



BURGER KING INDIA LIMITED

Issue highlights

- The **Burger King India Limited ("BKIL")** 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.

Brief Financial Details*

(₹ In Cr)

Particulars	As at Sep'30,		As at March 31,		
	2020(6)	2019(6)	2020(12)	2019(12)	2018(12)
Equity Share Capital	290.94	266.63	277.74	265.00	265.00
Reserves as stated	(72.05)	(29.21)	(2.32)	(15.35)	22.13
Net worth as stated	218.89	237.42	275.43	249.65	287.13
Borrowings - Long Term	175.99	38.53	178.79	-	-
Borrowings - Short Term	19.77	100.00	19.73	100.00	-
Lease Liabilities - Long Term	561.66	499.92	566.55	450.84	352.28
Lease Liabilities - Short Term	26.65	28.84	31.20	23.18	17.74
Revenue from Operations	135.21	422.33	841.24	632.74	378.12
Revenue Growth (%)	(67.98)%	-	32.95%	67.34%	-
Adj. EBITDA as stated	(62.60)	18.24	20.27	15.06	(40.30)
Adj. EBITDA	(46.30)%	4.32%	2.41%	2.38%	(10.66)%
Loss Before Tax	(118.95)	(17.43)	(76.57)	(38.28)	(82.23)
Net Loss for the period	(118.95)	(17.43)	(76.57)	(38.28)	(82.23)
NAV (₹)	6.78	10.05	9.30	9.75	10.31

Source: RHP, * Restated summary.

Issue Details

Fresh Issue of Equity shares aggregating upto ₹ 450 Cr and Offer for sale of upto 60,000,000 Equity Shares.

Issue highlights

Issue size: ₹ 804 Cr – 810 Cr
No. of shares: 136,271,186 – 135,000,000 Shares
Face value: ₹ 10

Issue summary

Price band: ₹ 59 - 60
Bid Lot: 250 Shares and in multiple thereof

Post Issue Implied Market Cap:

₹ 2,259 Cr – 2,290 Cr

BRLMs: Kotak Mahindra Capital, CLSA India, Edelweiss Financial, JM Financial
Registrar: Link Intime India Pvt. Ltd.

Issue opens on: Wednesday, 2nd Dec'2020

Issue closes on: Friday, 4th Dec'2020

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	09-12-2020
Refunds/Unblocking ASBA Fund	10-12-2020
Credit of equity shares to DP A/c	11-12-2020
Trading commences	14-12-2020

Listing : BSE and NSE

Issue break-up

Cat	No. of Shares	₹ In Cr	% of Issue
QIB*	102,203,390-101,250,000	603.00-607.50	75%
NIB	20,440,678 – 20,250,000	120.60 - 121.50	15%
Retail	13,627,119 – 13,500,000	80.40 – 81.00	10%
Total	136,271,186-135,000,000	804.00- 810.00	100%

* Company may allocate up to 60% Shares of the QIB Portion to Anchor Investors.

Shareholding (No. of Shares)

	Pre issue	Post issue [~]	Post issue [^]
	306,654,605	382,925,791	381,654,605

~@ Lower price Band ^@ Upper Price Band

Shareholding (%)

	Pre-Issue	Post-Issue
Promoters & Promoters Gr	94.34%	60.08%
Public	5.66%	39.92%
Total	100.00%	100.00%

BACKGROUND

The company was incorporated as “Burger King India Private Limited” on November 11, 2013 at Mumbai. 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. The globally recognized 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.

Shivakumar Pullaya Dega is the Chairman and Independent Director of the company. He was appointed as an Independent Director of the company on October 14, 2019. He is currently serving as the Group Executive President for corporate strategy and business development of Aditya Birla Management Corporation Pvt. Ltd. He previously served as the Chairman and Chief Executive Officer (India region) of PepsiCo India Holdings Pvt. Ltd and as a Managing Director of Nokia India Pvt. Ltd. He has significant experience in, among others, food and beverage industry and mobile industry.

