

IPO Note



Aslee Bikaneri

About Company:

- Bikaji Foods International Limited ("Bikaji") was incorporated on October 6, 1995. Bikaji is the 3rd largest ethnic snacks company in India with an international footprint and 2nd fastest growing company in the Indian organised snacks market.
- In Fiscal 2022, they were largest manufacturer of Bikaneri bhujia with annual production of 29,380 tonnes, and they were the 2nd largest manufacturer of handmade papad with an annual production capacity of 9,000 tonnes in Fiscal 2022. They are 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.
- 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 the 3 months ended June 30, 2022, they sold more than 300 products under the Bikaji brand.
- Over the years Bikaji has established market leadership in the ethnic snacks market in their core states of Rajasthan, Assam and Bihar and have gradually expanded their footprint across India, with operations across 23 states and 4 union territories as of June 30, 2022.
- Bikaji has developed a large pan-India distribution network. As of June 30, 2022, they had 6 depots, 38 super-stockists, 416 direct and 1,956 indirect distributors that work with their super-stockists.
- In the 3 months ended June 30, 2022, they have exported their products to 21 international countries, including countries in North America, Europe, Middle East, Africa, and Asia Pacific.
- They have engaged Amitabh Bachchan as their brand ambassador. They have recently launched Bikaji Café and Bikaji Funkeen brands to promote their western snack segment. They also launched their online retail platform www.bikaji.com in February 2020 and introduced a mobile application in June 2020. In 2008, they also set up a restaurant-cum- retail store Bikaji Food Junxon in Mumbai.

Issue Details:

Offer for sale of **29,373,984 Equity shares**

Issue size: ₹ 837 – 881 Cr

No. of Shares: 29,373,984 Shares

Face value: ₹ 1/-

Employee Reservation: 250,000 Shares

Price band: ₹ 285 - 300

Bid Lot: 50 Shares and in multiple thereof

Employee Discount: ₹ 15/- per share

Min. Application Amt. @Upper Band (Retail): ₹ 15,000

Min. Application (Retail): 50 Eq. Shares

Max. Application Amt. @Upper Band (Retail): ₹ 1,95,000

Max. Application (Retail): 650 Eq. Shares

Post Issue Implied Market Cap: ₹ 7,111 – 7,485 Cr

BRLMs: Axis Capital, JM Financial, IIFL Securities, Intensive Fiscal, Kotak Mahindra Capital

Registrar: Link Intime India Pvt. Ltd.

Indicative Timetable:

Activity	On or about
Anchor Investor Issue Opens	02-11-2022
Issue Opens	03-11-2022
Issue Closes	07-11-2022
Finalization of Basis of Allotment	11-11-2022
Refunds/Unblocking ASBA Fund	11-11-2022
Credit of equity shares to DP A/c	14-11-2022
Trading commences	16-11-2022

Issue Break-up:

Investor	No. of Shares (In Cr.)	₹ In Cr		% of Allocation
		@Lower	@Upper	
QIB	1.45	415.02	436.86	50%
NIB	0.44	124.51	131.06	15%
Retail	1.02	290.51	305.80	35%
Employee	0.00	6.75	7.13	-
Total	2.94	3.08	3.00	100%

Shareholding Pattern:

	Pre-Issue	Post-Issue
Promoters	76.50%	74.49%
Promoters Group	1.47%	1.47%
Public	22.03%	24.04%
Total	100%	100%

Listing On: BSE & NSE

Offer Details:

Name of Selling Shareholder	No. of Shares	Weighted Average Cost of Acquisition per Equity Share (₹)
	Upto 29,373,984 Equity Shares	
The Promoter Selling Shareholder:		
Shiv Ratan Agarwal	Upto 2,500,000 Equity Shares	0.16
Deepak Agarwal	Upto 2,500,000 Equity Shares	0.14
The Selling Shareholders:		
India 2020 Maharaja, Ltd	Upto 12,110,967 Equity Shares	30.85
Intensive Softshare Pvt Ltd	Upto 50,000 Equity Shares	10
IIFL Special Opportunities Fund	Upto 3,110,056 Equity Shares	125.53
IIFL Special Opportunities Fund — Series 2	Upto 1,995,552 Equity Shares	125.53
IIFL Special Opportunities Fund — Series 3	Upto 976,179 Equity Shares	125.53
IIFL Special Opportunities Fund — Series 4	Upto 2,753,339 Equity Shares	125.53
IIFL Special Opportunities Fund — Series 5	Upto 2,162,226 Equity Shares	125.53
Avendus Future Leaders Fund	Upto 1,215,665 Equity Shares	155.81

Key Financials:

Particulars (₹ In Cr)	Jun-22	Jun-21	FY2022	FY2021	FY2020
Equity Share Capital	24.95	24.31	24.95	24.31	24.31
Reserves	809.85	594.24	794.31	579.79	504.86
Net worth as stated	834.8	618.45	819.26	604.1	529.17
Revenue from Operations	419.16	334.05	1610.96	1,310.75	1,074.55
Revenue Growth (%)	25.48%	-	22.90%	21.98%	-
EBITDA as stated	30.79	25.99	139.54	144.77	94.6
EBITDA Margin (%)	7.35%	7.78%	8.66%	11.04%	8.80%
Profit Before Tax	21.79	18.38	105.01	120.11	63.64
Net Profit After Tax	15.7	12.41	76.03	90.34	56.37
Net Profit (%) as stated	3.75%	3.72%	4.72%	6.89%	5.25%
EPS - Basic & Diluted (₹)	0.65	0.53	3.15	3.71	2.32
RONW (%)	1.94%	2.09%	9.51%	14.93%	10.65%
NAV (₹)	33.46	25.44	32.83	24.85	21.76
ROCE(%)	2.63%	3.01%	13.89%	20.88%	12.79%
Debt/Equity	0.19	0.16	0.17	0.14	0.1

Directors & Key Managerial Personnel:

The company was originally incorporated as “Shivdeep Industries Limited” on October 6, 1995. Shiv Ratan Agarwal, Deepak Agarwal, Shiv Ratan Agarwal (HUF), and Deepak Agarwal (HUF) are the promoters of the company. Currently the promoters collectively hold 190,869,060 Equity Shares, representing 76.50% of the pre-Offer issued, subscribed and paid-up Equity Share capital of the company.

