

# Bikaji Foods International

FMCG | India

IPO | 02 November 2022

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## Leading Snacks Player with PAN India Presence

### About the Company

Bikaji Foods International (Bikaji) is one of India's largest snacks brands with business across six major categories: Bhujia, Namkeen, Packaged sweets, Papad, Western snacks and Other snacks (primarily include gift packs, frozen food and cookies). Bikaji has arrangements with various modern retail channels including supermarkets, hypermarkets and retail store chains either directly or through super stockists. The company is coming out with an IPO of Rs8.8bn comprising fully OFS of ~29.4mn shares.

### Massive Production Capacity

During 1HFY23, the company sold more than 300 products under the Bikaji brand. During FY22, Bikaji was the largest manufacturer of Bikaneri bhujia with an annual production of 29,380 Tonnes. The company was also the second largest manufacturer of handmade papad with an annual production capacity of 9,000 Tonnes in FY22. Moreover, the company is also the third 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. It is among the fastest-growing companies in the Indian organised snacks market.

### Pan-India Network

The company has established market leadership in the core states of Rajasthan, Assam and Bihar with an extensive reach. It has gradually expanded its footprint across India with operations across 23 states and three union territories as of Jun'22. Moreover, the company had 6 depots, 38 super-stockists, 416 direct and 1,956 indirect distributors as of Jun'22. Bikaji has various manufacturing facilities, four of which are located in Bikaner, one in Guwahati and one facility in Tumakuru, held through the subsidiary Petunt Food Processors Pvt. Ltd. to cater to the southern markets in India. It also has a facility in Muzaffarpur held through the other subsidiary Vindhyaasini Sales Pvt. Ltd. to cater to the core market of Bihar.

### International Footprint

Bikaji has a major reach in the international markets and sells its Indian snacks and sweets. The company has exported the products to 21 international countries, including North America, Europe, the Middle East, Africa and Asia Pacific representing 3.2% of the sales

### Financials

During FY20-22, its revenue and PAT clocked CAGR of 22% and 16% respectively, while EBITDA margin declined marginally from 8.8% in FY20 to 8.7% in FY22. The company reported revenue of Rs16.1bn in FY22, up 23% YoY, while EBITDA decreased to Rs1.4bn in FY22 from Rs1.45bn in FY21. PAT for FY22 declined to Rs760mn, as against Rs903mn in FY21 due to lower operating margin. ROE has declined to 9.3% in FY22 against 14.9% in FY21 and 10.7% in FY20. The company's average debt-to-equity ratio stood at ~0.15x.

### Our View

Based on FY22 earnings, the company is valued at 98x P/E, 54.1x EV/EBITDA and 4.7x EV/Sales. The company is well-established and has strong pan-India recognition. It caters to international markets as well and has a diversified product portfolio focused on various consumer segments.

**In the view of large-scale sophisticated manufacturing with stringent quality standards, extensive pan-India and global distribution network, arrangements with reputed retail chains and growing eCommerce and exports channel, we recommend "SUBSCRIBE" to the issue.**

### IPO Details

Price Band (Rs)	Rs285-300
Face Value (Rs)	1
Issue Open/Closing Date	3-Nov-22/7-Nov-22
Fresh Issues (mn)	-
OFS (mn)	29.4
Total Issue (mn)	29.4
Minimum Bid Qty. (Nos)	50
<b>Issue Size (Rs bn)*</b>	<b>8.81</b>
QIB / HNI / Retail	50%/15%/35%
<b>Implied Market Cap (Rs bn)*</b>	<b>74.9</b>

\*At a higher band

### Object of the Issue

- ▶ OFS

### Key Risk

- ▶ Significantly dependent on the sale of bhujia products.
- ▶ Dependent on the sale of family pack.
- ▶ Certain instances of non-compliances with respect to certain regulatory filings.
- ▶ Slowdown or interruption to manufacturing operations.

