

Issue Details

Issue Opens	3 rd Nov, 2022
Issue Closes	7 th Nov, 2022
Issue Size (in Rs. Crs)	Rs.837-881
Issue Size (Shares)	29,373,984
Authorised Shares	30,00,00,000
Issued, Subscribed and Paid Up Sh. Pre offer	24,95,09,880
Employees Reservation (Sh)	2,50,000
Employee Discount (Rs/Sh)	15/-
Face Value	1.00
Lot Size (Sh)	50
Price Band	Rs 285 - Rs.300
Issue Type	Book Building
Book Value (in Rs.)(FY22)	32.83
BRLMs	Axis Capital Ltd, JM Financial , IIFL Securities, Intensive Fiscal, Kotak Mahindra Capital
Registrar	Link Intime India Private Ltd
Listing Venue	BSE, NSE
Finalization of Allotment	On or About 11 th Nov, 2022
Initiation of refund	On or About 11 th Nov, 2022
Credit to Demat Account	On or About 14 th Nov, 2022
Listing	On or About 16 th Nov, 2022

Issue Structure

Categories	Allocation
QIBs	50%
Non-Institutional	15%
Retail Portion	35%
Total	100%

Shareholding Pattern

Categories	Pre issue	Post Issue
Promoter & Promoter Group	77.97	75.97
Public	22.03	24.03
Total	100.00	100.00

Recommendation
SUBSCRIBE
Company Background

Bikaji Foods International Limited (Bikaji) is one of the largest fast moving consumer goods (FMCG) brand in India which sells Indian ethnic snacks and sweets under the brand name 'Bikaji'. Its product range includes bhujia, Namkeen, Packaged Sweets, Papad, Western snacks and others (gift packs, frozen food, RTE, mathri range and cookies). Bikaji's founder Shiv Ratan Agarwal is the grandson of Haldiram's founder Gangabishan Agrawal. It was originally incorporated as Shivdeep Industries Ltd and in 1993 the company's name was changed to Bikaji Foods. Bikaji has 7 manufacturing facilities out of which 4 are operational at Bikaner, 1 in Guwahati, 1 in Muzaffarpur and 1 in Tumakuru.

Objects of the Issue

- To receive benefits of listing on the stock exchanges.
- To enhance the visibility and brand image as well as provide a public market for the Equity Shares.

Key Points

- Indian savory snacks market is valued at Rs.751 billion in 2022 and is expected to reach Rs 1227 billion by 2026 at CAGR 13%. Bikaji is 3rd largest ethnic snacks and 2nd fastest growing company in Indian organized snack market.
- Over the years Bikaji has established market leadership in the ethnic snacks segment in states of Rajasthan (45%), Assam (58%) and Bihar (29%) and expanded its footprint across India with operations in 23 states and 4 union territories. So far the company has exported in 21 international countries which include North America, Europe, Middle East, Africa and Asia representing 3.20% of sales in Q1FY23 & 3.98% in FY22 respectively.
- In 2019 Bikaji roped in Mr.Amitabh Bachchan as the brand ambassador who is popular internationally and has tremendous brand equity that adds value to the company. Advertisement cost stood at 1.82% of sales in FY22 at Rs.29.13crs.
- Bikaji has built up a sizable pan-India distribution network over the years. As of June 30, 2022 it has got 6 depots, 38 super stockiest, 416 direct & 1956 in direct distributor located in 23 states and 4 union territories. In August it has also started supplying products to Indian army canteen.
- Bikaji has recently introduced the brands Bikaji Café and Bikaji Funkeen under its western snack category. Additionally, it introduced mobile apps and launched www.bikaji.com, its own online retail platform, in February 2020. It also operates the Bikaji Food Junxon restaurant cum retail store in Mumbai.

Recommendation -

Bikaji has strong brand recall with good distribution network. The company is planning to enter new markets and territories. With its vast portfolio of products and strategic expansion of manufacturing capabilities across multiple locations we see significant increase in its operations over the next few years. The snack industry is expected to grow at a CAGR of 13% in next four years and going by the past performance of the company we expect Bikaji to outperform the industry growth rate and hence we recommend **SUBSCRIBE** to the issue with a long term View.

