	447	464	489	481
KFC	2004	328	352	310	310	342	380	443	454
Burger King	2015	0	12	49	88	129	187	260	261

Source: RHP, ICICI Direct Research

## Internet penetration, expansion of food delivery companies;

With changing lifestyle and increase in disposable incomes, the demand for eating out is increasing significantly. However, in recent years, internet & simultaneous smart phone penetration, expansion of food delivery companies and ease of payments methods through digital transactions have also worked in favour of increasing volumes of QSRs through deliveries & takeaways. Internet in India had a reach of over 53.5 crore users in FY18 and is expected to exceed 70 crore users by the end of FY20. Smartphone penetration is growing at a similar pace, with an estimated 34 crore users in FY18 and is expected to exceed 49 crore by the end of FY20. Internet penetration and increased smartphone usage paired with demonetisation implemented in November 2016 boosted an increase in digital transactions. Digital wallets like Paytm, Mobikwik and PhonePe fuelled the growth of digital transactions across different sectors. The rise of digital commerce, innovation in payments, real time payment and mobile point of sale have contributed to growth of digital payment across the food services market. Further food delivery companies (Zomato, Swiggy) has increased the delivery proportion of most QSRs, which resulted in higher assets turnover for these restaurants.

## Exhibit 10: Internet &amp; smartphone penetration in India

Category	FY 2017	FY 2018	FY 2019
Internet Users (in cr)	45.5	53.5	62.7
Smartphone Users (in cr)	10.0	34.0	40.8

Source: RHP, ICICI Direct Research

## Growing travel trend present opportunity at highways, metros

There is a growing trend to increase the presence of food services market outlets in highways, railway stations, metro rail stations and airports driven partly by an increase in the trend of the mini-vacations to nearby destinations within 200 to 300 km for weekend getaways. Highways have seen rapid growth in passenger traffic with improvement in infrastructure resulting in increased penetration of food and services market outlets at strategic locations. Highways are preferred by companies in the QSR sub-segment compared to companies in the CDR sub-segment due to ease of operations, setting-up outlets and the ability to dispense food at a faster pace to customers largely unwilling to spend a long time at a spot in the middle of their journey. In addition, companies in the QSR sub-segment leverage their presence on highways to increase brand visibility with the aim to increase penetration into Tier II and Tier III cities. The National Highway Authority of India (NHAI) has developed a scheme called wayside amenities (WASA), which will be leased for development with a particular focus on the food services market, in order to benefit from increasing traffic in highways across the country.

**Exhibit 11: Major highways for development of WASAs:**

Highway	Location 1	Location 2	Distance Between Locations
Yamuna Expressway	Noida	Agra	188
Taj Expressway	Agra	Lucknow	336
NH 28	Lucknow	Bihar Border	311
NH 56	Lucknow	Varanasi	285
NH 93	Agra	Moradabad	220
NH 21 (New)	Agra	Bareilly	214
NH 57	Muzzafarpur	Purnia	310
NH 83	Patna	Gaya	125
NH 58	UP Border	Badrinath	380
NH 2	Dalkola	Kolkata	343
NH 44	Delhi	Dalhousie	559
NH 16	Puri	Kolkata	496
NH 44	Delhi	Amritsar	450
NH 44 & NH 5	Delhi	Shimla	343
NH 48	Delhi	Ajmer via Jaipur	405
NH 48/ 58	Jaipur	Udaipur	393

Source: RHP, ICICI Direct Research, IQVIA MAT March 2015-20

## Marketing in food services market

Digital consumption in India is driving a shift of perception of marketing activities for companies in the food services industry. In a tech-savvy world, visibility and relevance across the digital space has become even more important with brands trying to reach out to a wider base of consumers through online or digital marketing. On average, companies in the food services market invest 3-5% of their annual budget on marketing, out of which 65-70% is invested in mass media and television marketing and the remaining 30-35% is invested in online and digital media marketing, which provides a cost-effective way to reach larger audiences, particularly during popular sporting events such as the Indian Premier League, the Cricket World Cup or international football leagues.