Shareholding (%)	Pre-Issue	Post-Issue
Promoters	78.0	76.0
Others	22.0	24.0

### Key Financials

(Rs mn)	FY20	FY21	FY22
Revenue	10,746	13,107	16,110
EBITDA	946	1,448	1,395
EBITDA Margin (%)	8.8	11.0	8.7
PAT	564	903	760
PAT Margin (%)	5.2	6.9	4.7
EPS (Rs)	2.3	3.6	3.0
P/E (x)	133	83	98
EV/EBITDA (x)	78.8	51.7	54.1
EV/Sales (x)	6.9	5.7	4.7
Net Worth	5,292	6,075	8,207
RoE (%)	10.7	14.9	9.3
Gross Debt	540	874	1,597
Net Block	3,904	4,071	4,789
Net Asset Turnover (x)	2.8	3.2	3.4

Source: RHP

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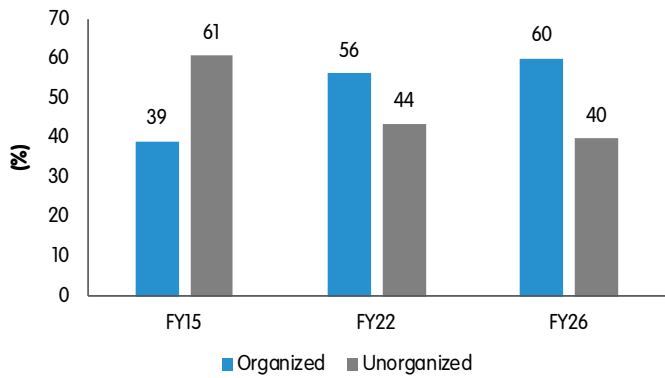
**Research Associate:**

**Anirvan Divakera**

Contact : (022) 41681371

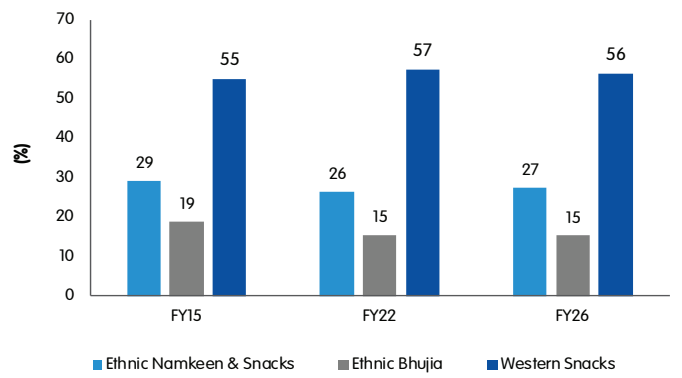
Email : anirvan.divakera@relianceada.com

