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## BARBEQUE NATION'S GROWTH TRAJECTORY INTERRUPTED? A CASE STUDY

Paramjit Singh,<sup>1</sup> Dr. Parampal Singh,<sup>2</sup> Dr. Ramneek Kaur<sup>3</sup>

<sup>1</sup>Assistant Professor, Dept. of Business Administration, Guru Nanak Dev Engineering College,  
Ludhiana (Punjab, India)

<sup>2</sup>Associate Professor & Head, Dept. of Business Administration, Guru Nanak Dev Engineering  
College, Ludhiana (Punjab, India)

<sup>3</sup>Associate Professor, Guru Nanak Institute of Management and Technology, Model Town,  
Ludhiana (Punjab, India)

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### Abstract:

Barbeque Nation is one of the leading casual dining chains in India. Barbeque Nation operates around 200 outlets in India and is known for its live grill-embedded tables. Barbeque Nation established in 2006 with the concept "all you can eat concept" became very popular among people. Even Barbeque Nation has been able to show its presence outside India; it has its chains in UAE, Malaysia, and Oman. Barbeque Nation claims they provide consistently delicious food at a value-for-money price. Even this company is known for its quality work environment as it bagged 7th Rank among the best companies to work for in India across all categories by Economic Times. In 2021, Barbeque Nation launched its IPO at Rs 500 per share and its demand was huge and this stock peaked at Rs1,946. But recently it has crashed more than 80%.

This is the need of the hour to study this case and to gain some management lessons. The case will focus on what happened to the stock prices and what current management is doing for the betterment of their investors. This case can be an epitome for management students to gain knowledge regarding building brands and exposure to financial markets.

**Keywords:** IPO, Barbeque Nation, Brand Building, Financial Markets.

### Introduction to Barbeque Nation:

Indian foodies were aware of the concept of a "buffet" back in 2006. However, Prosenjit Choudhury, the restaurant manager of Sayaji Hotels in Indore, wanted to add more creativity to the tables of patrons who enjoyed dining out occasionally. One day, he had an epiphany after some patrons complained that the appetizers were cold. "Why not give a live grill a try?" he asked himself. He went straight to his former employer, Sajid Dhanani, wanting to test out such an idea, and he got his unqualified approval. The introduction of a "live-grill" counter at the hotel was a huge success, which inspired Dhanani to create Barbeque Nation!

Despite being from Bangalore, Sajid Dhanani chose to open the first location of his ambitious enterprise in Mumbai's upscale Pali Hill neighborhood. Barbeque Nation's first location was a huge success, and by the end of 2008, it had grown to 13 locations throughout key cities like Bengaluru and New Delhi. It's interesting to note that in over 15 years, there hasn't been a single shutdown in the food chain.

### **Business Model:**

New menu both in veg and non-veg category. Running popular food festivals to give their customers an international flavor. All you can eat option, fixed price, pleasant and casual dining environment, giving DIY options, cooked at the table nature, matching different ingredients as per the choice, value for money all these factors contributed to Barbeque Nation Success.

### **Going Public in 2021:**

The restaurant business was recovering dramatically from the pandemic by the beginning of 2021. Barbeque Nation, a well-known brand, a pioneer in the live-grill buffet concept, and a casual dining chain capitalizing on India's urban consumer boom, provided investors with the next big opportunity they were craving. Demand was quite high when Barbeque Nation announced its initial public offering (IPO) in March 2021 at a price of Rs 500 per share. The offering was six times oversubscribed, demonstrating the high level of trust in its growth trajectory. The stock soared to a height of Rs 1,946 in November 2021, a remarkable 290% increase. Bullish analysts hailed it as a potential multibagger that might scale as Domino's or McDonald's did in the Quick Service Restaurant (QSR) industry, and a direct play on India's growing discretionary spending. The excitement appeared to be justified by the numbers.

### **The Twist:**

As dining out recovered, income increased 150% from Rs 507 crore to Rs 1,255 crore between FY21 and FY24. Profitability increased, same-store sales soared, and the brand aggressively entered new cities. Everything appeared to be in position for a prosperous decade of expansion. The bliss subsided, though. Today, investor gains have been erased as Barbeque Nation's stock has plummeted more than 80% from its peak. What took place? Costs are going up, same-store growth is declining, and the business model is having trouble keeping up. The market is now unsure if this is a rapidly expanding chain of restaurants or just another oversaturated discretionary dining brand.

### **Latest Quarter Financial Results:**

Barbeque Nation Hospitality revealed its financial results for the quarter that concluded on December 31, 2024, on Monday, February 3, 2025. The results showed a modest decline in revenues and a moderate increase in profits. In the second quarter of the current fiscal year, the company's net profit increased by 4% to ₹4.53 crore. This contrasts with a net profit of ₹4.34 crore in the same

quarter last year. The company's sales decreased from ₹330.9 crore in the third quarter of the previous fiscal year to ₹328.9 crore, a minor 0.6% year-over-year fall.

A report was published on 5 Sept 2024 in the Business Standard that Barbeque-Nation Hospitality had lost upto 42% of their stocks value referring the ACE Equity Data.

### Recent Steps by Barbeque Nation Management:

Barbeque Nation stated that in order to increase operating margins, company will implement effective cost controls. The allocation of 800 equity shares, each with a face value of ₹5, against the exercise of vested employee stock options given under the 2015 ESOP Plan has been approved by the company's board. In the December quarter, Barbeque Nation reported adding four additional locations to its network, bringing the total to 190. The corporation plans to drive an 8–10% network expansion in the near future. Additionally, the business stated that it will make Barbeque Nation the go-to "celebration destination" in India.

### Final Say:

Business world is full of up and downs and its normal that some time businesses don't show that much increase that investors may expect. Though the management of Barbeque Nation is doing very great work. The time will tell how these steps by management is going to deliver the promised success. Future has some challenges too. Indian Stock Market is going through a very tough phase of correction and the investors already are having doubt whether to put more investments or to stop.

### ENDNOTES:

1. This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Barbeque Nation or any of its employees.
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