

IPO TIMELINE

Events	Date
IPO Opening Date	3 Nov 2022
IPO Closing Date	7 Nov 2022
Allotment Date	11 Nov 2022
Initiation of Refunds	14 Nov 2022
Credit of Shares to Demat	15 Nov 2022
IPO Listing Date	16 Nov 2022

IPO LOT SIZE

Application	Lots	Shares	Amount ₹
Minimum	1	50	15,000
Maximum	13	650	1,95,000
S-HNI (Min)	14	700	2,10,000
B-HNI (Min)	67	3,350	1,005,000

IPO KEY DETAILS

Price Band	₹285-300
Face Value	₹ 1.00
IPO Size	₹ 881 crore
Reservation	QIB 50%, NII is 15%, Retail 35%

FINANCIAL PERFORMANCE (Rs. Cr)

Y/E March	FY20	FY21	FY22
Revenue	1075	1311	1611
Revenue Growth	19%	21.90%	22%
EBITDA	103	157	151
EBITDA margin	9.6%	12.0%	9.4%
PAT	56	90	76
PAT growth	9.8	60.7	-15%
PAT margin	5.2%	6.9%	4.7%
EPS	2.32	3.71	3.15
RoE (%)	10.65	14.9	9.5
RoCE (%)	12.8	20.9	13.9
P/E (%)	80	83	96

PEER COMPARISONS

Company Name	Revenue (Rs Cr)	PAT (Rs Cr)	PAT margin	P/E
Pratap Snacks	1396.6	2.9	0.2%	550
DFM Foods	554.5	-24.8	-4.5%	-
Britannia	13,944.7	1515.9	10.9%	50.62
Bikaji Foods	1611	76	4.7%	96

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Our Recommendation: *Bikaji Foods has reported strong revenue growth at 22.4% CAGR between FY2020-2022 and solid growth of 16% CAGR in Net Profit. Bikaji has maintained healthy EBITDA margins of more than 9 & company intends to improve margins by improving efficiency. The IPO is highly priced at P/E of 96x its FY22 earnings but this high P/E can be justified in FMCG sector & robust growth in this sector. While its peers like Britannia and Pratap snacks are trading at the P/E of 51x and 511x respectively. We recommend to subscribe for listing gains.*

About Company: Bikaji Foods is one of India's largest FMCG brands with an international presence, selling Indian snacks and sweets, and is one of the fastest growing companies in the Indian organized snacks market. The product range consists of six major categories: bhujia, namkeen, packaged sweets, papad, western snacks, and other snacks, which primarily include gift packs (assortment), frozen food, mathri range, and cookies. The company has around 250 product varieties and operates in 22 Indian states and three union territories. It also exports to 35 countries, including North America, Europe, the Middle East, Africa, and the Asia Pacific region.

IPO Objectives: The Selling Shareholders will be entitled to the entire proceeds of the Offer after deducting the Offer expenses and relevant taxes thereon. The Company will not receive any proceeds from the Offer.

Industry Outlook: Currently, the packaged food industry is estimated to be 35 billion dollar and it is estimated to be double to 70 billion dollar in next 5-10 years. Govt approved PLI scheme for the food processing industry to support creation of global food manufacturing. Organized western snacks has Rs 242 billion market value, expected to grow at 15% CAGR till 2026. Milk sweets market is expect to reach 29 billion rupees by 2026.

Business Growth Potential:

- Bikaji intends to build an experienced super-stockist distribution network in such other markets as seeding operations, leveraging their distribution strength in the respective markets.
- They will increase their presence and brand in these markets by leveraging e-commerce B2B platforms and national modern trade retail chains.
- Continue to use advanced technology to improve operations: Bikaji continues to invest significantly in supporting their super-stockists and distributors, as well as expanding their distribution network to include additional cities, towns, and rural areas, increasing market penetration across India.
- They are in the process of implementing an automated storage retrieval system to maximize warehouse floor space and streamline goods movement.
- Drive growth in key markets by leveraging existing and proposed facilities.

Key Risks:

- Product sales are concentrated in just 3 states (Rajasthan, Assam, Bihar). Any disruption in operation would pose financial risk.
- Their main product is Bikaneri Bhujia and this is manufactured only in Bikaner in only one factory. Any problem in production would significantly lead to declined profit.

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Disclosure:

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