Exhibit 1: Indian Savory Snacks Segment



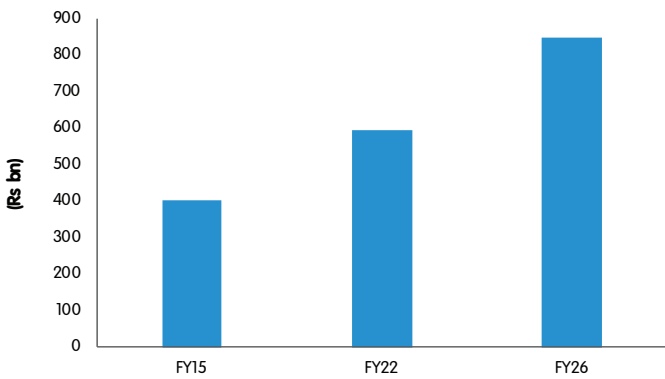
Source: F&S Report

Exhibit 2: Organized Indian Savory Snacks Segment



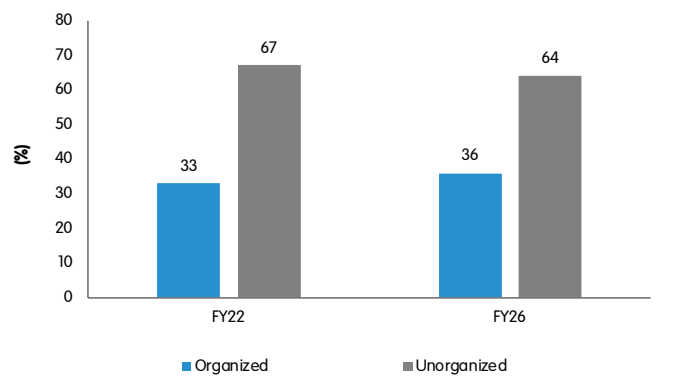
Source: F&S Report

Exhibit 3: Organized Sweet Savory Snacks Segments



Source: F&S Report

Exhibit 4: Indian Papad Segment



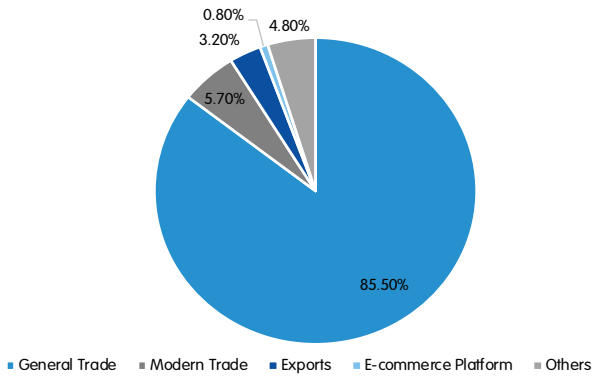
Source: F&S Report

Exhibit 5: Diversified Product Portfolio

Category	No. of products	FY22 Revenue Contribution <sup>A</sup>	Category Revenue (INR mn)						
Bhujia	14	35.0%	<table border="1"> <tr> <td>3,480</td> <td>CAGR: 26.9%</td> <td>5,601</td> </tr> <tr> <td>FY20</td> <td></td> <td>FY22</td> </tr> </table>	3,480	CAGR: 26.9%	5,601	FY20		FY22
3,480	CAGR: 26.9%	5,601							
FY20		FY22							
Namkeen	66	35.6%	<table border="1"> <tr> <td>4,017</td> <td>CAGR: 19.2%</td> <td>5,705</td> </tr> <tr> <td>FY20</td> <td></td> <td>FY22</td> </tr> </table>	4,017	CAGR: 19.2%	5,705	FY20		FY22
4,017	CAGR: 19.2%	5,705							
FY20		FY22							
Packaged Sweets	43	12.7%	<table border="1"> <tr> <td>1,298</td> <td>CAGR: 25.2%</td> <td>2,035</td> </tr> <tr> <td>FY20</td> <td></td> <td>FY22</td> </tr> </table>	1,298	CAGR: 25.2%	2,035	FY20		FY22
1,298	CAGR: 25.2%	2,035							
FY20		FY22							
Papad	8	6.7%	<table border="1"> <tr> <td>822</td> <td>CAGR: 14.2%</td> <td>1,073</td> </tr> <tr> <td>FY20</td> <td></td> <td>FY22</td> </tr> </table>	822	CAGR: 14.2%	1,073	FY20		FY22
822	CAGR: 14.2%	1,073							
FY20		FY22							
Western Snacks	32	5.7%	<table border="1"> <tr> <td>561</td> <td>CAGR: 28.0%</td> <td>920</td> </tr> <tr> <td>FY20</td> <td></td> <td>FY22</td> </tr> </table>	561	CAGR: 28.0%	920	FY20		FY22
561	CAGR: 28.0%	920							
FY20		FY22							
Other Snacks	144	2.5%	<table border="1"> <tr> <td>331</td> <td>CAGR: 10.5%</td> <td>404</td> </tr> <tr> <td>FY20</td> <td></td> <td>FY22</td> </tr> </table>	331	CAGR: 10.5%	404	FY20		FY22
331	CAGR: 10.5%	404							
FY20		FY22							