Particulars (₹ Crs.) (Consolidated Financials)	Q1FY23	Q1FY22	Var%	FY22	FY21	FY20
Revenue from Operations	419.16	334.05	25.48	1610.96	1310.75	1074.55
Operating Profit (excl OI)	35.47	28.99	22.36	140.11	145.11	94.98
Profit Before Tax (PBT)	21.80	18.36	18.74	105.01	120.11	63.64
Profit After Tax (PAT)	15.71	12.39	26.80	77.95	90.21	56.37
PATM (%)	3.74	3.71	3bps	4.72	6.89	5.25
Equity	24.95	24.31	2.63	24.95	24.31	24.31
EPS (Rs.) (FV Rs.1)	0.65	0.53	22.64	3.05	3.71	2.32

Strategic positioning for Bikaji Foods International Ltd.

Diversified Product Portfolio

- The company has well diversified product basket with more than 300+ products that ranges from wholesome bites to indulgent treats such as namkeen, sweets, Papad, western snacks and other cookies. The following table sets forth information of Bikaji's product mix in the fiscal years indicated:-

Category	FY20		FY21		FY22		Q1FY23		Q1FY22	
	Amount (₹ Crs)	% of Sales	Amount (₹ Crs)	% of Sales	Amount (₹ Crs)	% of Sales	Amount (₹ Crs)	% of Sales	Amount (₹ Crs)	% of Sales
Bhujia	348.00	32.46	464.11	35.51	560.14	34.96	145.85	34.98	136.66	41.15
Namkeen	401.69	37.47	480.57	36.77	570.48	35.60	163.35	39.18	124.44	37.47
Packaged sweets	129.78	12.10	160.58	12.29	203.47	12.70	31.539	7.57	23.68	7.13
Papad	82.236	7.67	91.412	6.99	107.33	6.70	29.056	6.97	22.435	6.76
Western snacks	56.128	5.23	65.769	5.03	91.989	5.74	36.035	8.64	15.09	4.54
Other snacks*	33.063	3.08	29.561	2.26	40.401	2.52	5.605	1.34	6.175	1.86
Others**	21.28	1.98	14.91	1.14	28.492	1.78	5.453	1.31	3.587	1.08
Total Sales	1072.18	100.00	1306.91	100.00	1602.29	100.00	416.89	100.00	332.07	100.00

*other snacks include gift packs (assortment) frozen food, mathri and cookies., ** others includes sales of Mumbai

Strong Presence in Family pack segment sales

- Bikaji has made a name for itself as the family's favoured brand of snacks for eating at home. The sales of their family pack items (i.e. 2020, 2021, 2022, Q1FY22, and Q1FY23), which include packs costing more than 10 rupees were 640.74 crore, 818.59 crore, 970.51 crore, 194.04 crore, and. 223.62crore, representing 59.76%, 62.64%, 60.57%, 58.43%, and 53.64% respectively of their food sales in such periods. **They are the market leaders in the family pack segment among their rivals accounting for 60.57% of sale of food products.**

Second largest manufacturer of handmade papad

- The organised companies make up 32.9% of the current Indian Papad Market worth of Rs. 78 billion. **Bikaji is the second largest manufacturer of handmade papad with an annual production capacity of 9000 tonnes in FY22** and still places a strong emphasis on making its papad from scratch while keeping part of the product's original authenticity. With a CAGR of 7%, the market as a whole is anticipated to reach 103 billion by 2026. The organised market for papads is worth 26 billion and expanding at a 10% CAGR.

