

Burger King India to file for Rs 1,000-crore IPO this week: Details here

Sundar Sethuraman/Mumbai 04 Nov 19 | 12:24 AM

Burger King India, a major player in the domestic quick service restaurant (QSR) space, will file a document for an initial public offer (IPO) this week with the Securities and Exchange Board of India (Sebi), said people with direct knowledge of the development.

The issue will comprise a secondary share sale worth Rs 600 crore by private equity major Everstone Capital and fresh fundraising worth Rs 400 crore, which will be used to fuel the burger chain's expansion plan.

Assuming the regulatory approval process takes the usual time, Burger King India would list early next year, joining rivals Jubilant FoodWorks (operator of the Domino's Pizza chain) and Westlife Development (master franchisee of McDonald's in the western and southern markets) in going public. Typically, Sebi takes between four and six weeks to vet and clear an IPO document.

Everstone owns and operates Burger King's branded restaurants across India and Indonesia, as part of its food and beverage Asia portfolio. Everstone has invested in more than 30 portfolio companies in the consumer and consumer-led sectors across India and Southeast Asia.

Investment bankers said taking Burger King India public was part of Everstone's strategy to liquidate its investment. In May, Everstone-backed non-banking financial company IndoStar Capital Finance had raised Rs 1,844 crore through an IPO. In 2017, the PE firm's education sector-focused publishing company S. Chand and Co got listed in a Rs 729-crore IPO. An email sent to Everstone seeking comment remained unanswered.

Edelweiss, Kotak Mahindra Capital, JM Financial, and CLSA are the investment bankers managing the Burger King IPO.

Market players said Burger King India could command attractive valuations, given the investor preference for consumer-oriented brands. Also, the listed QSR players trade at lofty price-to-earnings multiples. Jubilant Foodworks now trades at 51 times its estimated one-year forward earnings.

Industry players said the Burger King IPO could infuse life into the moribund primary market. According to Prime Database, only 13 companies had filed for IPO documents in this calendar year, 45 per cent lower than in the corresponding period last year. Even the total amount raised through IPOs has shrunk to Rs 10,717 crore in 2019, a third of the Rs 30,959 crore raised in the previous year. However, most companies that have listed this year have performed well in the secondary market.