Brief Biographies of Directors:

Shiv Ratan Agarwal is the Promoter, Chairman and Whole-time Director of the company. He has been a director of the company since its incorporation. He has over 30 years of experience in the food industry, including ethnic snacks and sweets.

Deepak Agarwal is the Promoter, Managing Director of the company. He has been a director of 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 of the company since November 20, 2006. She has approximately 16 years of experience in the food industry, including ethnic snacks and sweets.

Sachin Kumar Bhartiya is the Non-Executive Director of the company and has been jointly nominated by India 2020 Maharaja, Ltd and Lighthouse India Fund III Ltd. He has been a director of the company since April 11, 2014. He has over 13 years of experience in private equity and portfolio management services.

Nidhi Ghuman is the Non-Executive Director of the company and has been nominated by IIFL Special Opportunities Funds. She has been a director in the company Since June 30, 2022. She has significant experience in asset management and capital markets.

Siraj Azmat Chaudhry is an Independent Director of the company. He has been a director of the company since August 24, 2021. He has over 24 years of experience in agriculture and food processing industry.

Richa Manoj Goyal is an Independent Director of the company. She has been associated with the company since December 8, 2021. She has approximately 20 years of experience in the field of trademark law, patent law, copyright law and other allied laws.

Pulkit Anilkumar Bachhawat is an Independent Director of the company. He has been a director of the company since December 8, 2021. In the past, he was associated with Intensive Fiscal Services Pvt Ltd in the capacity of manager and senior manager. He has over 7 years of experience in investment banking, including private equity and venture capital.

Nikhil Kishorchandra Vora is an Independent Director of the company. He has been a director in the company since December 8, 2021. He is the founder and chief executive officer of Sixth Sense Ventures Advisors LLP. He has significant experience in venture capital.

Vipul Prakash is an Independent Director of the company. He has been a director in the company since December 30, 2021. He is currently also associated with MakeMyTrip (India) Pvt Ltd in the capacity of chief operating officer - India. He has over 23 years of experience in the field of operations and management.

Key Managerial Personnel:

Rishabh Jain is the Chief Financial Officer of the company. He has been associated with the company since February 1, 2015. He has previously worked with Intensive Fiscal Services Pvt Ltd in the capacity of manager of the investment banking department. 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 General Manager – Corporate Affairs and Finance of the company. He has been associated with the company since April 1992. He has over 26 years of experience in handling the corporate and financial affairs of the company.

Manoj Verma is the Chief Operating Officer of the company. He has been associated with the company since June 1, 2021. He has over 24 years of experience in sales and marketing.

Rahul Joshi is the Head - Legal and Compliance of the company. He has been associated with the company since April 2, 2022. He has over 9 years of experience in secretarial matters.

Business Overview:

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 Fiscal 2022, they were largest manufacturer of Bikaneri bhujia with annual production of 29,380 tonnes, and they were the 2nd largest manufacturer of handmade papad with an annual production capacity of 9,000 tonnes in Fiscal 2022. They are 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 has given a novel twist to classic Indian snacks with a contemporary taste along with maintaining the regional flavours to address the evolving consumer preferences in India and internationally. Their history and lineage traces back to Gangabishan Agarwal, founder of Haldiram brand. His grandson, Shiv Ratan Agarwal, the founder and one of the company promoters, continued his legacy and developed extensive experience in the Indian ethnic snacks industry. Shiv Ratan Agarwal launched the Bikaji brand in the year 1993 with an in-depth understanding of Indian tastes and preferences. They have over the years established market leadership in the ethnic snacks market in their 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 the 3 months ended June 30, 2022, they have 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 the 3 months ended June 30, 2022, they sold more than 300 products under the Bikaji brand.

The information on their product mix in the periods indicated:

Category	CAGR Fiscal 2020-2022 (%)	No. of Products	3 months ended Jun 30, 2022				Fiscal					
			2022		2021		2022		2021		2020	
			Amount (₹ Cr.)	% of Sale of Products	Amount (₹ Cr.)	% of Sale of Products	Amount (₹ Cr.)	% of Sale of Products	Amount (₹ Cr.)	% of Sale of Products	Amount (₹ Cr.)	% of Sale of Products
Bhujia	26.87%	14	145.85	34.98%	136.66	41.15%	560.14	34.96%	464.11	35.51%	348	32.46%
Namkeen	19.17%	66	163.35	39.18%	124.44	37.47%	570.48	35.60%	480.57	36.77%	401.69	37.47%
Packaged Sweets	25.21%	43	31.54	7.57%	23.68	7.13%	203.47	12.70%	160.58	12.29%	129.78	12.10%
Papad	14.24%	8	29.06	6.97%	22.44	6.76%	107.33	6.70%	91.41	6.99%	82.24	7.67%
Western snacks	28.02%	32	36.04	8.64%	15.09	4.54%	91.99	5.74%	65.77	5.03%	56.13	5.23%
Other snacks	10.54%	144	5.61	1.34%	6.18	1.86%	40.4	2.52%	29.56	2.26%	33.06	3.08%
Others	15.69%		5.45	1.31%	3.59	1.08%	28.49	1.78%	14.91	1.14%	21.28	1.98%
Total	22.25%	307	416.89	100.00%	332.07	100.00%	1602.29	100.00%	1,306.91	100.00%	1,072.18	100.00%

Business Overview:

Bikaji has established their brand as the preferred home consumption snacking brand for families. In Fiscal 2020, 2021, 2022 and in the 3 months ended June 30, 2021, and June 30, 2022, sales of their family pack products (i.e. packs priced at more than ₹ 10) was ₹ 640.74 crore, ₹ 818.59 crore, ₹ 970.51 crore, ₹ 194.04 crore and ₹ 223.62 crore, respectively, and represented 59.76%, 62.64%, 60.57%, 58.43% and 53.64% of their sale of food products, respectively, in such periods. Amongst their competitors, they are the market leaders in the family pack segment with 60.57% share of business coming from SKUs other than ₹ 5 and ₹ 10 packs during Fiscal 2022.