**Exhibit 12: Advertisement spend by QSR companies**

Brands	FY17	FY18	FY19	FY20
Domino's	5.5%	4.7%	4.7%	6.4%
Westlife (McDonald's)	5.9%	5.5%	5.4%	5.1%
Burger King	10.3%	14.3%	8.5%	5.8%

Source: RHP, ICICI Direct Research

## Investment Rationale

### Exclusive national master franchise rights in India

BKI is 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 has been entered till December 2039. BKI would be paying 5% fixed royalty for the use of the brands, technical, marketing & operational expertise. We believe the exclusive national franchise opens up a bigger opportunity for the company to grow for a sustainable period of time. Moreover, its aggressive and well laid out plan till 2026 for opening up 700 stores in India also gives better revenue growth visibility from a long term perspective. The company would be able to leverage expansion of food delivery companies & increase the proportion of delivery only kitchen. This would reduce the store size & increase the asset turnover. Its sub-franchise rights also provide 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 i.e. airports and certain shopping malls where one party directly owns all the outlets. The national franchise also give substantial advantages in respect to operational efficiencies, faster rollout of advertising campaigns, supply chain management, pricing, promotions and tailor menu changes according to tastes and preferences of customers.

### Competitive edge to higher deliveries, small size stores

We believe companies with the higher proportion of deliveries and takeaway would take advantage of expansion of food delivery companies Apps (Zomato, Swiggy). Moreover, higher proportion of deliveries would benefit in terms opening small size stores that would eventually rationalise the lease cost. Burger King is well positioned to benefit from the expansion of food delivery apps in smaller cities and towns. The company would be able to open smaller stores, which are largely dependent on deliveries & takeaways. This would reduce the operational, lease or other related cost attached to the larger store. The average size of a Burger King store is 1300-1400 sq ft, which is almost half of average McDonald's store (2600-3200 sq ft).

**Exhibit 13: Competitive edge to small stores with higher proportion of deliveries sales**

Heads	Domino's	McDonald's	KFC	Subway	Burger King	Pizza Hut
Format	QSR	QSR	QSR	QSR	QSR	CDR
Business Model	Master Fran.	Master Fran.	Master Fran.	Master Fran.	JV	Master Fran.
Outlet Count	1,354	311	454	541	261	431
APC*** (INR)	200-225	225-250	200-225	175-200	200-225	400-450
Average Ticket Value (INR)	500-550	550-600	500-550	250-300	500-550	1,450-1550
COGS	22-23%	34-36%	34-36%	32-34%	35-36%	25-26%
Gross Margins	77-78%	64-66%	64-66%	66-68%	64-65%	74-75%
Advertisement	4-5%	5-6%	6-7%	4-5%	~5%	4-5%
Royalty	3-4%	4-5%**	7-8%	7-8%	4-5%	7-8%
Store EBITDA	21-23%	13-15%	14-16%	20-22%	12-14%	17-19%
Capex for Initial Build and Opening	150-200 L	350-400 L	300-350 L	40-50 L	200-250L	200-250 L
Avg. Store Size (in sq.ft.)	1400-1600	2600-3200	2500-3000	750-1000	1300-1400	2600-3200
Average sales /Day***	0.75-0.80 L	1.2-1.3 L	1.2-1.3 L	0.30-0.35 L	1.1-1.2 L	0.7-0.8 L

Source: RHP, ICICI Direct Research, IQVIA MAT March 2015-20

## Aggressive, time bound store expansion

The company has a well-defined new-restaurant rollout process that enables it to identify locations and build restaurants quickly, consistently and efficiently. BKI builds its restaurant network using a cluster approach and penetration strategy with the objective of providing greater convenience and accessibility to customers across relevant geographies. The company generally launches brands at flagship locations in high traffic and high visibility locations in key metropolitan areas and cities across India and then develops new restaurants within that cluster. This approach also helps it to efficiently manage and scalable supply chain and drive down costs with proximity of restaurants to each other and to the distribution centres of third-party distributor. The company would be opening more than 50 restaurants every year with the target to reach 700 restaurants until 2026 ,which is aggressive given McDonalds store count is at 480 with the presence in India from more than two decades

