

IPO Note: Bikaji Foods International Ltd.

Industry: FMCG

Date: November 03, 2022

Issue Snapshot		Issue Break up*	
Company Name	Bikaji Foods International Ltd.	QIB ex Anchor	20% 5,824,797
Issue Opens	November 03, 2022 to November 07, 2022	Anchor Investor	30% 8,737,195
Price Band	Rs. 285 to Rs. 300	HNI<Rs. 10 Lakhs	5% 1,456,199
Bid Lot	50 Equity Shares and in multiples thereof.	HNI>Rs. 10 Lakhs	10% 2,912,398
The Offer	Public issue of 29,373,984 Equity shares of Face value Re. 1 each, (Comprising of Offer for Sale by Selling Shareholder).	RII	35% 10,193,394
Issue Size	Rs. 837.2 – 881.2 crore	Total Public	100% 29,123,984
IPO Process	100% Book Building	Employee Reservation	250,000
Face Value	Re. 1.00	Total	29,373,984
Exchanges	NSE & BSE	Equity Share Pre Issue (Nos. Cr.)	25.0
BRLM	Axis Capital Ltd, Intensive Fiscal Services Pvt Ltd, JM Financial Ltd, IIFL Securities Ltd and Kotak Mahindra Capital Ltd	Fresh Share (Nos. Cr.)	0.0
Registrar	Link Intime India Private Ltd	OFS Share (Nos. Cr.)	2.9
		Equity Share Post Issue (Nos. Cr.)	25.0
		Market Cap (Rs. Cr.)	7,485.3
		Equity Dilution	0.0%
		Stake Sale by OFS	11.8%

*All data's are based on higher price band

Objects of the Offer

Offer for Sale

The Company will not receive any proceeds of the Offer for Sale by the Selling Shareholder. (up to 2,500,000 equity shares by Shiv Ratan Agarwal, up to 2,500,000 equity shares by Deepak Agarwal, up to 12,110,967 equity shares by India 2020 Maharaja Limited, up to 50,000 equity shares by Intensive Softshare Private Limited, up to 3,110,056 equity shares by IIFL Special Opportunities Fund, up to 1,995,552 equity shares by IIFL Special Opportunities Fund- Series 2, up to 976,179 equity shares by IIFL Special Opportunities Fund- Series 3, up to 2,753,339 equity shares by IIFL Special Opportunities Fund- Series 4 and up to 2,162,226 equity shares by IIFL Special Opportunities Fund- Series 5, up to 1,215,665 equity shares by Avendus Future Leaders Fund I)

Company Highlights

- Bikaji Foods International Ltd (Bikaji) is the 3rd largest ethnic snacks company in India with an international footprint, selling Indian snacks and sweets, and is the 2nd fastest growing company in the Indian organised snacks market. In FY22, Bikaji was largest manufacturer of Bikaneri bhujia with annual production of 29,380 tonnes, and were the 2nd largest manufacturer of handmade papad with an annual production capacity of 9,000 tonnes in FY22. The company is also the 3rd largest player in the organised sweets market with annual capacity of 24,000 tonnes for packaged rasgulla, 23,040 tonnes for soan papdi and 12,000 tonnes for gulab jamun.
- Bikaji have over the years established market leadership in the ethnic snacks market in the core states of Rajasthan, Assam and Bihar with extensive reach, and have gradually expanded their footprint across India, with operations across 23 states and 4 union territories as of June 30, 2022. In Q1FY23, the company has exported their products to 21 international countries, including countries in North America, Europe, Middle East, Africa, and Asia Pacific, representing 3.20% of their sales of food products in such period.
- Company's product range includes 6 principal categories: bhujia, namkeen, packaged sweets, papad, western snacks as well as other snacks which primarily includes gift packs (assortment), frozen food, mathri range and cookies. In Q1FY23, the company has sold more than 300 products under the Bikaji brand.
- Over the years, Bikaji has developed a large pan-India distribution network. As of June 30, 2022, the company had 6 depots, 38 super-stockists, 416 direct and 1,956 indirect distributors that work with their super-stockists, located across 23 states and 4 union territories in India. In the core markets of Rajasthan, Assam and Bihar, the company has established deep penetration in FY22 and enjoys approximately 45%, 58% and 29% respectively, of the market share of total organized Indian ethnic snack category in such states.