This reflects the strength of their brand as a planned purchase product while most of their competition in the packaged snacks industry in India has significantly higher contribution from small packs that primarily cater to the impulse purchase market. They also cater to the on-the-go (impulse) consumption market through their product packs available at established price points of ₹ 5 and ₹ 10.

The contribution from the impulse purchase packs and family packs (ie. SKUs priced above ₹ 10):

Price Range	CAGR Fiscal 2020-2022 (%)	3 months ended Jun 30, 2022				Fiscal					
		2022		2021		2022		2021		2020	
		Amount (₹ Cr.)	% of Sale of Products	Amount (₹ Cr.)	% of Sale of Products	Amount (₹ Cr.)	% of Sale of Products	Amount (₹ Cr.)	% of Sale of Products	Amount (₹ Cr.)	% of Sale of Products
Impulse purchase packs	21.29%	187.81	45.05%	134.47	40.50%	603.38	37.66%	473.41	36.22%	410.16	38.26%
Family packs	23.07%	223.62	53.64%	194.04	58.43%	970.51	60.57%	818.59	62.64%	640.74	59.76%
Others	15.52%	5.45	1.31%	3.56	1.07%	28.4	1.77%	14.91	1.14%	21.28	1.98%

Over the years, Bikaji has developed a large pan-India distribution network. As of June 30, 2022, they 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 their core markets of Rajasthan, Assam and Bihar, they have established deep penetration in Fiscal 2022 and enjoys approximately 45%, 58% and 29% respectively, of the market share of total organized Indian ethnic snack category in such states. Company's pan-India distribution network and well-established brand has enabled them to effectively and cost efficiently increase market penetration and expand their footprint across India. Company's leading position, strength of the Bikaji brand, their pan-India distribution network and logistics arrangements have further consolidated their position leading to significant business growth and consistent financial performance.

Bikaji has 7 operational manufacturing facilities that are operated by them, with 4 facilities located in Bikaner (Rajasthan), 1 in Guwahati (Assam), 1 facility in Tumakuru (Tumkur) (Karnataka) held through their 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 their core market of Bihar, respectively.

Business Overview:

In addition, they have entered into a contract manufacturing agreement on a non-exclusive basis with a contract manufacturing unit in Kolkata (West Bengal), that helps them primarily cater to certain parts of eastern India and 2 contract manufacturing agreements on an exclusive basis with one of their 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, they have 1 small facility in Mumbai to manage their Mumbai restaurant sales. They intend to operationalise 2 additional manufacturing facilities, of which 1 facility in Rajasthan will be operated by them and will manufacture their frozen snacks and sweets products, and for the remaining manufacturing facility in Bihar, they have 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. They have also started manufacturing of papad through automation. However, most of their papad products are handmade.

Over the years, Bikaji has invested heavily in strengthening the brand recall and consumer goodwill of their brand Bikaji. They have engaged Amitabh Bachchan, a well-known celebrity in India, as their brand ambassador. They have recently launched Bikaji Café and Bikaji Funkeen brands to promote their western snack segment. They also launched their online retail platform www.bikaji.com in February 2020 and introduced a mobile application in June 2020 which allow consumers to browse their selection of products. In 2008, they also set up a restaurant-cum- retail store Bikaji Food Junxon in Mumbai.

Deepak Agarwal, the Managing Director and Promoter, has been instrumental in managing their rapidly expanding operations, implementing strategic marketing and business initiatives, and focusing on financial performance. Their Board of Directors also includes individuals who carry wide industry experience across sectors with significant business expertise in consumer, legal, sales and marketing and finance matters. They have a well-qualified senior management team with extensive experience in the consumer goods and food and beverages industry, which enable them to capitalize on future growth opportunities. They are also supported by several marquee private equity funds and investors, including Avendus Future Leaders Fund I ("Avendus"), Axis Asset Management Co Ltd ("Axis Asset Management"), Lighthouse Funds ("Lighthouse Funds"), IIFL Asset Management Ltd ("IIFL Asset Management") and Intensive Softshare Pvt Ltd ("Intensive Softshare"), Ashoka India Equity Investment Trust PLC and India Acorn Fund Ltd.

Bikaji has a successful track record of over 3 decades in the Indian snacks industry which has enabled them to develop an effective business model with stringent control over processes. They also have an information technology system that enables them to coordinate their operations from automated manufacturing to logistics and transport, inventory management, invoicing, customer relationship management, distributor management, cost management which help in making effective and meaningful decisions.

Business Overview:

Bikaji has established a track of consistent revenue growth and profitability, even during periods impacted by the COVID-19 pandemic. They recorded an increase in sales of food products at a CAGR of 22.25% between Fiscal 2020 and Fiscal 2022, and their EBITDA and PAT increased at a CAGR of 21.45% and 16.13%, respectively, in such period.

The key performance indicators for the periods indicated:

Category	CAGR (Fiscal 2020-2022)	3 months ended Jun 30, 2022		As of / for the years ended March 31,		
		2022	2021	2022	2021	2020
Total Volume sold (Tonnes)						
Bhujia	15.88%	7,937.96	7,948.91	31,947.71	29,694.41	23,793.22
Namkeen	9.39%	9,103.38	7,429.04	32,886.04	30,551.48	27,480.96
Packaged Sweets	18.73%	2,543.58	2,007.65	15,736.81	13,193.00	11,164.30
Papad	6.57%	1,441.90	1,219.47	5,601.28	5,148.73	4,931.54
Western snacks	31.69%	1,809.35	858.24	6,277.31	4,218.31	3,619.91
Other snacks	0.60%	238.42	300.23	1,967.98	1,551.35	1,944.74

Business Strategies:

Implement distinctive growth strategies for the core markets, focus markets and other markets

The core markets, focus markets and other markets requires different inputs and support and as such Bikaji intends to implement differentiated strategic priorities for the respective geographies:

Core market strategic intervention

Company's core markets are Rajasthan, Assam and Bihar where in Fiscal 2022, they enjoyed a market share of approximately 45%, 58% and 29% respectively. They will continue to invest into these markets to further consolidate their leading position in these states. Sales of food products in their core markets represented 72.57%, 71.43%, 71.48%, 76.43% and 74.70% in Fiscal 2020, 2021 and 2022, and in the 3 months ended June 30, 2021 and June 30, 2022. They delivered a CAGR of 21.32% in sales of food products in their core markets between Fiscal 2020 and Fiscal 2022. They would continue to leverage wholesale distributors and hawkers' channel, which are 2 critical and important business channels in these core markets. They are in the process of digitalizing their super-stockist and distributor network by providing them with comprehensive distribution management systems and sales force automation solutions.