Rajeev Varman is the Chief Executive Officer and Whole Time Director of the company. He was appointed as the Chief Executive Officer and Whole Time Director of the company on February 27, 2014. He is responsible for management and running of business of the company both at strategic and operational level and overview innovation in the company across all areas including operations and production. He has over 20 years of work experience in food and beverage industry. Prior to joining the company, he has worked with Tricon/Taco Bell brand, Lal Enterprises Inc., and Burger King Corporation.

Ajay Kaul is the Non-Executive Director of the company. He was appointed as an Additional Director on October 29, 2018. He has significant work experience in the food and beverage industry. He is responsible for advising the leadership team of the company. Prior to joining the company, he was the chief executive officer and whole time director of Jubilant FoodWorks Ltd. (the parent company of Domino’s Pizza India and Dunkin’ Donuts India).

Amit Manocha is the Non-Executive Director of the company. He was appointed as an Additional Director on the Board on July 7, 2016. He is responsible for advising the leadership team of the company. He is presently a managing director at Everstone Capital Asia Pte. Ltd.

Jaspal Singh Sabharwal is the Non-Executive Director of the company and has been associated with the company since its incorporation. He was appointed as an Additional Director of the company on November 18, 2013. He has significant work experience in the food and beverage industry and is responsible for advising the leadership team of the company. Prior to joining the Board, he was a partner at Everstone Capital Advisors Pvt. Ltd.

Peter Perdue is the Non-Executive Director of the company. He was appointed as an Additional Director (Non-Executive) on the Board on October 14, 2019. He was appointed as Interim Regional President of BK AsiaPac. He also worked as the General Manager, BK AsiaPac North Division of the BURGER KING® brand and General Manager, US West Division for the BURGER KING® brand prior to his current position.

Sandeep Chaudhary and **Tara Subramaniam** are the Independent Director of the company.

Sumit P. Zaveri is the Chief Financial Officer of the company. He has 18 years of work experience in finance control, treasury, budgeting and management information systems. He joined the company on September 23, 2019. He is responsible for finance and accounting functions including taxation, banking, audits, controls, reporting, statutory and compliance, capital expenditure, and information technology related functions of the company. He is also responsible for overseeing property related documentation, commercial contracts, agreements and litigation management of the company.

Madhulika Rawat is the Company Secretary and Compliance Officer of the company. She has over 12 years of work experience in the areas of legal, secretarial and compliances. She joined the company on November 12, 2020 and responsible for the secretarial and compliance functions of the company.

The company has won several Certificates of Recognition/ Certificates of Appreciation awards:

Year	Award	Authority
2019	• The company was awarded with “APAC Operator of the Year” by Burger King Corporation	
2018	• The company was awarded with “Global Master Franchisee of the Year” by Burger King Corporation • The company was awarded with “APAC Master Franchisee of the Year” by Burger King Corporation • The company was awarded with “APAC Segment 3 Franchisee of the Year” by Burger King Corporation • The company was awarded with “APAC Marketer of the Year” by Burger King Corporation • The company was awarded with “APAC Operator of the Year” by Burger King Corporation.	

OFFER DETAILS

The Offer	
Fresh Issue (₹ 450 Cr)	Upto 76,271,186~ - 75,000,000^ Equity Shares
	(~ lower price band and ^ upper price band)
* Offer for sale by:	Upto 60,000,000 Equity Shares
QSR Asia PTE Ltd– The Promoter Selling Shareholder	upto 60,000,000 Equity Shares

OBJECTS OF THE ISSUE

Objects	Amount
Funding roll out of new Company-Owned Burger King Restaurants	432.24
• Repayment or prepayment of outstanding borrowings of the company obtained for setting up of new Company-owned Burger King Restaurants; and	162.24
• Capital expenditure incurred for setting up of new Company-owned Burger King Restaurants	270.00
General Corporate Purposes	[•]
Total	[•]

BUSINESS OVERVIEW

Burger King India Limited (“BKIL”) is one of the fastest growing international QSR chains in India during the first 5 years of its operations based on number of restaurants (Source: Technopak). As the national master franchisee of the **BURGER KING®** brand in India, they have 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.