- Bikaji has 7 operational manufacturing facilities that are operated by the company, with 4 facilities located in Bikaner (Rajasthan), 1 in Guwahati (Assam), 1 facility in Tumakuru (Tumkur) (Karnataka) held through the subsidiary Petunt Food Processors Pvt Ltd to cater to the southern markets in India and 1 facility in Muzaffarpur (Bihar) held through the other subsidiary Vindhyawasini Sales Pvt Ltd to cater to the core market of Bihar, respectively.
- In addition, the company has entered into a contract manufacturing agreement on a non-exclusive basis with a contract manufacturing unit in Kolkata (West Bengal), that helps the company primarily cater to certain parts of eastern India and 2 contract manufacturing agreements on an exclusive basis with one of the Group Company, Hanuman Agrofood for a contract manufacturing facility located at Bikaner and with another third-party contract manufacturer for a contract manufacturing facility located at Kanpur, Uttar Pradesh. In addition, the company has 1 small facility in Mumbai to manage their Mumbai restaurant sales. Bikaji intend to operationalise 2 additional manufacturing facilities, of which 1 facility in Rajasthan and will manufacture the frozen snacks and sweets products, and for the remaining manufacturing facility in Bihar, the company has entered into contract manufacturing agreement for the manufacture of namkeen and western snacks.
- Company's manufacturing facilities are generally equipped with modern and automated production processes, with specialized custom-made manufacturing equipment obtained from national and international suppliers. In particular, the production process for bhujia, namkeen snacks and packaged tin-based sweets are almost fully automated. The company has also started manufacturing of papad through automation. However, most of the papad products are handmade.

View

- Bikaji is among the top three Indian ethnic snack manufacturers in India. A significant part of the sale of food products is derived from sales of family packs (i.e., SKUs priced above Rs. 10). Amongst the competitors, the company is the market leader in family pack segment, with family pack segment constituting 60.57% of the sale of food products in FY22, as compared to the other SKUs of Rs. 5 and Rs. 10 packs.
- Indian savoury market is valued at Rs751bn in FY22 and is expected to grow at 13% CAGR (vs. 6% CAGR over FY15-22) over FY22-26 to Rs1227bn. The organized Indian savoury and snacks market is estimated to be Rs423bn in FY22 (~56.3% of overall market) and is expected to grow at 15% CAGR over FY22-26 (vs. 12% CAGR over FY15-22) to Rs739bn. Indian savoury market is segmented into western snacks and traditional snacks. The Indian savoury and snacks market has a large number of unorganized player across the product segments. Western snacks dominate the organized market with 57.2% of market share in the Indian savoury snack segment. Ethnic namkeen and snacks contribute to 26.9% of the organized savoury market followed by ethnic bhujia which is at 15.9% in overall savoury snacks market in 2022.
- The company has developed a strong product innovation pipeline with the aid of Innovation funnel to ensure new product development and launch. The company plans to introduce new products such as Roasted multigrain-mix, Jowar mix, Bajra Mix, Cheese Balls, Corn Puffs, Soya katori, fingers, Pasta and Snacks, French Fries, Twisteez, Cones in bridge and extruded under brand name of Bikaji Funkeen. Multigrain chips, popcorn, nachos, fillows, under Brand name of Bikaji Cafe and few region specific namkeens as part of the product diversification initiatives.
- The company aspires to set up state of the art product manufacturing facilities across various strategic locations in the country to ensure ease of product serviceability across different zones, retain freshness of the products achieved through reduction in lead times and efficiency of operations. This would ensure the company to deepen their pan-India presence. The key initiatives planned in this direction include setting up state of the art manufacturing plants in the states of Assam, Bihar, Rajasthan, and Uttar Pradesh thereby establishing manufacturing presence across more locations in India, and penetrating their stronger and focused markets through Contract Manufacturing Units (CMU) to ensure wider presence, diversified product manufacturing, freshness and quality of the products and utilization of capital more efficiently for growth initiatives.
- On financial front, Bikaji has established a track of consistent revenue growth and profitability, even during periods impacted by the COVID-19 pandemic. During FY20-22, Bikaji's Revenue, EBITDA and Net Profit grew at a CAGR of 22.4%, 21.5% and 16.1%, respectively. Average EBITDA margins is ~9.5%, while PAT margins is ~6%. The RoE/RoCE were 9.5%/15.3%. For Q1FY23, revenue stood at Rs. 419 cr and EBITDA margin was 7.3%.
- In terms of the valuations, on the higher price band, Bikaji demands a P/E multiple of 98.5x based on FY22 post issue fully diluted EPS.
- Consistent top-line growth, industry leading position, future expansion plans, new product launches, investments in strengthening the brand recall and good future prospects for the packaged food business, will drive the company's performance going forward.