## Post Covid benefits of real estate availability

We believe post Covid is an appropriate time for aggressive expansion given real estate leases are likely to remain muted in the medium term. The company has aggressive expansion plans in the next two years with 120 store opening target. This would result in significant savings in contracting long term leases. Moreover, the company would be able to operationalise more delivery only kitchen largely to leverage aggressive expansion of food delivery apps.

## Several unorganised smaller joints close down

With the grave impact of lockdown on the restaurant industry, the smaller unorganised restaurants have been negatively impacted by adverse working conditions, increased operational cost & trust deficit with the smaller restaurants. Hence, many smaller restaurants have closed down in the last eight months. This would eventually benefit the branded QSR chains in general and Burger King, specifically, mainly on account of its relatively newer presence and expansion at new locations.



## Key risks and concerns

### Localised lockdown to impact operations in medium term

The outbreak of the Covid-19 pandemic and subsequent lockdown had a substantial impact on restaurant operations across India in the last eight months. Though lockdown has been largely over, there is uncertainty on a spurt in Covid-19 cases specifically in some states & geographies. We believe any localised lockdown or movement restriction would adversely impact the restaurants & QSR businesses in the medium term (three to six months). By the end of March 2020, ~200 BKI restaurants had closed their operations temporarily due to the Covid-19 lockdown in India & only 59 of the restaurants remained operational as of March 31, 2020. From April 1, 2020 to June 30, 2020, 130 restaurants had reopened for operations over the period for either dine-in or food delivery, with a further 37 restaurants reopening between July 1, 2020 and September 30, 2020. Overall, BKI's 249 restaurants (including sub-franchise) are operational as of now.

### Negative advertisement of junk food

Burger, pizzas, French fries & other related products with QSRs are generally perceived as junk food. These food habits are generally the target of negative advertisement. With increasing health caution, parents restrict their kid's food habits to healthier options. The negative advertisement can further create adverse perception of QSR brands and could impact the long term growth for the industry in general and BKI, in particular.

### Termination of master franchise

Under the current master franchise agreement, the company is required to do time bound expansion of 700 stores by 2026. If the company fails to expand, BK AsiaPac can terminate the agreement. However, in the same context the expansion plan has been extended earlier from 2025 to 2026 due to the spread of Covid-19 and related disruptions in the industry.

### Competition risk

The QSR industry in India is competitive. The company primarily compete with international QSR chains operating in India, such as McDonalds, KFC, Domino's Pizza, Subway and Pizza Hut, as well as local restaurants in the QSR segment. The other international QSR chains have been introducing food products that cater to India specific palate while maintaining their core offerings; for example, Domino's now offers wraps and KFC offers rice bowls in India. Though BKI is directly competing with McDonalds considering similar food offerings, given the past expansion of other QSRs in different variety of food, the company can face competition in burgers from other established QSRs as well in future, which can restrict the growth prospects of the company.