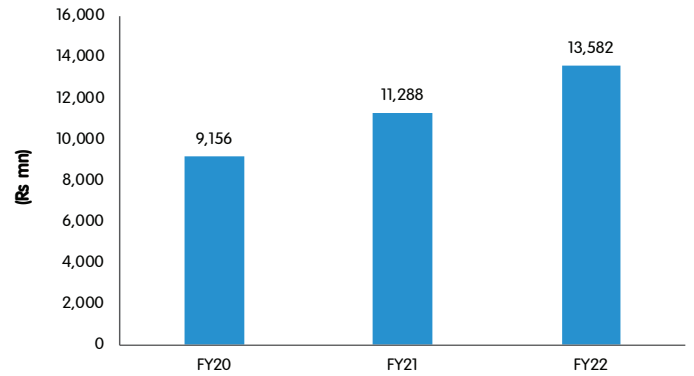
Source: RHP

Exhibit 6: Revenue Mix by Channel



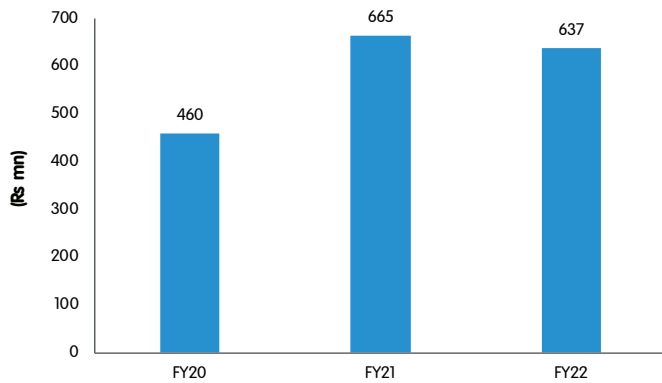
Source: RHP

Exhibit 7: Revenue By General Trade



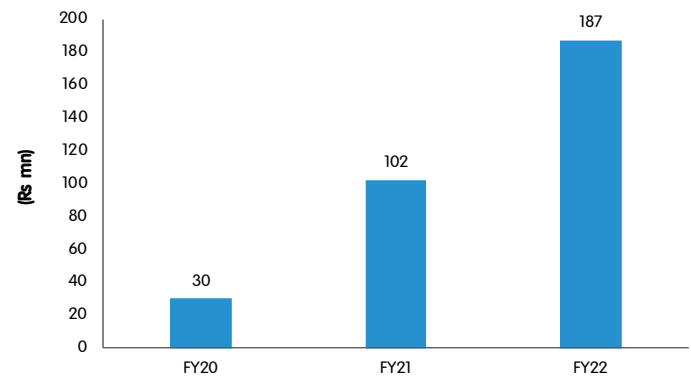
Source: RHP

Exhibit 8: Export Revenue



Source: RHP

Exhibit 9: Revenue From E-commerce Platform



Source: RHP

Exhibit 10: Distribution Network

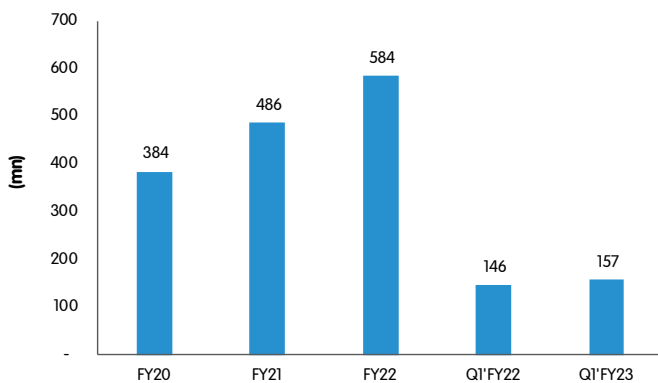
Region	Depots	Super Stockiest	Direct Distributors	Indirect Distributors
East(2)	2	8	92	1,148
North(3)	2	24	254	699
South(4)	1	0	55	0
West(5)	1	6	15	109