Revenue from Operations

	CAGR (FY20-22)	No. of Products	FY20		FY21		FY22		Q1FY22		Q1FY23	
			Amount (Rs. Cr.)	% to Total	Amount (Rs. Cr.)	% to Total	Amount (Rs. Cr.)	% to Total	Amount (Rs. Cr.)	% to Total	Amount (Rs. Cr.)	% to Total
Bhujia	26.9%	14	348.0	32.5%	464.1	35.5%	560.1	35.0%	136.7	41.2%	145.9	35.0%
Namkeen	19.2%	66	401.7	37.5%	480.6	36.8%	570.5	35.6%	124.4	37.5%	163.4	39.2%
Packaged Sweets	25.2%	43	129.8	12.1%	160.6	12.3%	203.5	12.7%	23.7	7.1%	31.5	7.6%
Papad	14.2%	8	82.2	7.7%	91.4	7.0%	107.3	6.7%	22.4	6.8%	29.1	7.0%
Western snacks	28.0%	32	56.1	5.2%	65.8	5.0%	92.0	5.7%	15.1	4.5%	36.0	8.6%
Other snacks	10.5%	144	33.1	3.1%	29.6	2.3%	40.4	2.5%	6.2	1.9%	5.6	1.3%
Others	15.7%	-	21.3	2.0%	14.9	1.1%	28.5	1.8%	3.6	1.1%	5.5	1.3%
Total	22.3%	307	1072.2	100.0%	1306.9	100.0%	1602.3	100.0%	332.1	100.0%	416.9	100.0%

Key Performance Indicators

	FY20	FY21	FY22	Q1FY22	Q1FY23	CAGR
Bhujia	23,793.2	29,694.4	31,947.7	7,948.9	7,938.0	15.9%
Namkeen	27,481.0	30,551.5	32,886.0	7,429.0	9,103.4	9.4%
Packaged Sweets	11,164.3	13,193.0	15,736.8	2,007.7	2,543.6	18.7%
Papad	4,931.5	5,148.7	5,601.3	1,219.5	1,441.9	6.6%
Western snacks	3,619.9	4,218.3	6,277.3	858.2	1,809.4	31.7%
Other snacks	1,944.7	1,551.4	1,968.0	300.2	238.4	0.6%

Estimated Annual Installed Capacity (Annualised) in Metric Tonnes (MT)