Drive growth in focus markets leveraging existing and proposed facilities

The focus markets are states identified basis the proximity of markets and opportunity to expand in the size of the products they offer. In these states there are immense growth opportunities and they have already made some inroads, started making their presence felt and started gaining market share. The strategic lever will be to strengthen their distribution network and increase direct and indirect reach in these states. The Company is in the process of strengthening their distribution base in these markets by adding more superstockists and distributors in more cities and towns. They entered in this geography by initially focusing on their top selling products and now they are expanding their category, both western and ethnic which would further help in gaining presence and market share. They have experienced significant growth in recent years in states such as Uttar Pradesh, Punjab, Haryana and Delhi in north India and Karnataka and Telangana in south India. Sales of food products from these markets increased at a CAGR of 35.84% between Fiscal 2020 and Fiscal 2022.

Expansion into other markets

In such other markets, as seeding operations, Bikaji intends to build the experienced super-stockist distribution network with exposure of same categories to leverage their distribution strength in the respective markets. In these other markets, they intend to focus on large cities and driving their popular products. They will leverage ecommerce B2B platforms and national modern trade retail chains to increase their presence and brand in these markets.

Business Strategies:

Establish strategically located new manufacturing facilities to pursue growth in the focus and other Markets

In order to support their growth strategy in their focus and other markets, they also intend to operationalise 2 additional manufacturing facilities, of which one in Rajasthan will be operated by them and will manufacture their frozen snacks and sweets products, and for the remaining manufacturing facilities in Bihar, they have entered into contract manufacturing agreements for the manufacture of namkeen and western snacks, which are expected to commence commercial operations over the next 2 years.

The information relating to the proposed manufacturing facility and the proposed contract manufacturing facilities:

Locations	Bhujia Snacks	Namkeen Snacks	Papad	Western snacks	Packaged Sweets	Other	Estimated Scheduled Commercial Production Date
Metric Tonnes Per Annum							
Owned							
Karni, Bikaner	NA	NA	NA	NA	NA	9,600	End of Fiscal 2024
Contract Manufacturing Facility							
Patna, Bihar	NA	6,000	NA	3,000	NA	NA	End of Fiscal 2023
Total Additional Capacity	NA	6,000	NA	3,000	NA	9,600	

Continue to use advanced technology to further optimise the operations

Bikaji continues to make significant investment to support their super-stockists and distributors and further scale their distribution network which includes additional cities, towns and rural areas that increase market penetration across India. They have recently commenced work for implementation of their distribution management system, and various measures to achieve operational technology and storage excellence. They are in the process of implementing an automated storage retrieval system to optimize floor space in their warehouses and streamline the goods movement.

Further strengthen the brand

Bikaji has consistently allocated significant resources to establish and strengthen the Bikaji brand and consciously developed their product portfolio under the Bikaji brand, allowing customers to associate with one brand. Going forward, they intend to roll out special programmes and enter arrangements with their “category top end stores”. They intend to increase the visibility of their products in other states with their current branding efforts.

Competitive Strengths:

Well-established brand with pan-India recognition

Bikaji sell all their products under their well-established brand “Bikaji” focusing on a diverse range of quality products, authentic ethnic Indian taste, innovative packaging, and effective pricing strategies covering all key price points. They are among the Top-3 Indian ethnic snack manufacturers in India.

A significant part of their sale of food products is derived from sales of family packs (i.e., SKUs priced above ₹ 10), which accounted for 59.76%, 62.64%, 60.57%, 58.43% and 53.64% of their sale of food products in Fiscal 2020, 2021, 2022 and in the 3 months ended June 30, 2021, and June 30, 2022 respectively. They have strategically undertaken brand-building initiatives to increase brand recall through prudent use of resources and increasing branding and marketing expenses as they grow their business. The advertisement expenses represented 3.43%, 2.34%, 1.82%, 0.45% and 0.34% of their sales of food products in Fiscal 2020, 2021, 2022 and in the 3 months ended June 30, 2021, and June 30, 2022 respectively.

Diversified product portfolio focused on various consumer segments and markets

Company’s understanding of the Indian taste palate complements their product development capabilities, which has allowed them to develop a comprehensive portfolio of a variety of Indian snack foods and sweets. As of June 30, 2022, their diversified product portfolio included more than 300 products across all their product segments. They have launched packages of various sizes for their products.

The company generally maintain a consistent product pipeline at their manufacturing facilities and their relationship with the raw ingredient suppliers enable them to ensure that their manufacturing facilities operate efficiently. They have entered the frozen foods segment particularly frozen sweets and snacks, which are fast-growing segments in packaged foods. They are in the process of setting up a facility in Bikaner to manufacture frozen products.

Strategically located, large scale sophisticated manufacturing facilities with stringent quality standards

Company’s existing manufacturing facilities are built for large scale operations and are strategically located in proximity to (i) their key raw ingredient supplies; and (ii) improve their distribution and supply of finished products, which results in reduced freight and logistics related time and cost. Company’s facilities in Bikaner are located with easy access to cow milk, dew bean (moth dal) and moong dal, which are primary ingredients for their bhujia, sweets and namkeen products. Their manufacturing facility in Guwahati (Assam) commissioned recently on January 14, 2022 with capacity to produce namkeen and western snacks is strategically located in their core market. They own 1 facility at Tumakuru (Karnataka) held through their subsidiary Petunt Food Processors Pvt Ltd to cater to the southern markets in India and the other facility at Muzaffarpur (Bihar) held through Vindhyawasini Sales Pvt Ltd to cater to their core market of Bihar which was commissioned on March 31, 2022. They also have a contract manufacturing unit in Kolkata and 2 contract manufacturing facility located at Bikaner and at Kanpur. In addition, they have 1 small facility in Mumbai to manage their Mumbai restaurant sales.