Source: RHP

## Bhujia

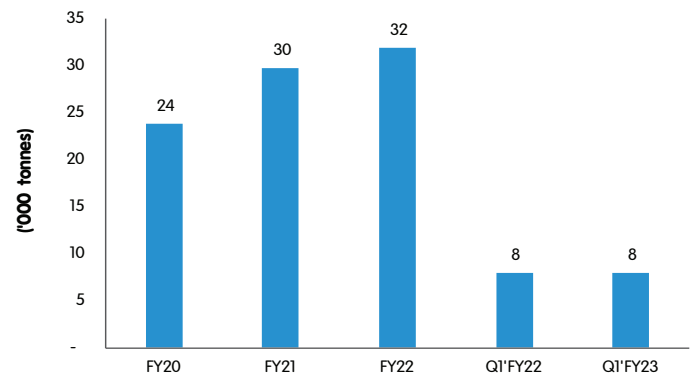
### Largest producer of Bikaneri Bhujia

Exhibit 11: Bhujia Packets Sold



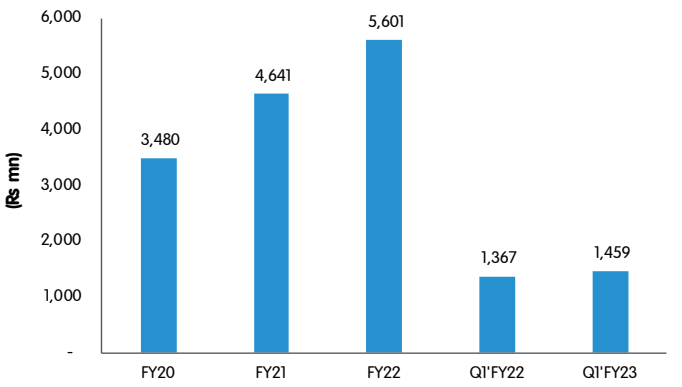
Source: RHP

Exhibit 12: Bhujia Volume



Source: RHP

Exhibit 13: Bhuja Revenue

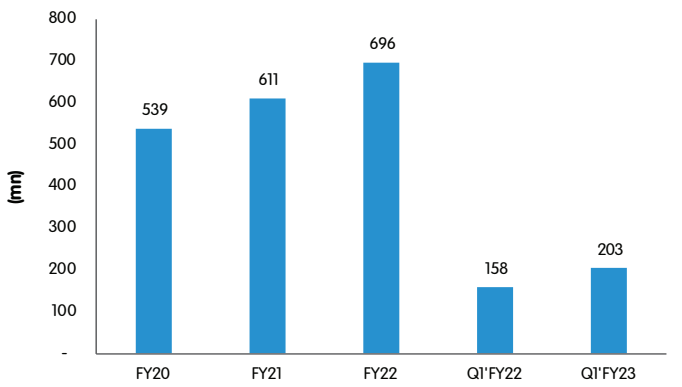


Source: RHP

## Namkeen

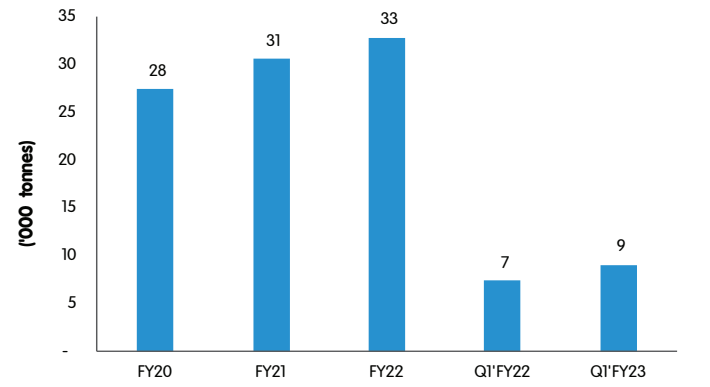