	Bhujia	Namkeen	Machine Made Papad	Western Snacks	Packaged Sweets	Other Snacks
Karni, Bikaner	57,600	50,520	2,400	4,800	24,000	NA
Bichhwal, Bikaner - I	NA	NA	NA	NA	36,480	NA
Bichhwal, Bikaner - II	NA	24,000	NA	6,000	NA	NA
Bichhwal, Bikaner - III	NA	NA	NA	NA	NA	NA
Tumakuru (Tumkur), Karnataka	NA	6,000	NA	6,000	NA	NA
Guwahati, Assam	NA	12,000	NA	6,000	NA	NA
Muzaffarpur, Bihar	NA	3,000	NA	1,800	NA	NA
Bikaner	NA	3,600	NA	4,500	NA	NA
Kanpur, Uttar Pradesh	NA	6,000	NA	4,800	NA	NA
Total	57,600	105,120	2,400	33,900	60,480	NA

Installed Capacity and Capacity Utilisation

	FY21			FY22			Q1FY23		
	Installed Capacity (MP)	Production Volume (MP)	Capacity utilization (%)	Installed Capacity (MP)	Production Volume (MP)	Capacity utilization (%)	Installed Capacity (MP)	Production Volume (MP)	Capacity utilization (%)
Bhujia	14,400	8,271	57.44	57,600	32,055	55.65	45,600	23,801	52.2
Namkeen	18,630	7,686	41.26	77,446	33,145	42.8	67,938	27,504	40.48
Machine made Papad	600	104	17.36	2,400	405	16.88	1,200	318	26.47
Western Snacks	2,700	741	27.44	12,263	3,332	27.17	10,800	2,903	26.88
Packaged Sweets	13,200	2,146	16.26	56,735	15,837	27.91	38,173	11,061	28.98

Revenue from Operations

	CAGR (FY20-22)	FY20		FY21		FY22		Q1FY22		Q1FY23	
		Amount (Rs. Cr.)	% to Total	Amount (Rs. Cr.)	% to Total	Amount (Rs. Cr.)	% to Total	Amount (Rs. Cr.)	% to Total	Amount (Rs. Cr.)	% to Total
Region wise											
India											
East	21.8%	331.0	30.9%	412.0	31.5%	490.8	30.6%	113.3	34.1%	151.9	36.4%
North	23.2%	596.9	55.7%	714.7	54.7%	905.8	56.5%	184.8	55.6%	223.5	53.6%
South	59.7%	10.6	1.0%	20.3	1.6%	27.0	1.7%	1.9	0.6%	6.8	1.6%
West	14.5%	87.7	8.2%	93.6	7.2%	115.0	7.2%	15.5	4.7%	21.4	5.1%
Total	22.5%	1026.2	95.7%	1240.5	94.9%	1538.5	96.0%	315.5	95.0%	403.5	96.8%
Outside India											
North America	13.6%	20.3	44.2%	27.9	41.9%	26.3	41.2%	7.7	46.4%	6.4	47.6%
Asia Pacific	14.2%	19.7	42.7%	26.6	40.0%	25.6	40.2%	6.6	39.8%	4.2	31.3%
Middle East	46.1%	3.8	8.2%	8.9	13.4%	8.1	12.6%	1.4	8.4%	1.6	11.7%
Europe	74.3%	0.9	2.0%	1.4	2.1%	2.9	4.5%	0.7	4.5%	0.4	3.3%
Africa	-15.7%	0.8	1.8%	0.9	1.3%	0.6	0.9%	-	-	0.4	3.0%
United Kingdom	-14.1%	0.5	1.1%	0.8	1.3%	0.4	0.6%	0.2	0.9%	0.4	3.1%
Total	17.7%	46.0	100.0%	66.5	100.0%	63.8	100.0%	16.6	100.0%	13.4	100.0%
Channel-wise											
General Trade	21.8%	915.6	85.4%	1128.8	86.4%	1358.2	84.8%	295.4	89.0%	356.3	85.5%
Modern Trade	24.0%	71.6	6.7%	77.6	5.9%	110.1	6.9%	12.0	3.6%	23.8	5.7%
Exports	17.7%	46.0	4.3%	66.5	5.1%	63.8	4.0%	16.6	5.0%	13.4	3.2%
E-commerce Platform	150.4%	3.0	0.3%	10.2	0.8%	18.7	1.2%	3.5	1.0%	3.4	0.8%
Others	19.9%	35.9	3.4%	23.8	1.8%	51.6	3.2%	4.6	1.4%	20.1	4.8%
Total	22.3%	1072.2	100.0%	1306.9	100.0%	1602.3	100.0%	332.1	100.0%	416.9	100.0%
Price Range											
Impulse purchase packs	21.3%	410.2	38.3%	473.4	36.2%	603.4	37.7%	134.5	40.5%	187.8	45.1%
Family packs	23.1%	640.7	59.8%	818.6	62.6%	970.5	60.6%	194.0	58.4%	223.6	53.6%
Others	15.5%	21.3	2.0%	14.9	1.1%	28.4	1.8%	3.6	1.1%	5.5	1.3%