Third largest manufacturer of packaged sweets

- With an annual capacity of 24,000 tonnes for packaged rasgulla, 23,040 tonnes, and 12,000 tonnes for Soan Papdi and Gulab Jamun, respectively, **Bikaji is the third-largest player in the organised sweets market.**

Enhancing brand equity by roping celebrity as brand ambassador

- Mr.Amitabh Bachchan, one of the most well-liked figures across all age groups, socioeconomic classes and genders, has served as the company's brand ambassador since 2019 and Bikaji's advertisement with the slogan "Amitji Loves Bikaji." has created major brand awareness among Indians . Bikaji reported ~ 1.82 % of advertisement expenses in FY22 which is by far the highest amongst its competitors in traditional snacks product category.

Strengthening presence in e-commerce, new generation and institutional channels

- The importance of consuming packaged snacks and sweets with focus on quality and hygiene assumed paramount significance during COVID-19 pandemic. Bikaji has strengthened their presence across e-commerce , new generation and institutional channel by upgrading their website www.bikaji.com. The company also created their own mobile application that is available on both Android and iOS platforms, collaborated with leading e-commerce players such as Amazon, Grofers, Swiggy, Milkbasket, Big Basket etc to sell their products, and actively made sales across other e-commerce platforms such as Udaan, Shop Kirana, Store King, Deal Share etc which are primarily B2B platforms to help the company increase their reach and penetration deeper in the market.

Strong financial metrics

- Bikaji showed steady sales growth and profitability, even during times when the COVID-19 epidemic was present. Between FY19 and FY22, the company recorded CAGR of 21.36% in net sales and CAGRs of 14.44% and 14.29% in EBITDA and profit after tax, respectively.
- They have been able to maintain stable EBITDA margins at ~9% by passing on the rise in raw ingredient costs to their customers, despite the price of palm oil significantly rising in FY22. The sale of its products increased at a CAGR of 22.25% from 1,072.18 crore in FY20 to 1,602.29 crore in FY22, and were 332.07 crore and 416.89 crore in Q1FY22, & Q1FY23, respectively.
- The company has been continuing to report healthy cash flow from operations, with strong liquidity and credit metrics supported by strengthening of their distribution network and launching new products.

The key performance indicators for the periods indicated:

Category	CAGR FY20-FY22	FY22	FY21	FY20
	%	Total Volume sold (Tonnes)		
Bhujia	15.88	31,947.71	29,694.41	23,793.22
Namkeen	9.39	32,886.04	30,551.48	27,480.96
Packaged sweets	18.73	15,736.81	13,193.00	11,164.30
Papad	6.57	5601.28	5148.73	4931.54
Western snacks	31.69	6277.31	4218.31	3619.91
Other snacks	0.60	1967.98	1551.35	1944.74

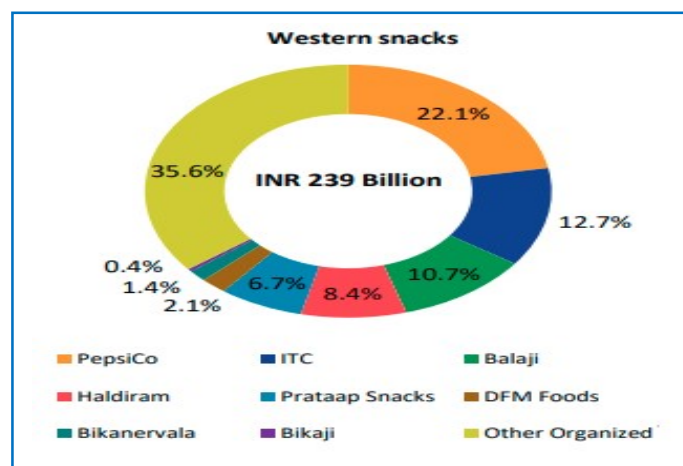
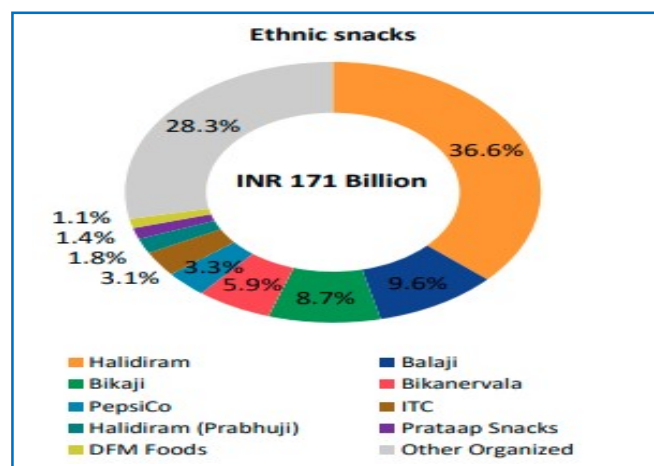
Source: Company's RHP, Ace Equity, AUM Research