Its master franchisee arrangement provides flexibility to tailor their menu to Indian tastes and preferences, as well as its promotions and pricing. Their customer proposition focuses on value leadership, offering their customers variety through innovative new food offerings at different day parts, catering to the local Indian palate, offering a wide range of vegetarian meal options, and its taste advantage and flame grilling expertise. This enables them to grow its customer base by attracting customers looking for everyday value and giving them opportunities to access its brand for the first time. This also increases the frequency and occasions when customers can visit their restaurants, which drives footfalls and same-store sales. This has driven footfalls and same-store sales in its restaurants and enabled them to become one of the fastest growing Quick service restaurant (“QSR”) brands to reach 200 restaurants among international QSR brands in India during the first 5 years of its operations.

Since opening its first restaurant in November 2014, BKIL has used its well defined restaurant roll out and development process with the aim of growing quickly, consistently and efficiently into a pan-India QSR chain and capitalising on the growing market opportunity in India for QSR restaurants. **As at September 30, 2020, BKIL had 261 restaurants, including 8 Sub-Franchised Burger King Restaurants, across 17 states and union territories and 57 cities across India.** As of 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. The company plan to continue to build their restaurant network using a cluster approach and penetration strategy with the

objective to provide greater convenience and accessibility for their customers across relevant geographies. BKIL launches their brand from flagship locations in high traffic and high visibility locations in key metropolitan areas and cities across India and then develop new restaurants within that cluster. This approach also helps them to efficiently manage its vertically managed and scalable supply chain and drive down costs, due to the proximity of their restaurants to each other and to the distribution centres of its third-party distributor.

A key focus of its business is promoting and maintaining operational quality, a people-centric culture and effective technology systems that enable them to optimise the performance of their restaurant enhance the customer experience they offer and contribute to their growth. Their 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 their national advertising campaigns, manage the supply chain and tailor their menu architecture, promotions and pricing to its customers' tastes and preferences. Burger King Corporation awarded the company the "Global Master Franchisee of the Year" in 2018 for company's strong business performance on sales, operations, development and profitability. Further, Burger King has consistently won regional performance awards since 2015, including "APAC Master Franchisee of the Year" and "APAC Operator of the Year" in 2018, as well as "APAC Marketer of the Year" in 2017 and 2018.

The revenue from sale of food and beverages grew from ₹375.20 crore in Fiscal 2018 to ₹835.32 crore in Fiscal 2020. However, the COVID-19 crisis has had a significant impact on its results of operations at the end of Fiscal 2020 and in the 6 months ended September 30, 2020, resulting in a decrease of its revenue from sale of food and beverages to ₹134.69 crore in the 6 months ended September 30, 2020, compared to ₹419.37 crore in the 6 months ended September 30, 2019.

In addition, although its same-store sales grew at 29.21% in Fiscal 2019 and 6.11% in the 9 months ended December 31, 2019, the same-store sales decreased by 0.30% in Fiscal 2020 and by 56.9% in the 6 months ended September 30, 2020 primarily due to the impact of the COVID-19 crisis. The gross margin grew from ₹232.21 crore in Fiscal 2018 to ₹536.80 crore in Fiscal 2020 and decreased to ₹85.95 crore in the 6 months ended September 30, 2020 compared to ₹269.94 crore in the 6 months ended September 30, 2019.

