

Bikaji Foods International Limited

Incorporated in 1995, Bikaji Foods International Limited (Bikaji Foods) is among the India's leading fast-moving consumer goods ("FMCG") brands. The company was the largest manufacturer of Bikaneri bhujia, and were the second largest manufacturer of handmade papad in Fiscal 2022. Its 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. As of June, 2022, company has footprint across India including 23 states and four union territories.

Positives: (a) Well-established brand with pan-India recognition. (b) Strategically located, large-scale sophisticated manufacturing facilities with stringent quality standards. (c) Extensive pan-India and global distribution network, arrangements with reputed retail chains and growing eCommerce and exports channel.

Investment concerns: (a) Inability to anticipate and adapt to evolving consumer tastes, preferences. (b) Ensure product quality or reduction in the demand of bhujia products. (c) An inability to maintain or enhance the popularity of "Bikaji" brand.

Outlook & Valuation: In terms of valuations, the post-issue P/E works out to 98.5x FY22 EPS (at the upper end of the issue price band) which is in line with its peers like Prataap Snacks Ltd, Nestle India Limited and Britannia Industries Limited. Further, Bikaji has better revenue/PAT growth (CAGR of 22%/16% respectively) over 2 years, Also company has a very strong brand recall with the name "Bikaji" and pan india presence. Considering all the positive factors, we believe this valuation is at reasonable levels. Thus, we recommend a **SUBSCRIBE** rating on the issue.

Key Financials

Y/E March (₹ cr)	FY2020	FY2021	FY2022
Net Sales	1,074.6	1,310.7	1,611.0
% chg	-	22.0	22.9
Net Profit	56.4	90.3	76.0
% chg	-	60.3	-15.8
EBITDA (%)	8.8	11.0	8.7
EPS (Rs)	2.3	3.6	3.0
P/E (x)	132.8	82.9	98.5
P/BV (x)	14.1	12.3	9.1
ROE (%)	10.7	14.9	9.3
ROCE (%)	10.4	16.1	10.3
EV/EBITDA	78.4	51.2	53.2
EV/Sales	6.9	5.7	4.6

Source: Company RHP, Angel Research

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Issue Open: November 03, 2022
Issue Close: November 07, 2022

Issue Details

Face Value: ₹1

Present Eq. Paid up Capital: ₹ 24.95cr

Offer for Sale: ₹ 881 cr

Fresh issue: ₹ 0cr

Post Eq. Paid up Capital: ₹ 24.95cr

Issue size (amount): ₹ 881 cr

Price Band: ₹ 285 - ₹300

Lot Size: 50shares and in multiple thereafter

Post-issue mkt. cap: * ₹7,111cr - ** ₹7,485cr

Promoters holding Pre-Issue: 77.97%

Promoters holding Post-Issue: 75.97%

*Calculated on lower price band

** Calculated on upper price band

Book Building

QIBs	50% of issue
Non-Institutional	15% of issue
Retail	35% of issue

Post Issue Shareholding Pattern

Promoters	76.0%
Public	24.0%

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Company background

The Company was originally incorporated as “Shivdeep Industries Limited October 6, 1995. Later, it was changed from “Shivdeep Industries Limited” to “Bikaji Foods International Limited”, to reflect the name of the brand in the name of the Company. Company over the years have established market leadership in the ethnic snacks market in states of Rajasthan, Assam and Bihar with extensive reach, and have gradually expanded its footprint across India, with operations across 23 states and four union territories as of June 30, 2022. It has exported its’ products to 21 international countries, including countries in North America, Europe, Middle East, Africa, and Asia Pacific, representing 3.20% of sales of food products in such period.

As on June 30, 2022, company has sold more than 300 products under the Bikaji brand including its principal products like bhujia, namkeen, packaged sweets, papad, western snacks as well as other snacks which primarily include gift packs (assortment), frozen food, mathri range and cookies.

Issue details

The IPO is made up of Offer for sale (OFS) aggregated upto 881 Cr.

Pre & Post Shareholding

Particulars	(Pre-issue)		(Post-issue)	
	No of shares	%	No of shares	%
Promoter	194,543,900	77.97%	189,543,900	75.97%
Public	54,965,980	22.03%	59,965,980	24.03%
Total	249,509,880	100.00%	249,509,880	100.00%

Source: Company, Angel Research

Objectives of the Offer

- Achieve the benefits of listing the Equity Shares on the Stock Exchanges; and
- Carry out the Offer for Sale of up to 293,73,984 Equity Shares by the Selling Shareholders.

Key Management Personnel

- **Shiv Ratan Agarwal** is the Chairman and Whole-time Director of the Company. 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 completed a post graduate programme in management (family managed business) from S.P. Jain Institute of Management & Research, Mumbai.
- **Shweta Agarwal** is the Whole-time Director of the Company. She has approximately 16 years of experience in the food industry, including ethnic snacks and sweets.