Intellectual property rights

- In India, Bikaji has 261 trademark registrations as of June 30, FY22. These contain trademark registrations for a few of their most important brands, such as their emblem, "Bikaji." Further, it has also obtained registrations for 22 trademarks across several jurisdictions, including Australia, Germany, Japan, South Africa, Nepal, Canada, Malaysia, the United States, Singapore, United Kingdom, the United Arab Emirates, and China. These trademark registrations are for the "Bikaji" logo. Furthermore, Bikaji had submitted applications for 52 additional trademarks in India as of June 30, 2022. Also Bikaji has roughly 25 registered "artistic works" in India as of June 30, 2022.

Estimated Market share in Pan India

- Bikaji is top three Indian ethnic snack manufacturers in India. Bikaji foods have strong presence in North and Eastern Indian markets with a wide assortment of ethnic snacks and namkeens. Bikaji is the market leader in Bikaneri bhujia market. Balaji Wafers has also established itself in namkeen market and is competing for top position. Then there are other players such as Prataap snacks, DFM foods, Pepsi and ITC who have forayed into ethnic namkeen and snacks market.



DESCRIPTION (Consolidated Financials – Value in Rs. Crs)	Mar-22	Mar-21	Mar-20	Mar-19
P&L Performance				
Gross Sales	1610.96	1310.75	1074.55	901.36
Total Income	1621.45	1322.21	1082.90	910.65
Total Expenditure	1470.85	1165.64	979.57	807.87
PBIDT	150.60	156.57	103.33	102.78
PBIT	112.27	123.45	69.14	80.02
PBT	105.01	120.11	63.64	75.86
PAT	76.03	90.34	56.37	50.93
EPS	3.05	3.71	2.32	2.09
Book Value	32.78	24.91	21.76	19.32
Cash Profit	114.36	123.46	90.57	73.68
Sources of Funds				
Equity Paid Up	24.95	24.31	24.31	24.31
Reserves and Surplus	793.12	581.36	504.86	445.46
Net Worth	818.07	605.67	529.17	469.77
Total Debt (Long Term plus Short Term)	141.23	86.15	52.30	72.31
Capital Employed	961.98	691.82	581.47	542.08
Application of Funds				
Gross Block	688.22	563.61	511.55	470.17
Investments	126.35	72.51	41.71	5.82
Cash and Bank balance	90.19	87.41	88.28	96.20
Net Current Assets (Including Current Investments)	152.30	73.68	110.04	107.40
Total Current Liabilities	190.22	162.11	92.57	86.30
Total Assets	1227.45	883.92	743.41	649.85
Cash Flow				
Cash Flow from Operations	57.48	121.99	54.66	68.71
Cash Flow from Investing activities	-231.62	-118.87	-57.52	-91.51
Cash Flow from Finance activities	168.81	-9.06	-31.46	39.76
Free Cash flow	-44.74	40.01	17.37	-8.50
Key Ratios				
Debt to Equity(x)	0.17	0.14	0.10	0.15
Current Ratio(x)	1.80	1.45	2.19	2.24
ROCE(%)	13.58	19.39	12.31	14.76
RONW(%)	10.68	15.92	11.29	10.84
PBIDTM(%)	9.35	11.94	9.62	11.40
PATM(%)	4.72	6.89	5.25	5.65

Source: Company's RHP, Ace Equity, AUM Research

Aum Capital RESEARCH DESK

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