REVENUE FROM OPERATIONS

Revenue from operations

(₹ In Cr)

Segments	6 months period ended September 30,				Fiscal					
	2020		2019		2019		2018		2017	
	Total Income	% of Total Income	Total Income	% of Total Income	Total Income	% of Total Income	Total Income	% of Total Income	Total Income	% of Total Income
sale of food and beverages	134.69	99.62%	419.37	99.30%	835.32	99.30%	628.59	99.34%	375.20	99.23%
sub-franchisee operations	0.07	0.05%	1.40	0.33%	2.95	0.35%	2.29	0.36%	1.88	0.50%
Other operating income	0.45	0.33%	1.56	0.37%	2.96	0.35%	1.86	0.29%	1.04	0.28%
Total Income from operations	135.21	100.00%	422.33	100.00%	841.24	100.00%	632.74	100.00%	378.12	100.00%

COMPANY'S BUSINESS OPERATIONS

The Master Franchise and Development Agreement and company's Franchise Agreement, each dated November 19, 2013 and each as amended, with BK AsiaPac and QSR, together with the unit addendum that they enter into for each restaurant they open, govern their exclusive rights to develop, establish, operate and franchise Burger King branded restaurants in India. Under the Master Franchise and Development Agreement and Company Franchise Agreement, they are permitted to use and permit franchisees to use the Burger King restaurant formats, operating system and various standards, specifications, trademarks, copyrights, patents and other intellectual property under the Burger King brand that they use to operate their restaurants in India. The Master Franchise and Development Agreement and Company Franchise Agreement provide them with flexibility over their operations with respect to product innovation and development, menu architecture, product and services pricing, marketing initiatives, supplier selection and management of their supply chain, and they receive the support of BK AsiaPac through its approval process of its menu items, ingredients, suppliers and distributors. The company has used Burger King's globally recognised brand name to grow their business, while leveraging the technical, marketing and operational expertise associated with the global Burger King brand.

New restaurant roll out

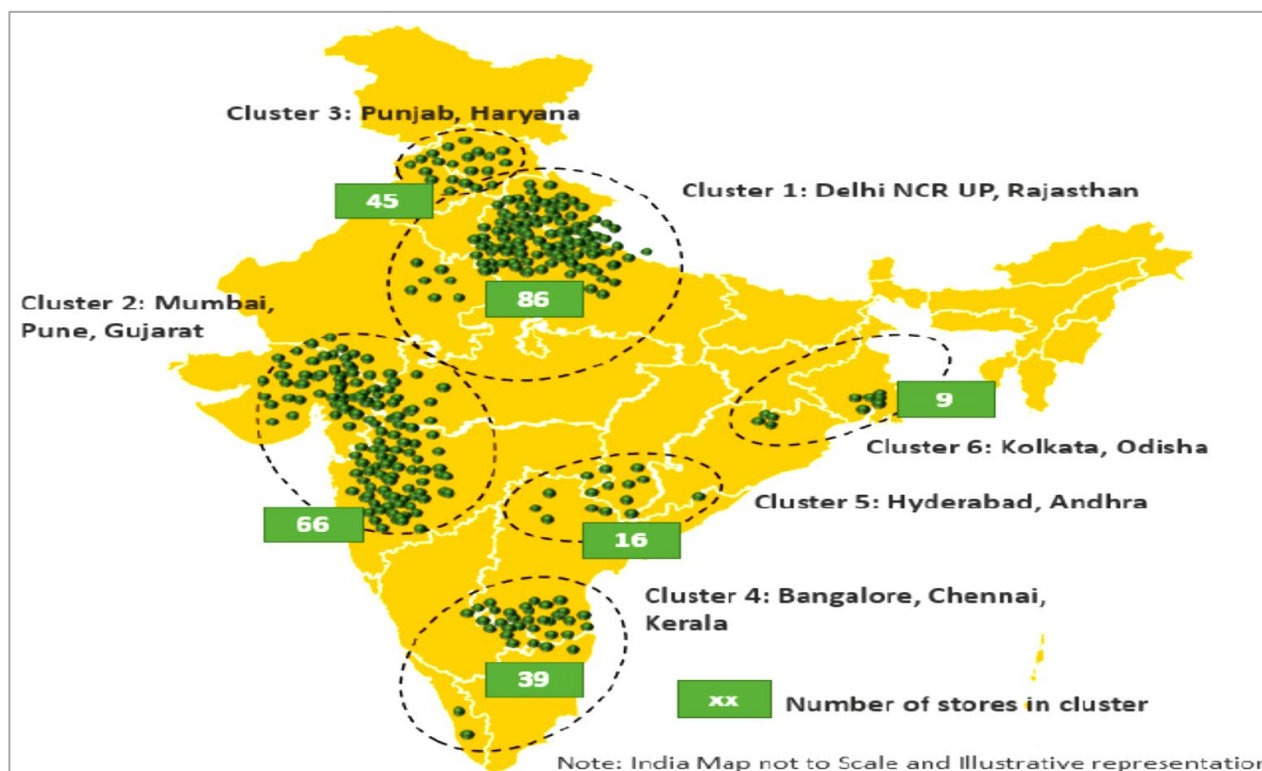
Since opening its first restaurant in November 2014, BKIL has grown into a pan-India QSR chain with 261 restaurants, including 8 Sub-Franchised Burger King Restaurants, across 17 states and union territories and 57 cities across India as at September 30, 2019. Currently they had 259 Company-owned Burger King Restaurants and 9 Sub-Franchised Burger King Restaurants. Its growth has been facilitated by a well-defined new-restaurant roll out process that enables them to identify locations and build out restaurants quickly, consistently and efficiently.