Wide & diversified product portfolio

Exhibit 14: Namkeen Packets Sold



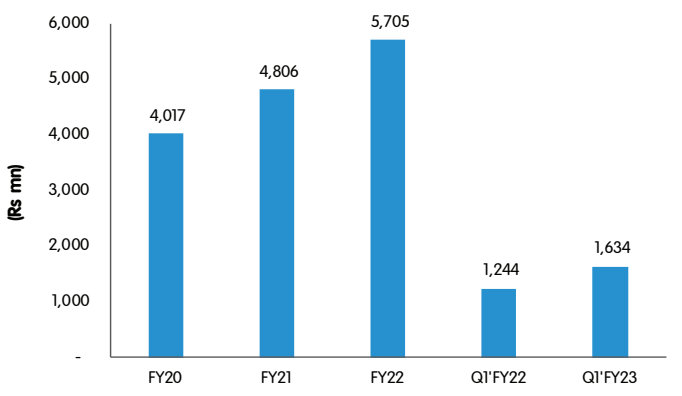
Source: RHP

Exhibit 15: Namkeen Volume



Source: RHP

Exhibit 16: Namkeen Revenue

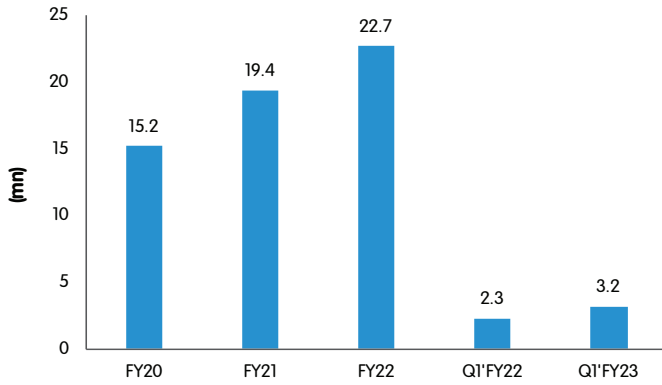


Source: RHP

## Packaged sweets

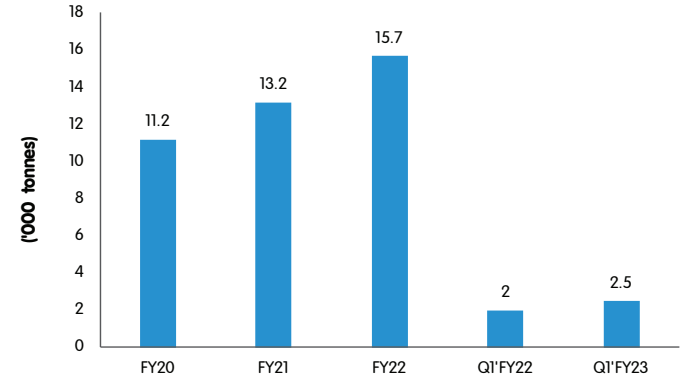
One of largest manufacturers, in particular, of Rasgulla, Gulab Jamun & Soan Papdi in India

