

FIRST LIGHT

23 March 2023

RESEARCH

BIKAJI FOODS INTERNATIONAL | NOT RATED

Appetite for growth

SUMMARY

BIKAJI FOODS INTERNATIONAL

- Largest manufacturer of Bikaneri Bhujia (crispy snack) and third-largest maker of traditional Indian snacks
- Investments and strategies aligned towards improving market share in focus states
- Topline guided to grow 20% accompanied by 12-15% EBITDA margin in the near-to-medium term

[Click here](#) for the full report.

Daily macro indicators

Ticker	17-Mar	20-Mar	Chg (%)
US 10Y yield (%)	3.43	3.48	6bps
India 10Y yield (%)	7.34	7.33	(1bps)
USD/INR	82.55	82.64	(0.1)
Brent Crude (US\$/bbl)	73.0	73.8	1.1
Dow	31,862	32,245	1.2
Hang Seng	19,519	19,001	(2.7)
Sensex	57,990	57,629	(0.6)
India FII (US\$ mn)	16-Mar	17-Mar	Chg (\$ mn)
FII-D	(5.4)	86.2	91.6
FII-E	20.2	(206.0)	(226.1)

Source: Bank of Baroda Economics Research

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**NOT
RATED**
**BIKAJI FOODS
INTERNATIONAL**

Consumer Discretionary

22 March 2023

Appetite for growth

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- **Investments and strategies aligned towards improving market share in focus states**
- **Topline guided to grow 20% accompanied by 12-15% EBITDA margin in the near-to-medium term**

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We visited three plants of Bikaji Foods (BIKAJI IN, Not Rated) in Bikaner, Rajasthan, to understand the manufacturing process and business operations. Key takeaways:

Largest manufacturer of *bhujiya*: Bikaji Foods is the third-largest manufacturer of traditional Indian snacks and the largest maker of Bikaneri *bhujiya* in the country. The company is also the second-largest maker of handmade *papad* after Lijjat. Bikaji offers over 300 pack options across key categories, comprising 14 varieties of *bhujiya* and 66 of *namkeen* or savoury snacks (together ~70% of revenue), 43 types of packaged sweets (~13% of revenue), 8 of *papad* (~7%), 32 types of western snacks (~6%), and 144 of other snacks.

Strategically located manufacturing plants: With a view to servicing targeted geographies and driving market share gains, the company has established its manufacturing base across the states of Rajasthan (Karni and Bichhwal), Karnataka (Tumkur), Assam (Guwahati), and Bihar (Muzaffarpur). It also has contract manufacturing units in West Bengal (Kolkata), Bihar (Patna) and Uttar Pradesh (Kanpur).

Technology to drive efficiency in core markets: Rajasthan, Assam and Bihar are core markets for Bikaji where the company is category leader and has significant market share. In these core markets, the focus remains on consolidating leadership by enhancing efficiency and productivity through sales automation and distribution management. In Rajasthan, the company aims to improve its direct reach to 75,000 retail outlets from the current 42,000.

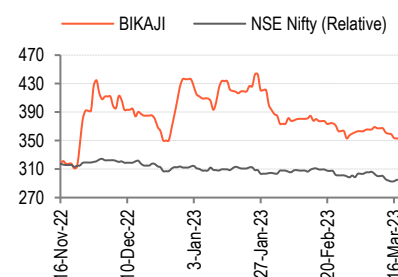
Expanding into other geographies: Bikaji is increasing its presence in other parts of North India, including Uttar Pradesh, Punjab, Haryana and Delhi, apart from Gujarat in the western region, and Karnataka and Telangana in South India. The company's focus in these markets remains on improving market share and presence by strengthening the distributor base, launching products catering to local tastes and using digital channels to increase reach and awareness.

Valuation: The stock is currently trading at 49.6x/36.0x FY24E/FY25E Bloomberg consensus EPS.

Ticker/Price	BIKAJI IN/Rs 347
Market cap	US\$ 1.0bn
Free float	14%
3M ADV	US\$ 0.5mn
52wk high/low	Rs 447/Rs 303
Promoter/FPI/DII	76%/4%/20%

Source: NSE | Price as of 21 Mar 2023

Stock performance



Source: NSE



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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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