BKIL build its restaurant network using a cluster approach and penetration strategy with the objective to provide greater convenience and accessibility for its customers across the relevant geography. BKIL launch its brand from flagship locations in high traffic and high visibility locations in key metropolitan areas and cities across India and then develop new restaurants within that cluster. 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.

Although the COVID-19 crisis has adversely affected its ability to open new restaurants and expand its restaurant network temporarily, they continue to evaluate the pace and quantity of new restaurant openings and the expansion of its restaurant network.

GEOGRAPHICAL PRESENCE

The total number of the restaurants by region and operating structure as at September 30, 2020:



COVID-19 IMPACT

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 closures.

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 Fiscal 2019, its same-store sales decreased by 0.30% in Fiscal 2020 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 BK mobile app. The features of the new version of its BK Mobile App include (i) the Omni Channel experience in ordering for dine-in, takeaway and delivery (ii) the BK 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.

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 BK AsiaPac 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**

- **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 ₹69 and its 2 Crispy Chicken burgers for just ₹89, as well as its launch of King Deals which include "3 for ₹99" and "3 for ₹129" with varied option promotion combining the burgers/wraps with fries and Pepsi. BKIL have

extended its WHOPPER® brand with the launch of its Lite WHOPPER® Jr. @ ₹99, 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 ₹100.

- **Variety:** BKIL has a wide variety of 18 different vegetarian and non-vegetarian burgers covering both value and premium offerings. While its core strength is burgers, BKIL 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 BKIL has developed specifically for the Indian market, 7 are vegetarian burgers targeting customers who seek vegetarian food options.
- **Taste advantage and flame grilling expertise:** BKIL’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.

- **Brand positioned for millennials**

Approximately 60% of Indians eating out are millennials, which represent the age group from 15 to 34 years old. (Source: Technopak) India has a large number of millennials. BKIL 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 “#BK 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 BKIL 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**

- **Operational quality:** BKIL maintain system-wide operating procedures consistent with Burger King’s global standards with respect to product quality, taste parameters, food preparation methods, food safety and cleanliness and customer service standards. They have multiple levels of supervision and quality control for both its restaurant operations and the supply chain, including a third-party expert company that specialises in quality control, processes and sanitation that is appointed by BK AsiaPac. They also have designated third party auditors appointed by BK AsiaPac verify compliance to international audit norms and Burger King global standards.
- **People-centric culture:** BKIL’s operations are driven by its people-centric policies and practices, which is a principal component of its ability to enhance customer experience at their restaurants.
- **Technology systems:** BKIL utilises “360° technology” in its interactions with their customers and across the operations, including in the operations of its restaurants, its supply chain and in the management of the business. They equip all of its restaurants with technology, which provides them with the flexibility to alter menu placement of its products and match customer preferences.