Exhibit 17: Packaged Sweets Sold



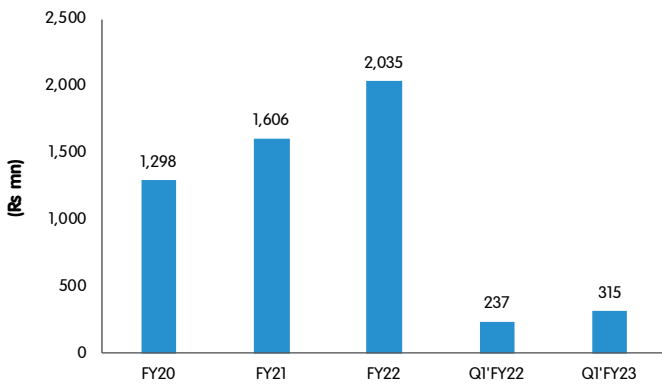
Source: RHP

Exhibit 18: Packaged Sweets Volume



Source: RHP

Exhibit 19: Revenue Packaged Sweets

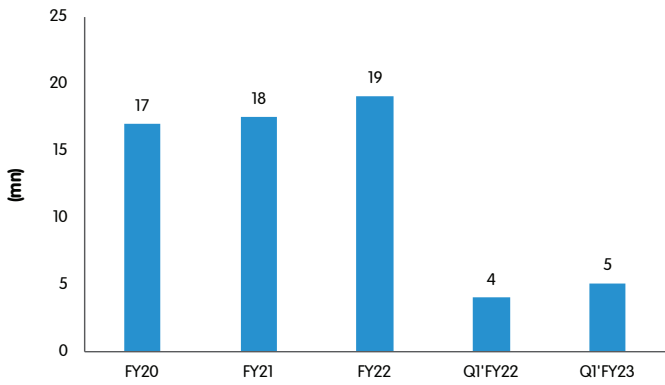


Source: RHP

## Papad

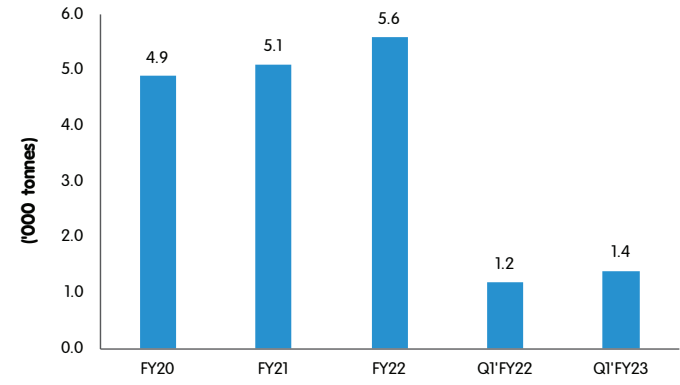
2nd largest manufacturer of hand made Papad