Financial Statement

(In Rs. Cr)	FY20	FY21	FY22	Q1FY22	Q1FY23
Share Capital	24.3	24.3	25.0	24.3	25.0
Net Worth	529.2	607.5	820.7	621.4	835.7
Long Term Borrowings	16.9	14.2	41.1	14.9	52.2
Other Long Term Liabilities	38.0	33.3	50.2	49.7	51.1
Short-term borrowings	35.4	71.9	100.2	86.2	104.2
Other Current Liabilities	57.2	90.2	90.1	99.7	103.1
Fixed Assets	409.7	458.7	560.2	481.9	581.3
Non Current Assets	464.4	122.7	199.4	138.7	197.3
Current Assets	202.6	235.8	342.5	251.3	367.7
Total Assets	676.6	817.1	1102.1	872.0	1146.3
Revenue from Operations	1074.6	1310.7	1611.0	334.1	419.2
Revenue Growth (%)		22.0	22.9		25.5
EBITDA	94.6	144.8	139.5	26.0	30.8
EBITDA Margin (%)	8.8	11.0	8.7	7.8	7.3
Net Profit	56.4	90.3	76.0	12.4	15.7
Net Profit Margin (%)	5.2	6.9	4.7	3.7	3.7
Earnings Per Share (Rs.)	2.3	3.7	3.2	0.5	0.7
Return on Networth (%)	10.7	14.9	9.5	2.1	1.9
Net Asset Value per Share (Rs.)	21.8	24.9	32.8	25.4	33.5

Source: RHP, Ashika Research

Cash Flow Statement

(In Rs. Cr)	FY20	FY21	FY22	Q1FY22	Q1FY23
Cash flow from Operations Activities	60.7	117.2	57.5	25.9	37.5
Cash flow from Investing Activities	(63.5)	(114.1)	(231.6)	(33.7)	(29.1)
Cash flow from Financing Activities	(31.5)	(9.1)	168.8	7.0	(1.7)
Net increase/(decrease) in cash and cash equivalents	(34.3)	(5.9)	(5.3)	(0.8)	6.7
Cash and cash equivalents at the beginning of the year	17.2	(17.1)	(22.9)	(22.9)	(28.3)
Cash and cash equivalents at the end of the year	(17.1)	(22.9)	(28.3)	(23.7)	(21.5)

Source: RHP

Comparison with listed industry peers

Co Name	Net Sales (Rs. Cr.)	OPM (%)	D/E (x)	ROCE (%)	RONW (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	MCap/Sales (x)	Market Cap (Rs. Cr.)
Bikaji Foods International Ltd.	1611.0	8.7	0.2	15.3	9.5	93.8	9.1	54.8	17.9	7485.3
Nestle India Ltd.	14709.4	24.5	0.0	147.9	104.5	91.7	66.3	53.2	12.2	198529.1
Britannia Industries Ltd.	14136.3	16.4	1.0	41.6	49.9	61.9	31.5	39.5	6.4	91184.3
Prataap Snacks Ltd.	1396.6	5.0	0.0	0.7	0.5	0.0	3.5	35.8	1.4	2131.9
DFM Foods Ltd.	554.5	-1.7	0.6	-9.5	-15.5	0.0	14.5	-70.5	3.2	1891.9

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