- **Well defined restaurant development process**

BKIL has a well-defined new-restaurant roll out process that enables them to identify locations and build out restaurants quickly, consistently and efficiently. BKIL 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, BKIL 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

	As at Sep 30,		As at March 31,				
	2020	2020	2019	2018	2017	2016	2015
By Region							
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
Total	261	260	187	129	88	49	12
By operating structure							
Company owned	253	252	181	123	85	48	12
Sub-franchised	8	8	6	6	3	1	-
Total	261	260	187	129	88	49	12
New addition during the year/Period	1	73	58	41	39	37	12

Currently it has 259 Company-owned Burger King Restaurants and 9 Sub- Franchised Burger King Restaurants. They currently plan to have approximately 300 restaurants, including Sub-Franchised Burger King Restaurants, open by December 31, 2021.

- **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.

KEY BUSINESS STRATEGIES

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

BKIL 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 capitalise 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.

By increasing the pace of growth of their restaurant network, BKIL will be able to achieve further economies of scale through operational leverage. They intend to increase the pace of expansion of their restaurant network using their well-defined new-restaurant roll out process and the cluster approach and penetration strategy with respect to restaurant location. They currently plan to have approximately 300 restaurants, including Sub-Franchised Burger King Restaurants, open by December 31, 2021.

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

BKIL 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 ₹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**

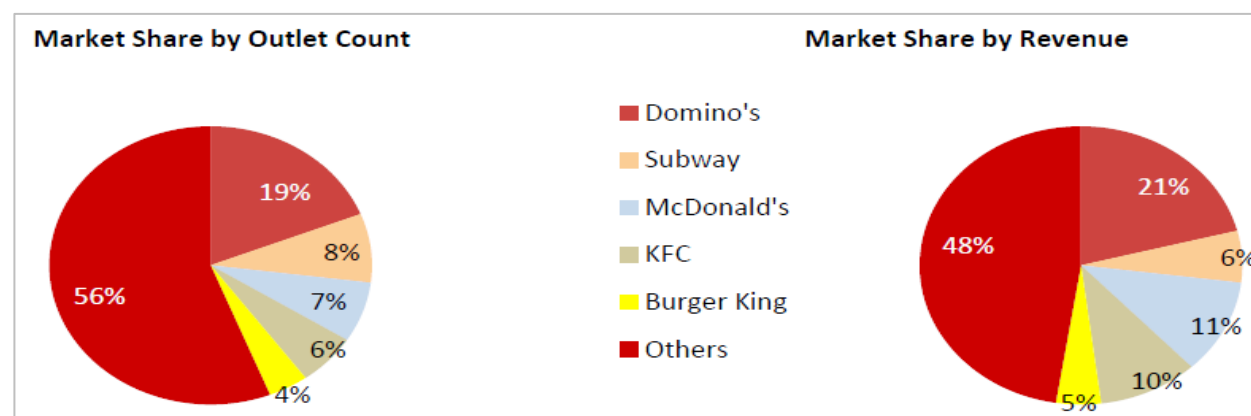
BKIL intends to continue to actively manage the unit economics of its business and achieve economies of scale through operational leverage. As they continue to grow the number of restaurants, BKIL intend to continue spreading corporate-level fixed costs, in particular its brand building and launch expenses 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**

BKIL 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.