Financial Summary

Income Statement (Consolidated)

Y/E March (₹ cr)	FY2020	FY2021	FY2022
Net Sales	1,074.6	1,310.7	1,611.0
% chg		22%	23%
Total Expenditure	980.0	1,166.0	1,471.4
Raw Material	744.9	936.9	1,170.3
Personnel	64.6	69.9	90.1
Others Expenses	170.4	159.2	211.1
EBITDA	94.6	144.8	139.5
% chg		53%	-4%
(% of Net Sales)	8.8	11.0	8.7
Depreciation & Amortisation	34.2	33.1	38.3
EBIT	60.4	111.6	101.2
% chg		0.8	(0.1)
(% of Net Sales)	5.6	8.5	6.3
Interest & other Charges	5.1	3.0	6.7
Other Income	8.4	11.5	10.5
(% of PBT)	13.1	9.5	10.0
PBT	63.6	120.1	105.0
% chg		89%	-13%
Tax	7.3	29.8	29.0
(% of PBT)	11.4	24.8	27.6
PAT	56.4	90.3	76.0
% chg		60%	-16%
Share in profit of Joint venture	-	-	-
PAT	56.4	90.3	76.0
% chg		60%	-16%
(% of Net Sales)	5.2	6.9	4.7
Basic EPS (Rs)	2.3	3.6	3.0
Fully Diluted EPS (Rs)	2.3	3.6	3.0

Source: Company, Angel Research

Balance Sheet (Consolidated)

Y/E March (₹ cr)	FY2020	FY2021	FY2022
SOURCES OF FUNDS			
Equity Share Capital	24.3	24.3	25.0
Reserves & Surplus	504.9	581.4	795.8
Shareholders' Funds	529.2	605.7	820.8
Minority Interest	-	1.8	(0.1)
Total Loans	54.0	87.4	159.7
Other Liabilities	4.1	3.2	1.6
Total Liabilities	587.2	698.1	982.0
APPLICATION OF FUNDS			
Net Block	406.8	422.6	510.8
Goodwill	-	-	-
Capital Work-in-Progress	2.9	36.1	49.4
Investments	36.5	68.8	126.3
Current Assets	202.6	235.8	342.5
Inventories	36.5	56.8	72.9
Sundry Debtors	41.7	47.3	73.3
Cash	88.3	87.4	90.2
Loans & Advances	6.0	1.2	1.3
Other Assets	30.1	43.1	104.8
Current liabilities	56.0	89.7	87.4
Net Current Assets	146.6	146.1	255.1
Deferred Tax Liabilities (net)	33.5	29.3	32.7
Other Assets	27.9	53.9	73.0
Total Assets	587.2	698.1	982.0

Source: Company, Angel Research

Cashflow Statement (Consolidated)

Y/E March (₹ cr)	FY2020	FY2021	FY2022
Profit before tax	63.6	120.1	105.0
Depreciation	34.2	33.1	38.3
Change in Working Capital	(26.1)	(13.8)	(49.8)
Interest / Dividend (Net)	0.0	(2.7)	3.4
Direct taxes paid	(11.7)	(17.3)	(41.1)
Others	0.6	(2.2)	1.6
Cash Flow from Operations	60.7	117.2	57.5
(Inc.)/ Dec. in Fixed Assets	(46.6)	(73.7)	(120.4)
(Inc.)/ Dec. in Investments	5.7	(3.6)	(55.8)
Interest Received	(22.7)	(36.7)	(55.4)
Cash Flow from Investing	(63.5)	(114.1)	(231.6)
Proceeds from borrowings	0.9	4.9	48.0
Proceed long term borrowings	(15.2)	(23.5)	(11.8)
Repayment of lease liabilities	(0.4)	(3.0)	(1.0)
Net change in cash credit	(5.7)	18.4	11.7
Dividend paid	(5.9)	(4.9)	(5.0)
Interest / Dividend (Net)	(5.1)	(1.1)	126.9
Cash Flow from Financing	(31.5)	(9.1)	168.8
Inc./ (Dec.) in Cash	(34.3)	(5.9)	(5.3)
Opening Cash balances	17.2	(17.0)	(22.9)
Closing Cash balances	(17.1)	(22.9)	(28.3)

Source: Company, Angel Research

Key Ratios

Y/E March	FY2020	FY2021	FY2022
Valuation Ratio (x)			
P/E (on FDEPS)	132.8	82.9	98.5
P/CEPS	82.7	60.6	65.5
P/BV	14.1	12.3	9.1
EV/Sales	6.9	5.7	4.6
EV/EBITDA	78.4	51.2	53.2
EV / Total Assets	12.6	10.6	7.6
Per Share Data (Rs)			
EPS (Basic)	2.3	3.6	3.0
Cash EPS	3.6	4.9	4.6
Book Value	21.2	24.3	32.9
EPS (fully diluted)	2.3	3.6	3.0
DPS	0.0	0.0	0.0
Dupont Analysis			
EBIT margin	5.6	8.5	6.3
Tax retention ratio	0.9	0.8	0.7
Asset turnover (x)	2.3	2.4	2.1
ROIC (Post-tax)	11.7	15.6	9.6
Cost of Debt (Post Tax)	0.1	0.0	0.0
Leverage (x)	4.5	4.5	4.5
Operating ROE	63.8	85.9	52.6
Returns (%)			
ROE	10.7	14.9	9.3
ROCE	10.4	16.1	10.3
Angel ROIC (Pre-tax)	13.2	20.8	13.2
Turnover ratios (x)			
Asset Turnover (Net Block)	2.6	3.1	3.2
Inventory / Sales (days)	12	16	17
Receivables (days)	14	13	17
Payables (days)	5	12	10

Source: Company, Angel Research;

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