Exhibit 20: Papad Packets Sold



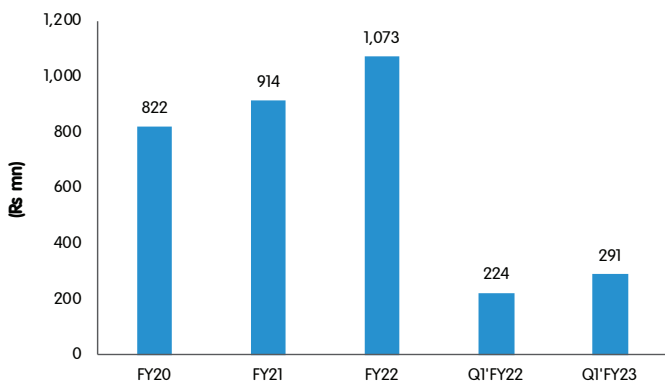
Source: RHP

Exhibit 21: Papad Volume



Source: RHP

Exhibit 22: Papad Revenue

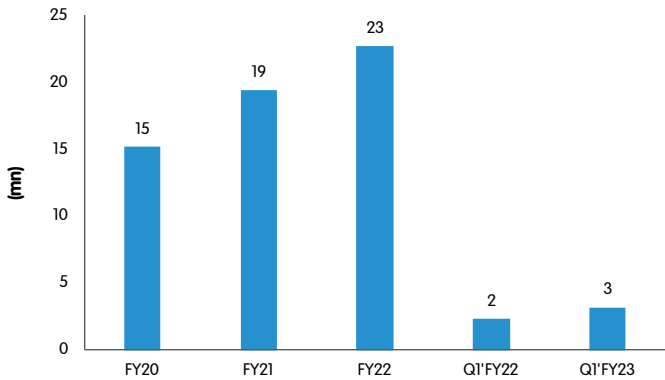


Source: RHP

## Western Snacks

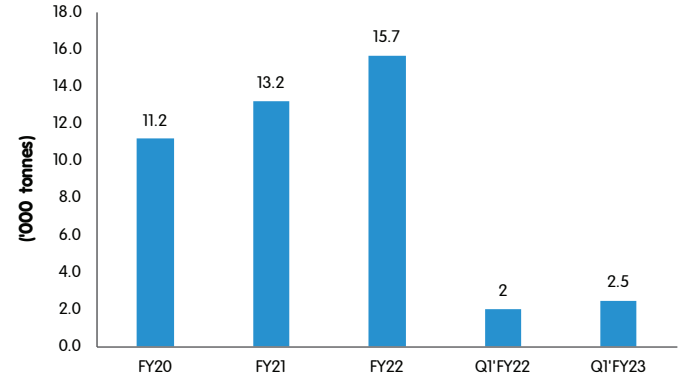
Catering to changing tastes of Indians

Exhibit 23: Western Snacks Packets Sold



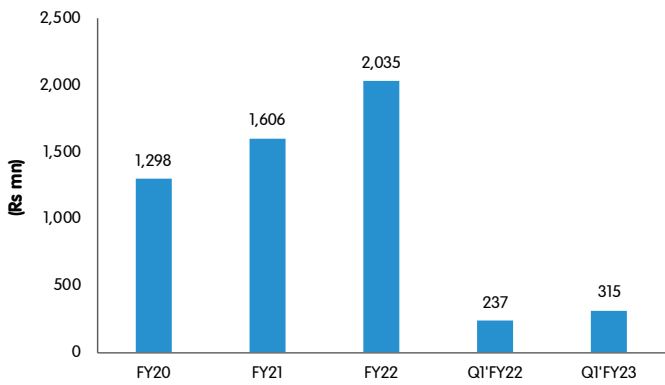
Source: RHP

Exhibit 24: Western Snacks Volume



Source: RHP

Exhibit 25: Revenue of Western Snacks

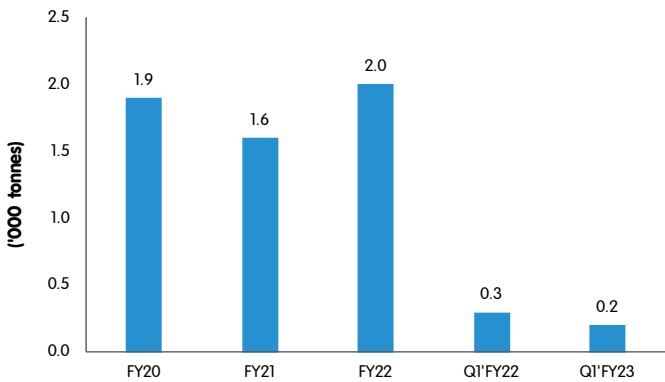


Source: RHP

## Other Snacks

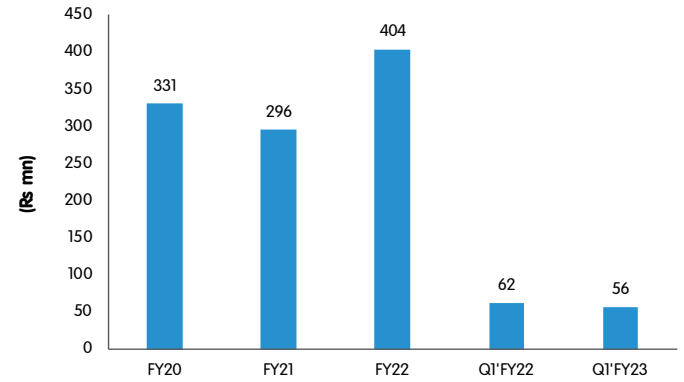
Includes gift packs (assortment), frozen food, mathri range and cookies

Exhibit 26: Volume of Other Snacks



Source: RHP

Exhibit 27: Revenue of Other Snacks



Source: RHP

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