INDUSTRY OVERVIEW

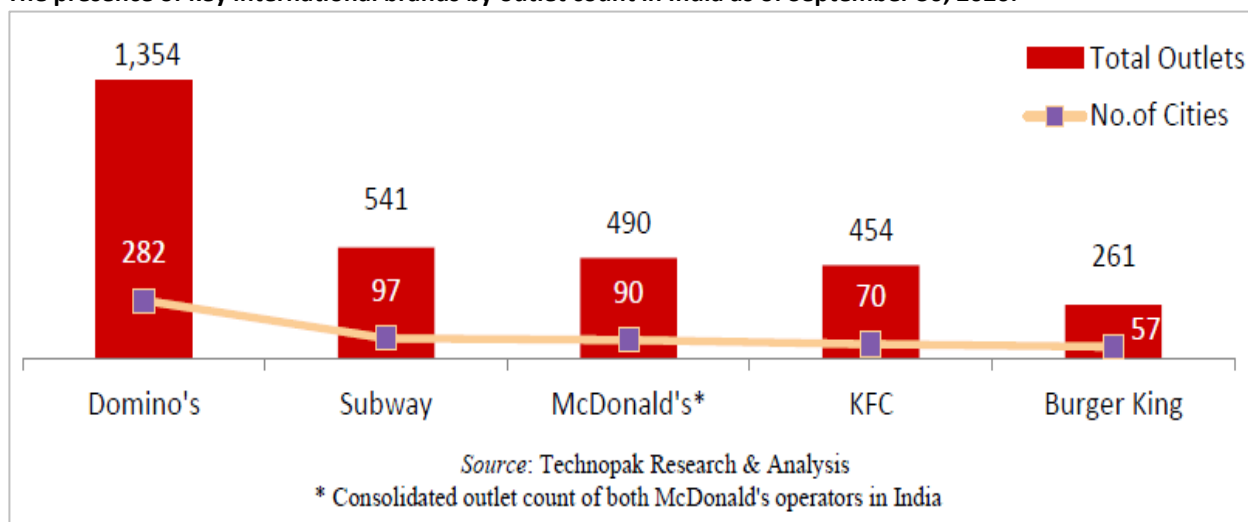
The chain QSR sub-segment in Fiscal 2020:



The key QSR brands outlet presence as of September 30, 2020:

Brands	Total Outlet Count	Mega Metros		Mini Metros		Tier I		Tier II & Others	
		Outlet count	% to total outlet count	Outlet count	% to total outlet count	Outlet count	% to total outlet count	Outlet count	% to total outlet count
Domino's	1,354	339	25%	433	32%	271	20%	311	23%
Subway	541	135	37%	173	43%	108	12%	124	8%
McDonald's	481	120	36%	154	35%	96	17%	111	12%
KFC	454	114	19%	145	37%	91	21%	104	23%
Wow! Momo	317	79	29%	101	59%	63	6%	73	6%
Burger King	261	65	41%	84	26%	52	11%	60	23%
Jumbo King	131	33	83%	42	11%	26	6%	30	-
La Pino'z	134	34	27%	43	21%	27	33%	31	19%
Haldiram	80	20	79%	26	9%	16	7%	18	5%
Bikanervala	82	21	61%	26	9%	16	14%	19	16%
Smokin Joe's	50	13	58%	16	20%	10	4%	12	18%
Taco Bell	57	14	32%	18	54%	11	12%	13	2%
Street food by Punjab Grill	41	10	47%	13	34%	8	12%	9	7%

The presence of key international brands by outlet count in India as of September 30, 2020:



The business model of the key brands in India:

Heads	Domino's	McDonald's	KFC	Subway	Burger King	Pizza Hut	Chilli's	BBQ Nation	The Great Kebab Factory
Format	QSR	QSR	QSR	QSR	QSR	CDR	CDR	CDR	FDR
Business Model	Master Franchisee	Master Franchisee	Multiple Franchisee	Micro Franchisee	Joint Venture	Multiple Franchisee	Regional Franchisee	Own Franchisee	Own Franchisee
Outlet Count	1,354	311	454	541	261	431	21	147	23
APC (₹)	200 -225	225 -250	200 -225	175 -200	200 -225	400 -450	600 -700	775 -800	1250 -1500
Average Ticket Value (₹)	500 -550	550 -600	500 -550	250 -300	500 -550	1,450 -1,550	2,750 -3,000	3,500 -3,750	6,000 -6,500
COGS	22-23%	34-36%	34-36%	32-34%	35-36%	25-26%	29-30%	34-35%	31-32%
Gross Margins	77 -78%	64-66%	64-66%	66-68%	64-65%	74-75%	70-71%	65-66%	68-69%
Advertisement	4-5%	5-6%	6-7%	4-5%	~5%	4-5%	3-4%	NA	5-6%