Competitive Strengths:

The company intends to operationalise 2 additional manufacturing facilities, of which 1 in Rajasthan will be operated by them and will manufacture their frozen snacks and sweets products, and for the remaining manufacturing facilities in Bihar, they have entered into contract manufacturing agreements for the manufacture of namkeen and western snacks.

The company focuses on stringent quality standards throughout their manufacturing process in their own facilities as well as at their contract manufacturing facilities. Their Karni manufacturing facility and unit-I of their Bichhwal manufacturing facility have obtained the ISO 9001:2015 and the ISO 22000:2018 certification, for quality management system and food safety management system respectively. The manufacturing facility located at Karni, Bikaner has also received an “A” Grade by the BRC Global Standard for Food Safety Issue 8.

Extensive pan-India and global distribution network, arrangements with reputed retail chains and growing ecommerce and exports channel

Bikaji sell their products primarily through general trade, modern trade, and e-commerce platform, as well as exports.

The channel-wise sales of food products:

Category	CAGR Fiscal 2020-2022 (%)	3 months ended Jun 30, 2022				Fiscal					
		2022		2021		2022		2021		2020	
		Amount (₹ Cr.)	% of Sale of Products	Amount (₹ Cr.)	% of Sale of Products	Amount (₹ Cr.)	% of Sale of Products	Amount (₹ Cr.)	% of Sale of Products	Amount (₹ Cr.)	% of Sale of Products
General Trade	21.79%	356.25	85.45%	295.44	88.97%	1358.19	84.77%	1128.8	86.37%	915.62	85.40%
Modern Trade	23.95%	23.76	5.70%	12.03	3.62%	110.06	6.87%	77.64	5.94%	71.64	6.68%
Exports	17.69%	13.35	3.20%	16.59	5.00%	63.75	3.98%	66.46	5.09%	46.02	4.29%
E-commerce Platform	150.37%	3.42	0.82%	3.45	1.04%	18.68	1.17%	10.21	0.78%	2.98	0.00
Others	19.86%	20.12	4.83%	4.56	1.37%	51.61	3.22%	23.8	1.82%	35.92	3.35%
Total	22.25%	416.89	100.00%	332.07	100.00%	1602.29	100.00%	1306.91	100.00%	1072.18	100.00%

Extensive distribution network in India

As of June 30, 2022, Bikaji 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. They are consistently engaging with their super-stockists and direct distributors as well as end retailers to collect product feedback and insights on market trends. They have also focused on developing strategic distribution channels, such as sale of their products at railway stations across India. They also started supplying products for sale in Indian army canteens from August 2022.

Competitive Strengths:

Strategic arrangements with retail chains in India and international markets

Bikaji has entered into arrangements with various modern retail channels including supermarkets, hypermarkets and retail store chains either directly or through super-stockists. Within India, they have entered into arrangements with multiple retail chains. Sales through these modern retail channels contributed 6.68%, 5.94%, 6.87%, 3.62% and 5.70% of their total sale of food products in Fiscal 2020, 2021, 2022 and in the 3 months ended June 30, 2021 and June 30, 2022 respectively. Company's products are available at various international retail chains.

Growing e-commerce channel

E-commerce platform channels include listing of their products on various large popular ecommerce platforms, distribution start-ups as well as their own ecommerce platform, www.bikaji.com. Sales through ecommerce channels contributed 0.28%, 0.78%, 1.17%, 1.04% and 0.82% of their total sales of food products in Fiscal 2020, 2021 and 2022, and in the 3 months ended June 30, 2021 and June 30, 2022.

Significant multi-product export sales

In Fiscal 2020, 2021 and 2022, and in the 3 months ended June 30, 2021, and June 30, 2022, their export sales represented 4.29%, 5.09%, 3.98%, 5% and 3.20% of the sale of food products. During this period, their products were exported to 29, 31, 35, 26 and 21 countries, respectively. The revenues from exports also increased at a CAGR of 17.69% from ₹ 46.02 crore in Fiscal 2020 to ₹ 63.75 crore in Fiscal 2022 and was ₹ 13.35 crore in the 3 months ended June 30, 2022.