## Financial Summary

Exhibit 14: Profit & loss statement (₹ crore)					
Revenue (₹ crore)	FY18	FY19	FY20	H1FY20	H1FY21
Revenue from operations	378.1	632.7	841.1	422.3	135.2
Other income	10.6	11.4	5.6	3.0	16.4
<b>Total revenue</b>	<b>388.7</b>	<b>644.1</b>	<b>846.7</b>	<b>425.4</b>	<b>151.7</b>
Cost of materials consumed	143.9	230.1	301.5	151.0	49.2
Employee expense	70.4	96.9	136.5	70.3	51.7
Other expenses	155.7	226.8	299.2	144.0	63.0
Total Expenses	370.0	553.7	737.2	365.3	163.9
<b>EBITDA</b>	<b>8.1</b>	<b>79.0</b>	<b>103.9</b>	<b>57.0</b>	<b>-28.7</b>
Finance costs	36.9	46.5	65.5	27.8	42.4
Depreciation and amortisation expense	64.0	82.2	116.4	49.7	62.1
Profit before tax and exceptional items	-82.2	-38.3	-72.3	-17.4	-116.8
Exceptional items			4.3		2.1
<b>Profit before tax</b>	<b>-82.2</b>	<b>-38.3</b>	<b>-76.7</b>	<b>-17.4</b>	<b>-119.0</b>
Current tax	0.0	0.0	0.0	0.0	0.0
Total Tax	0.0	0.0	0.0	0.0	0.0
<b>Profit after tax</b>	<b>-82.2</b>	<b>-38.3</b>	<b>-76.7</b>	<b>-17.4</b>	<b>-119.0</b>

Source: RHP, ICICI Direct Research

Exhibit 15: Balance Sheet (₹ crore)					
Balance Sheet (₹ crore)	FY18	FY19	FY20	H1FY20	H1FY21
<b>Shareholders' funds</b>	<b>287.1</b>	<b>249.6</b>	<b>275.4</b>	<b>237.4</b>	<b>218.9</b>
Share capital	265.0	265.0	277.7	266.6	290.9
Reserves and surplus	22.1	-15.4	-2.3	-29.2	-72.1
<b>Non-current liabilities</b>	<b>356.3</b>	<b>456.8</b>	<b>764.9</b>	<b>545.5</b>	<b>758.1</b>
Long-term borrowings	0.0		178.8	38.5	176.0
lease liability	352.3	450.8	566.5	499.9	561.7
Other Current Liabilities	4.1	6.0	19.5	7.1	20.4
<b>Other non-current liabilities</b>					
<b>Current liabilities</b>	<b>86.9</b>	<b>214.0</b>	<b>157.4</b>	<b>242.2</b>	<b>200.1</b>
Short-term borrowings	0.0	100.0	19.7	100.0	19.7
Trade payables	43.4	60.9	81.6	76.7	126.1
lease liability	17.7	23.2	31.2	28.8	26.6
Other financial liability	15.7	22.2	15.4	25.4	19.7
Provisions	1.7	2.3	3.3	3.4	3.7
Other current liability	8.3	5.3	6.2	7.8	4.2
<b>Equity &amp; Liabilities Total</b>	<b>730.4</b>	<b>920.4</b>	<b>1,197.7</b>	<b>1,025.2</b>	<b>1,177.1</b>
Tangible assets	240.2	347.5	474.2	395.7	459.1
Goodwill on consolidation	343.3	429.2	538.0	476.9	521.7
Capital work in progress	10.3	20.2	47.6	36.3	41.1
Intangible assets	8.8	15.8	24.5	19.0	25.5
Financial Assets	16.2	21.4	29.2	26.7	29.7
Other Non-current assets	1.9	3.9	3.3	19.1	3.3
Deferred tax assets (net)	0.6	0.8	1.0	0.8	0.2
<b>Current assets</b>					
Inventories	5.2	6.9	9.4	8.6	8.1
Investments	86.9	38.4	18.6	9.3	28.0
Trade receivables	2.6	5.9	3.2	6.6	6.7
Cash and bank balances	7.4	16.0	28.0	13.5	33.4
Other Financial assets	1.3	3.0	1.2	2.5	0.5
Other current assets	5.7	11.4	19.4	10.3	19.8
<b>Assets Total</b>	<b>730.4</b>	<b>920.5</b>	<b>1,197.7</b>	<b>1,025.2</b>	<b>1,177.1</b>