Heads	Domino's	McDonald's	KFC	Subway	Burger King	Pizza Hut	Chilli's	BBQ Nation	The Great Kebab Factory
Royalty	3-4%	4-5%	7-8%	7-8%	4-5%	7-8%	5-6%	NA	6-7%
Store EBITDA	21-23%	13-15%	14-16%	20-22%	12-14%	17-19%	20-21%	20-21%	16-18%
Capex for Initial Build & Opening	150-200L	350-400L	300-350L	40-50L	200-250L	200-250L	300-350L	250-300L	400-500L
Avg. Store Size (Sq.ft.)	1,400 - 1,600	2,600 - 3,200	2,500 - 3,000	750 - 1,000	1,300 - 1,400	2,600 - 3,200	3,700 - 4,300	4,800 - 5,400	4,500 - 5,000
Average sales / Day	0.75-0.80L	1.2-1.3L	1.2-1.3L	0.30-0.35L	1.1-1.2L	0.7-0.8L	1.4-1.5L	1.5-1.6L	1.9-2.1L

Source: Technopak BoK, Primary Research, Secondary Research for outlet count and APC.

Store counts are for September 30, 2020; Outlets of McDonald's operated by South & West Franchisee (Westlife Development)

The royalty fee of Westlife Development is 4 to 5% presently, but can contractually increase to 8% from Fiscal 2025.

The growth of revenue and Number of Outlets of key international brands in India

Brands	CAGR FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
	2016-2020	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Growth of Revenue (₹ Cr)												
Domino's	12.0%	3,880	3,610	3,040	2,560	2,440	2,090	1,730	1,420	1,020	680	420
Westlife Development	17.0%	1,540	1,400	1,130	930	830	760	740	680	540	380	280
Burger King	56.3%	840	620	380	230	140	NA	-	-	-	-	-
Number of outlets in India (Nos.)												
Brands	CAGR FY	Sep'20	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
	2015-2020	20	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Domino's	9.1%	1354	1335	1,227	1,134	1,127	1,026	876	726	576	465	378
Subway	2.6%	541	671	NA	638	613	568	476	476	414	330	248
McDonald's*	5.4%	481	489	464	447	424	393	369	369	316	282	250
KFC	5.2%	454	443	380	342	310	310	352	328	299	221	151
Burger King	85.1%	261	260	187	129	88	49	12	-	-	-	-

The geographical penetration of chain QSR brands as of September 30, 2020:

Brands	Total Outlet Count	North (%)		South (%)		East (%)		West (%)	
		Outlet count	% to total outlet count	Outlet count	% to total outlet count	Outlet count	% to total outlet count	Outlet count	% to total outlet count
		Domino's	1,354	447	33%	379	28%	162	12%
Subway	541	206	38%	146	27%	38	7%	151	28%
McDonald's*	481	154	32%	135	28%	10	2%	183	38%
KFC	454	132	29%	182	40%	77	17%	64	14%
Burger King	261	131	50%	55	21%	8	3%	68	26%

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2020)

Name of the company	Standalone/ Consolidated	Face Value	Total Income (₹ Cr)	EPS (Basic)	NAV	P/E	RoNW (%)
Burger King India Ltd	Restated	10	846.83	(2.87)	10.31	[•]	(27.80)%
Jubilant Foodworks Ltd	Consolidated	10	3,996.89	21.22	85.02	119.84	24.85%
Westlife Development Ltd	Consolidated	2	1,560.79	(0.47)	37.07	N.A.	(1.27)%

1. P/E Ratio has been computed based on the closing market price of equity shares on NSE on November 24, 2020 divided by the basic EPS

2. Basis EPS refers to the basic EPS sourced from the annual reports of the respective company for the year ended March 31, 2020.

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