Consistent financial performance

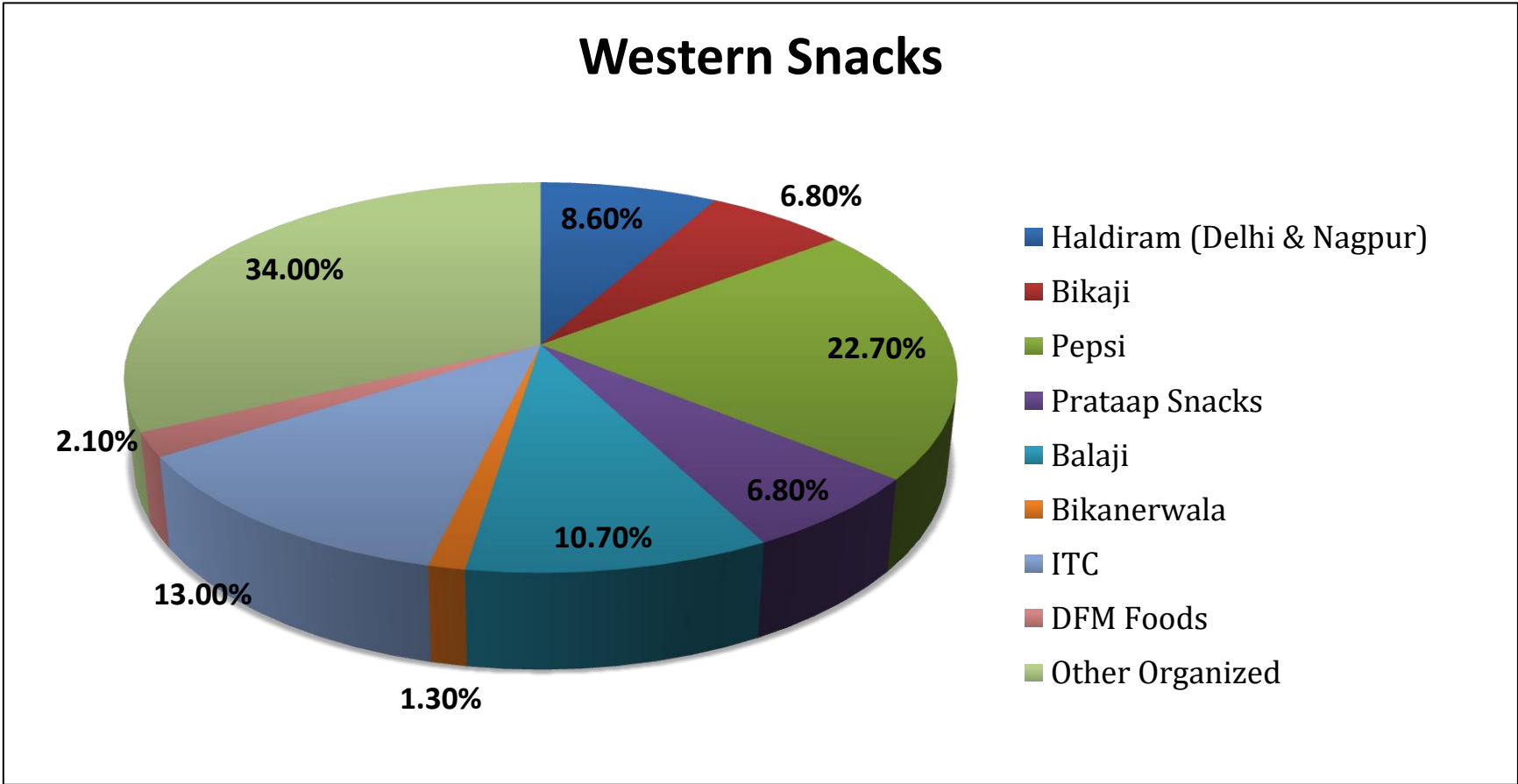
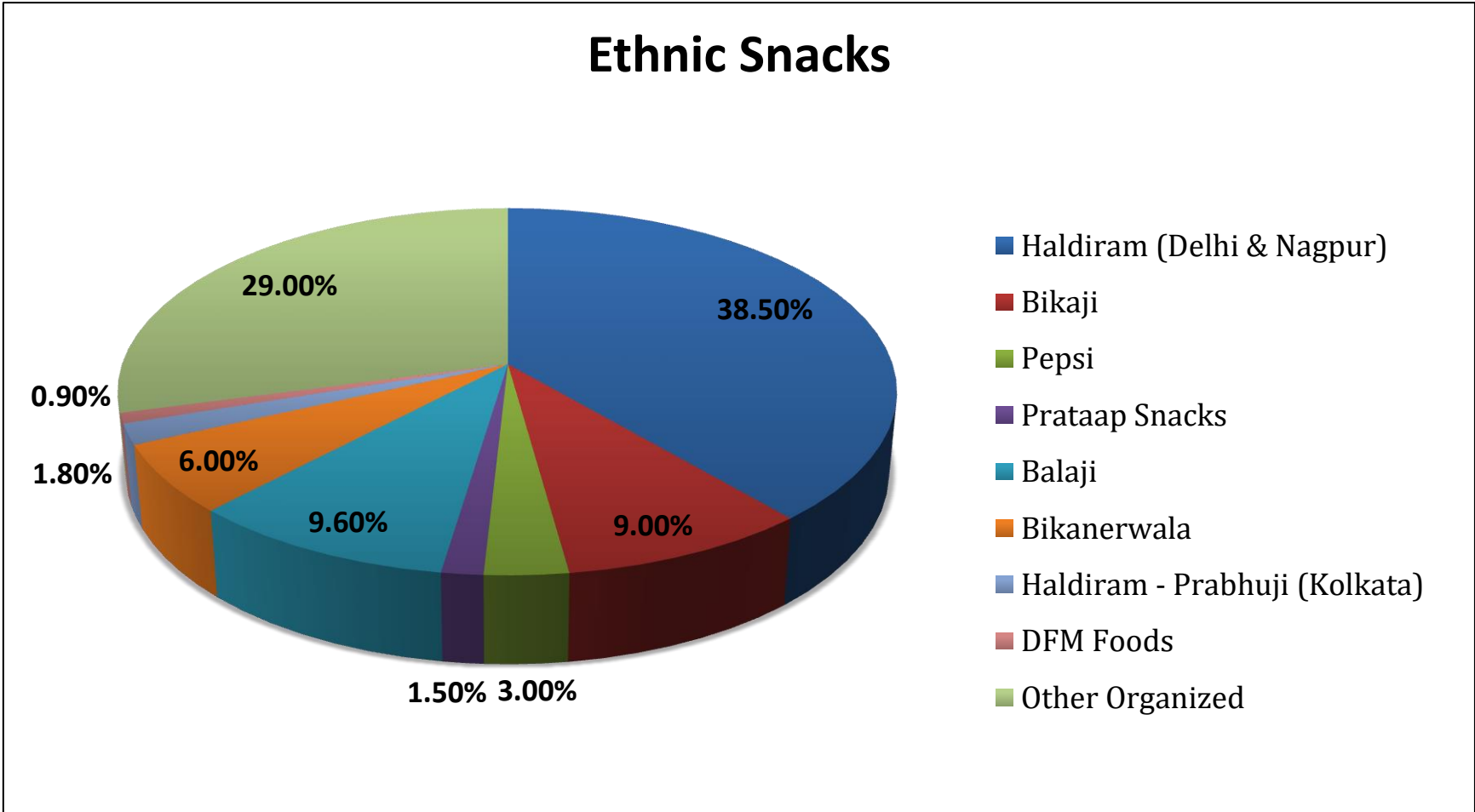
Despite the price of palm oil increasing significantly in Fiscal 2022 and increase in inflation resulting an increase in raw material prices in the 3 months ended June 30, 2022, they have managed to maintain consistent EBITDA margins by passing on the increase in raw ingredients cost to their consumers. The sales of food products had grown at a CAGR of 22.25% from ₹ 1,072.18 crore in Fiscal 2020 to ₹ 1,602.29 crore in Fiscal 2022 and was ₹ 332.07 crore and ₹ 416.89 crore in the 3 months ended June 30, 2021 and June 30, 2022 despite the impact of the COVID- 19 pandemic since the beginning of Fiscal 2021.

