

## Rating

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## Issue Offer

Issue Opens on	Nov 03, 2022
Issue Close on	Nov 07, 2022
Total IPO size (cr)	881.22
Fresh issue (cr)	Nil
Offer For Sale (cr)	881.22
Price Band (INR)	285-300
Market Lot	50
Face Value (INR)	1
Retail Allocation	35%
Listing On	NSE, BSE

## Objects of the issue

- Offer for sale.

## Issue Break-up (%)

QIB Portion	50
NIB Portion	15
Retail Portion	35

## Shareholding (No. of Shares)

Pre Issue	249,509,880
Post Issue	249,509,880

## Indicative Timetable

Finalisation of Basis of Allotment	11-11-2022
Refunds/Unblocking ASBA Fund	14-11-2022
Credit of equity shares to DP A/c	15-11-2022
Trading commences	16-11-2022

Incorporated in 1995, one of India's largest fast-moving consumer goods ("FMCG") brands. It is third largest ethnic snacks company in India with an international footprint, selling Indian snacks and sweets, and the second fastest growing company in the Indian organised snacks market. Company's product range includes six principal categories: bhujia, namkeen, packaged sweets, papad, western snacks as well as other snacks which primarily include gift packs (assortment), frozen food, mathri range and cookies.

- largest manufacturer of Bikaneri bhujia with annual production of 29,380 tonnes, and second largest manufacturer of handmade papad with an annual production capacity of 9,000 tonnes in Fiscal 2022. It 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.
- The company has over the years 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 June 30, 2022..
- In the six months ended June 30, 2022, The company has exported the products to 21 international countries, including North America, Europe, the Middle East, Africa, and Asia Pacific.
- Bikaji Foods International Limited has six operational manufacturing facilities, four facilities located in Bikaner (Rajasthan), one in Guwahati (Assam), one facility in Tumakuru (Tumkur) (Karnataka).
- Over the years, It has developed a large pan-India distribution network. As of June 30, 2022, company had six depots, 38 superstockists, 416 direct and 1,956 indirect distributors that work with superstockists, located across 23 states and four union territories in India.

**Outlook & Valuation:** Due to shifting lifestyles, rising incomes, and urbanisation, India's packaged food industry has experienced tremendous growth over the past five years. Currently, pan-Indian demand for regional snacks is booming. Bikaji is a popular brand in this segment and is among the top three Indian ethnic snack manufacturers in India with a pan-India presence. The company has a strong management team and a significant percentage of promoter holdings. It generated strong revenue growth in the last 3 years where revenue improved from Rs. 1082.9 crore in FY2020 to Rs. 1621.45 crore in FY2022. However, the company's margins are on the declining side and a P/E valuation of 95.2 looks expensive. Finally, this issue is a complete offer for sale, and thus we recommend a **Subscribe rating, but only for high-risk investors.**

## KEY MANAGERIAL PERSONNEL

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- Shiv Ratan Agarwal is the Chairman and Whole-time Director of the Company. He has been a director in the Company since its incorporation. He has not completed his formal education. He has over 30 years of experience in the food industry, including ethnic snacks and sweets.
- Deepak Agarwal is the Managing Director of the Company. He has been a director in the Company since January 25, 2002. He has approximately 20 years of experience in the food industry, including ethnic snacks and sweets.
- Shweta Agarwal is the Whole-time Director of the Company. She has been a director in the Company since November 20, 2006. She has approximately 16 years of experience in the food industry.
- Rishabh Jain is the Chief Financial Officer of the Company. He has been associated with the Company since February 1, 2015. He has over 14 years of experience in the field of finance.
- Divya Navani is the Company Secretary and Compliance Officer of the Company. She has been associated with the Company since September 1, 2011. She has approximately 12 years of experience in secretarial work.
- Shambhu Dayal Gupta is the President – Finance and Corporate Affairs of The Company. He has been associated with the Company since April 1992.

## COMPETITIVE STRENGTHS

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- Well-established brand with pan-India recognition.
- Diversified product portfolio focused on various consumer segments and markets.
- Strategically located, large scale sophisticated manufacturing facilities with stringent quality standards.
- Extensive pan-India and global distribution network, arrangements with reputed retail chains and growing ecommerce and exports channel
- Consistent financial performance.
- Experienced Promoters and management team.

## KEY STRATEGIES

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- Implement distinctive growth strategies for the core markets, focus markets and other markets.
- Establish strategically located new manufacturing facilities to pursue growth in the focus and other markets.
- Continue to use advanced technology to further optimise the operations.
- Further strengthen the brand.

## KEY CONCERNS

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- Company will not receive any proceeds from the Offer.
- Investment in unsecured debt instruments.
- Major dependence on the sale of its bhujia and family pack stock keeping units for its revenues..
- Inadequate or interrupted supply and price fluctuation of our raw materials and packaging materials could adversely affect the business.
- An inability to maintain or enhance the popularity of its “Bikaji” brand.

**COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31<sup>ST</sup> MARCH 2022)**

Name of the Company	EPS (Basic)	NAV	P/E	Total Income (Mn)	RoNW (%)
Bikaji Foods International Limited	3.15	32.83	-	16,109.61	9.51
<b>Peer Group</b>					
Prataap Snacks Limited	1.24	266.17	748.91	13,966.19	0.47
DFM Foods Limited	(4.93)	30.38	(77.84)	5,544.50	(16.21)
Nestle India Limited	222.46	216.20	86.85	147,094.10	102.90
Britannia Industries Limited	63.31	105.37	59.75	141,362.60	60.08

**FINANCIALS (RESTATED CONSOLIDATED)**

Particulars (Rs. In Millions)	FY 2022	FY 2021	FY 2020
Equity Share Capital	249.51	243.13	243.13
Other Equity	7,958.01	5,813.55	5,048.56
<b>Net Worth</b>	<b>8,207.52</b>	<b>6,056.68</b>	<b>5,291.69</b>
Total Borrowings	1,001.72	719.47	353.98
<b>Revenue from Operations</b>	<b>16,109.61</b>	<b>13,107.49</b>	<b>10,745.51</b>
EBITDA	1,395.44	1,447.65	946.00
Profit Before Tax	1,050.12	1,201.13	636.41
<b>Net Profit for the year</b>	<b>760.27</b>	<b>903.36</b>	<b>563.71</b>

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