Source: RHP, ICICI Direct Research

**Exhibit 16: Cash flow statement** (₹ crore)

Particulars					
Cash Flow (₹ crore)	FY18	FY19	FY20	H1FY20	H1FY21
PBT	-81.4	-38.6	-77.6	-1.8	-11.9
Depreciation	64.0	82.2	47.3	49.7	62.1
Operating profit before working capital change	10.7	80.1	102.2	60.2	-36.0
Changes in working capital	20.1	6.6	10.8	13.6	44.7
Income tax paid	-0.4	-0.2	-0.2	0.0	0.8
<b>CF from operating activities</b>	<b>30.5</b>	<b>86.5</b>	<b>112.7</b>	<b>73.8</b>	<b>9.6</b>
(Purchase)/Sale of Fixed Assets	-86.6	-165.4	-227.5	-100.3	-19.1
Interest Received	0.1	0.0	0.0	0.0	0.5
Investment in bank deposits	99.3	51.5	-2.9	28.9	-9.2
<b>CF from investing activities</b>	<b>12.8</b>	<b>-114.0</b>	<b>-230.4</b>	<b>-71.4</b>	<b>-27.75</b>
Proceeds from issue of share capital	0.0	100.0	0.0	0.0	58.1
Buyback of shares					
Adj. of Loan	0.0	0.0	200.7	38.5	0.0
Interest Paid	0.0	0.0	-5.3	-0.4	-10.0
Dividends Paid					
payment of lease liability	-48.4	-63.9	-89.5	-44.1	-24.8
<b>CF from financing activities</b>	<b>-48.4</b>	<b>36.1</b>	<b>105.9</b>	<b>-5.9</b>	<b>23.3</b>
Net Cash Flow	-5.2	8.7	-11.8	-3.5	5.1
Opening Cash	12.4	7.2	15.9	15.9	4.1
<b>Closing Cash Flow</b>	<b>7.2</b>	<b>15.9</b>	<b>4.1</b>	<b>12.3</b>	<b>9.2</b>

Source: RHP, ICICI Direct Research

**Exhibit 17: Key Ratios**

Ratio Sheet	FY18	FY19	FY20	H1FY20	H1FY21
<b>Per share data (₹)</b>					
Diluted EPS	-3.1	-1.4	-2.8	-0.7	-4.1
Cash EPS	-0.7	1.7	1.4	1.2	-2.0
BV per share	10.8	9.4	9.9	8.9	7.5
Cash Per Share	0.3	0.6	1.0	0.5	1.1
<b>Operating Ratios (%)</b>					
Gross Profit Margins	62.0	63.6	64.2	64.2	63.6
EBITDA Margins	2.1	12.5	12.4	13.5	-21.2
PAT Margins	-21.7	-6.0	-9.1	-4.1	-88.0
Inventory days	5.0	4.0	4.1	7.4	21.7
Debtor days	2.5	3.4	1.4	5.7	18.1
Creditor days	41.9	35.1	35.4	66.3	340.3
<b>Return Ratios (%)</b>					
RoE	-28.6	-15.3	-27.8	-7.3	-54.3
RoCE	1.1	8.6	8.7	5.6	-2.4
<b>Valuation Ratios (x)</b>					
EV / Sales	6.5	3.9	2.9		
EV/EBITDA	302.7	31.1	23.7		
Market Cap / Sales	6.1	3.6	2.7		
P/E	-27.8	-59.8	-29.9		
Price to Book Value	8.0	9.2	8.3		
<b>Solvency Ratios</b>					
Debt / EBITDA	0.0	1.3	1.9	2.4	NA
Debt / Equity	0.0	0.4	0.7	0.6	0.9
Net Debt/ Equity	0.0	0.3	0.6	0.5	0.7
Current Ratio	1.3	0.4	0.5	0.2	0.5
Quick Ratio	1.2	0.3	0.3	0.2	0.3
Asset Turnover	0.6	0.8	0.8	NA	NA

Source: RHP, ICICI Direct Research

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