Experienced Promoters and management team

Company's founder and Promoter, Shiv Ratan Agarwal has more than 3 decades of experience in this industry. The Managing Director and Promoter, Deepak Agarwal, has been instrumental in managing their rapidly expanding operations, implementing strategic marketing and business initiatives, and focusing on financial performance. They are also supported by several marquee investors including **Avendus, Axis Asset Management, Lighthouse Funds, IIFL Asset Management and Intensive Softshare.**

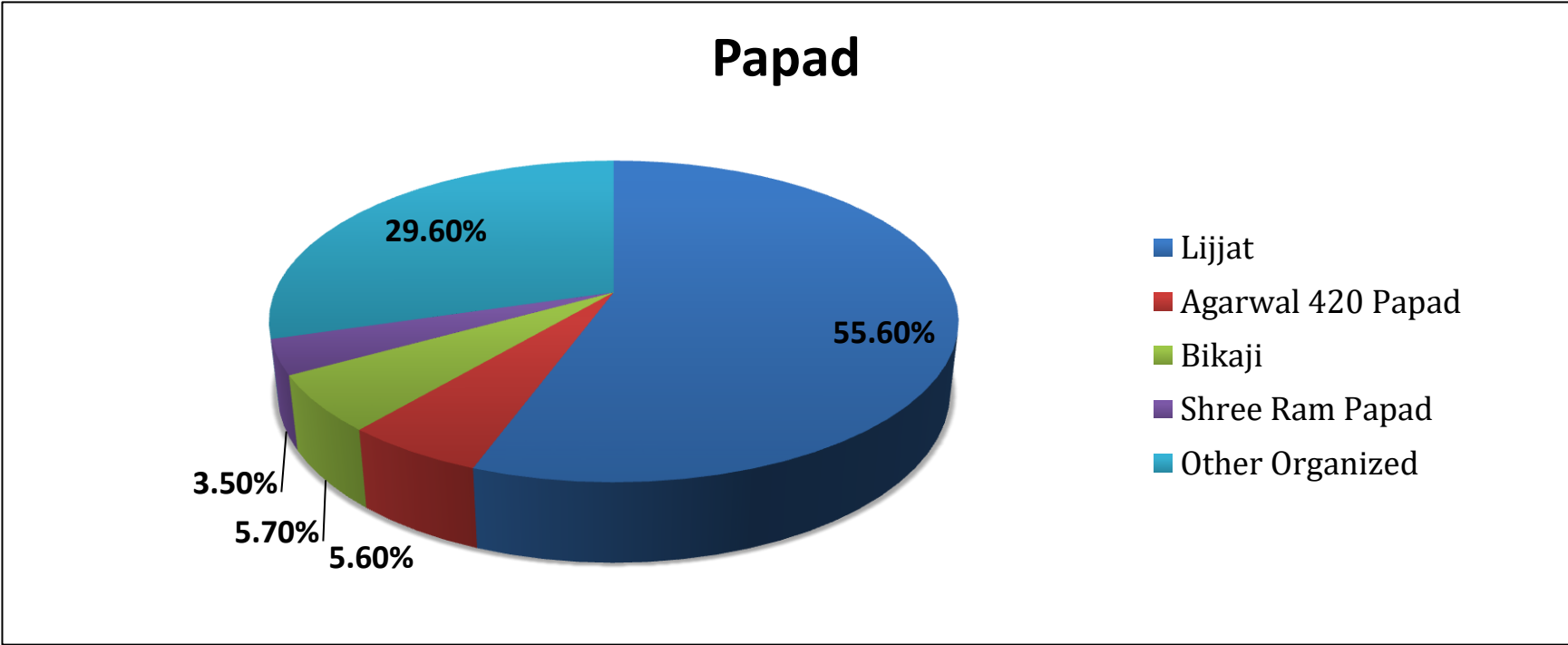
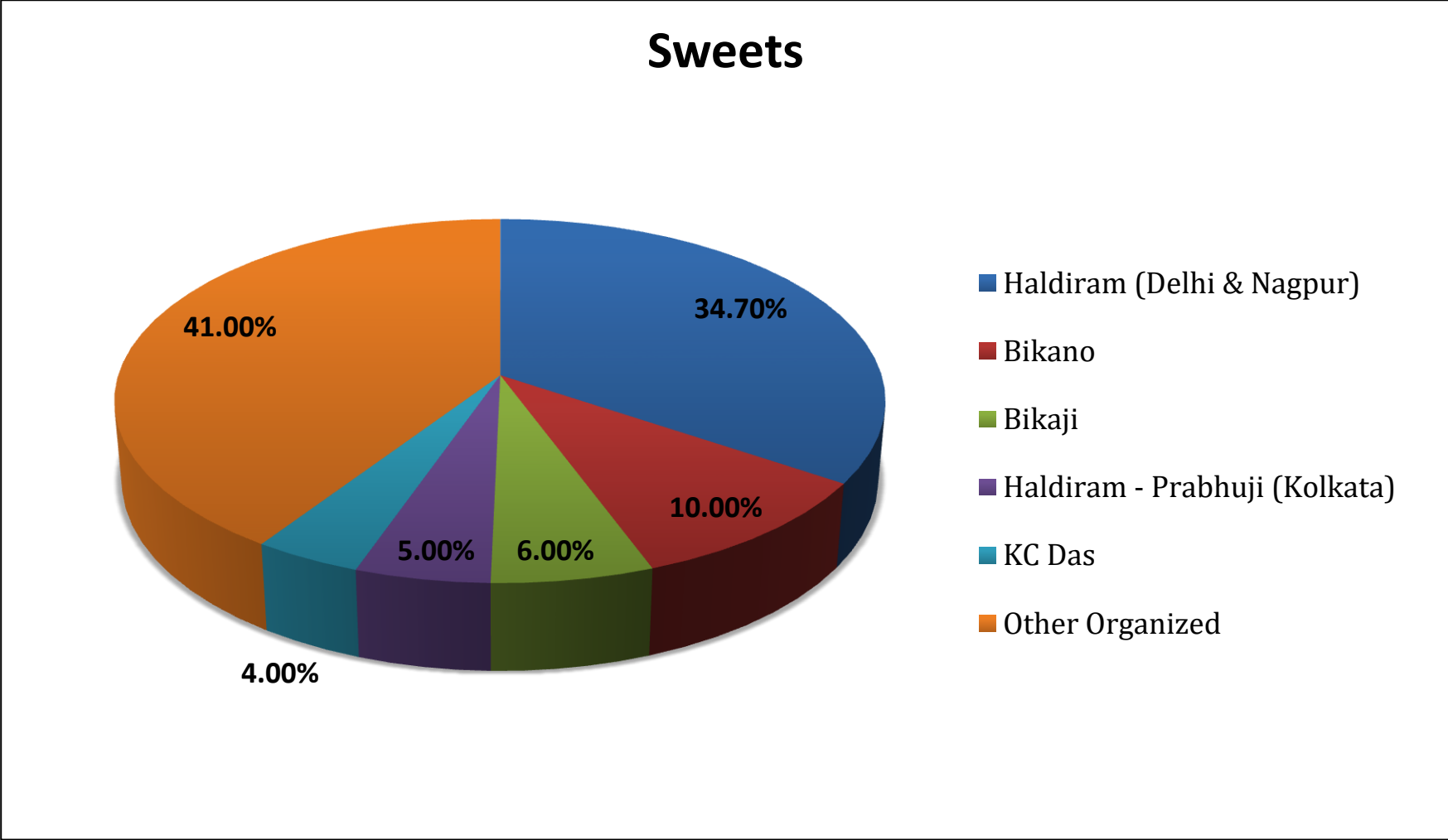
Industry Peers:

India Ethnic Snacks, Western Snacks Market – Market Share, 2022



Industry Peers:

India Sweet market and Papad Organised Market – Market Share, 2022



Competition & Comparison with Listed Industry Peers:

Bikaji faces intense competition in the Indian snack food market, from various domestic and multinational companies in India. They have a very diverse portfolio of traditional Indian snacks catered for the varying tastes and preferences of Indians across the globe. Some of the key competitors include **Haldiram Foods International Pvt Ltd, Bikanerwala, Prataap Snacks Ltd, Balaji Wafers Pvt Ltd, ITC, Pepsico India Holdings Pvt Ltd and DFM Foods Ltd.**

Name of the Bank	Consolidated / Standalone	Face Value	Total Income for FY 2022. (₹ Cr)	Market Capitalization / Revenue	EPS (Basic) (₹)	NAV (₹)	P/E	RoNW (%)
Bikaji Foods International Ltd	Consolidated	1	1,610.96	NA	3.15	32.83	[•]	9.51%
Listed Industry Peers								
Prataap Snacks Ltd	Consolidated	5	1,396.62	1.56	1.24	266.17	748.91	0.47%
DFM Foods Ltd	Consolidated	2	554.45	3.48	-4.93	30.38	-77.84	-16.21%
Nestle India Ltd	Consolidated	10	14,709.41	12.66	222.46	216.2	86.85	102.90%
Britannia Industries Ltd	Consolidated	1	14,136.26	6.45	63.31	105.37	59.75	60.08%

Outlook:

We recommend to **SUBSCRIBE** this IPO for listing gains and for long term investment, based on following justification:

Bikaji has a pan-India presence and also exports to 21 international countries in North America, Europe, the Middle East, Africa, and APAC. It has a strong topline growth and in the future, the sector has strong growth momentum as demand for this consumer-oriented packaged food category is on the rise.

Disclaimer:

This report has been prepared by Hensex and its contents are the exclusive property of the Hensex. This report has been prepared for intended use of Hensex's REGISTERED CLIENTS ONLY. Any reproduction, modification, alteration in whole or in part to this report or its contents in any manner is not allowed and the said report, shall in no case, be further distributed to any individual or non-individual or group of individuals, for non-commercial or commercial use, with or without consideration/permission of the author of this report. Any unsolicited circulation of this report is strictly prohibited. Recipient shall not further distribute the report to a third party for a commercial consideration as this report is being furnished to the recipient solely for the purpose of information.

Descriptions of any company or companies or their securities mentioned herein are not intended to be complete and this report is not, and should not be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. Hensex has not taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. This report is not to be relied upon in substitution for the exercise of independent judgment.

Hensex or its associates including employees engaged in preparation of this report and its directors do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of securities, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc. "Without prejudice to the generality of the foregoing paragraph, we do not represent, warrant, undertake or guarantee, that the use of guidance in the report will lead to any particular outcome or result. We will not be liable to you in respect of any business losses, including without limitation loss of or damage to profits, income, revenue, use, production, anticipated savings, business, contracts, commercial opportunities or goodwill."

Investments in securities market are subject to market risks, please read all the related documents carefully before investing.

Source: RHP (Red Herring Prospectus)

(For Additional & Detailed information, please refer RHP.)

SEBI Reg. No. INZ000209725 | **NSE Member ID:** 14345 | **BSE Member ID:** 6720 | **MCX Member ID:** 45785 | **NCDEX Member ID:** 01030 | **ARN:** 169492

Regional Office: 12A, 2nd Floor, Sonawala Building, Opp. BSE Building, Mumbai Samachar Marg,
Mumbai- 400 001.

Contact: 022-35130667/668

Email: mahesh.ojha@hensex.com

Regd. Address: 7 Bhagat Ki Kothi Extension, NH-65, New Pali Road, JODHPUR-342005(Rajasthan)

Compliance Officer: Mr. Tahir Hussain | **Tel.:** +91-291-2720168 | **Email:** tahir@hensex.com