

Bikaji Foods International | BUY

Resilient performance, margin delivery surprises positively

Bikaji's 4QFY25 earnings print was above our forecasts on revenue and profitability. Organic revenue (Ex of THF/Ariba Foods acquisition) grew in low-double-digit led by c.11% growth in Ethnic Snacks. The key surprise in the quarter was gross margin – sequential improvement (led by price hikes and moderation in certain key input costs) was ahead of our forecasts, which led to c.5% beat on EBITDA (ex-PLI). Going ahead, management expects revenue trajectory to improve led by internal initiatives as well as gradual recovery in underlying macro. Further, with recent moderation in key raw materials along with benefit of price hikes and operating leverage, company is well on track to revert back to erstwhile margin trajectory in 2HFY26E. While sales/EBITDA delivery was ahead of our est., factoring higher depreciation, we have cut our est. by c.4% for FY26/27E. We believe Bikaji's brand strength positions it well to navigate this challenging phase and accelerate when demand conditions (urban) improve. Moreover, its recent acquisitions (Frozen Foods & entry in QSR) point towards its focus on expanding TAM. Maintain BUY rating with revised TP of INR 790 (58x Jun'27E EPS). Acceleration in core business sales along with scale up in newer business will be key monitorables in near term, given that stock trades at a premium valuation.

- **Organic revenue growth tad better then expectation:** Sales (ex-PLI) grew 14.6% (11.2% organic growth) to INR 6bn, while EBITDA and adjusted PAT declined sharply by 53.9% and 61.9% to INR 743mn and INR 443mn respectively. EBITDA ex-PLI declined 12.9% to INR 594mn and was 5.7% ahead of our estimate. Underlying volume growth of 8.9% was healthy given urban markets are still facing headwinds. In terms of segmental performance, overall Snacks category grew 12.5% - Ethnic Snacks sales grew by 11.4% yoy while Western Snacks grew 21.5%. Packaged Sweets declined 1.4% yoy while Papad sales grew 5% yoy. Packaged Sweets were impacted by a weak demand season (grew 13.2% in FY25) due to lower wedding dates; Papad remained impacted by supply side constraints. Western Snacks (chips) recovered to healthy growth after a flattish Q3 when the company took conscious call to forgo sales given high potato prices. Sales for Core States grew 10.1% while Focus States grew at a much faster pace of 38.6% yoy. Exports were up 29.4% yoy. In term of SKU mix, growth in family packs sales grew by 13.8% yoy, faster vs. impulse packs (+9.3%). Focus on distribution expansion continued – the company increased direct coverage by c.22.9k outlets during the quarter, taking direct reach to 3.1L outlets (+24% yoy).
- **Gross margin delivery surprises positively:** Consol. GM (ex-PLI) fell 143bps yoy to 31.6% (better than our estimate of 30.5%), though improved sequentially by 444bps due to price hikes taken (c.2.5% in 2HFY25) and some moderation seen in prices of pulses and flour. Staff costs grew 57.9% yoy, on account of low base and impact of reclassification of certain other expenses. Other overheads grew by 14.7% yoy, in line with revenue. Resultant EBITDA (ex-PLI) declined by 12.9% yoy to INR 594mn with margin compression of 315bps to 10%, still better than our estimate of 9.6%. Higher than expected depreciation and finance cost led to miss on adjusted PAT by 7.8%. Reported PAT stood at INR 446mn (-62% yoy, mainly due to bunched up PLI income in base quarter).

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	22,344	25,534	30,187	35,155	40,703
Sales Growth (%)	13.8	14.3	18.2	16.5	15.8
EBITDA	3,913	3,282	4,005	4,915	5,214
EBITDA Margin (%)	16.8	12.5	13.0	13.8	12.8
Adjusted Net Profit	2,634	2,005	2,488	3,276	3,638
Diluted EPS (INR)	10.5	8.0	9.9	13.1	14.5
Diluted EPS Growth (%)	89.8	-23.9	24.0	31.7	11.1
ROIC (%)	26.4	15.1	16.7	21.4	22.5
ROE (%)	24.2	15.4	16.6	18.7	17.6
P/E (x)	68.5	90.1	72.6	55.2	49.7
P/B (x)	14.8	13.1	11.2	9.5	8.1
EV/EBITDA (x)	45.7	54.7	44.2	35.5	32.9
Dividend Yield (%)	0.1	0.1	0.1	0.2	0.2

Source: Company data, JM Financial. Note: Valuations as of 16/May/2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	790
Upside/(Downside)	9.6%
Previous Price Target	795
Change	-0.6%

Key Data – BIKAJI IN

Current Market Price	INR721
Market cap (bn)	INR180.7/US\$2.1
Free Float	23%
Shares in issue (mn)	250.6
Diluted share (mn)	250.6
3-mon avg daily val (mn)	INR299.3/US\$3.5
52-week range	1,008/515
Sensex/Nifty	82,331/25,020
INR/US\$	85.6

Price Performance

%	1M	6M	12M
Absolute	-0.3	-9.3	37.5
Relative*	-6.9	-14.7	22.7

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Concall Highlights

- **Operating environment** – Overall demand environment remained subdued during FY25, while rural markets showed improvement post 1H, urban remained under stress (gradual signs of recovery visible). Near term outlook remains positive on the back of a) good crop and monsoon expectation, b) internal corrective actions to improve reach and c) positive government initiatives.
- **Pricing actions** – Company undertook a cumulative price hike of 2-2.5% in 2HFY25. An additional 0.5% price hike was taken in April 2025 across select SKUs. Hereafter, management does not expect any further hikes.
- **Distribution expansion**– Company expanded its direct reach to 3.1L outlets (internal target – 3L) in FY25. Going forward, management guided to add 50,000 outlets yoy for 3 years and reach the 4.5L mark by FY28. Management focus will primarily remain to expand urban focus markets followed by rural focus markets with some room for distribution expansion in rural core market.
- **Channel performance** – Modern trade and ecommerce continue to grow faster vs. General trade. Presently, revenue contribution from MT stands at 8% and ecommerce at 2%.
- **Capex plans** – Management invested in a mega warehouse to enhance production efficiency, manage inventory and resolve logistical issues. Total outlay of INR c.65 crs. Apart from this, management earmarked routine maintenance capex for the near term.
- **House of brands** – Company opened its first QSR restaurant in Rajasthan in FY25. It targets to open 4/5 new outlets in FY26. Presently, the contribution from these outlets is lower, hence, management will communicate its QSR expansion plan post FY26.
- **Competition** – Due to inflation in key RM prices, price hikes were taken industry wide. Company's pricing actions were similar to other organised players, while price hikes taken by local players stood at 0.85x of the company.
- **Acquisition related commentary** – Revenue from operations includes INR 11-12crs from The Hazelnut Factory (THF) and 7-7.5crs from Ariba during FY25. Going forward, management targets THF and Ariba foods to deliver revenue of INR 900mn and INR 500mn respectively for FY26E.
- **Guidance**
 - With commodity costs moderating and price hikes being implemented, margins are expected to improve sequentially. The long-term target is to maintain steady state EBITDA margins of 15% after 5 years.
 - Management expects volume trajectory to remain robust and deliver 12-13% growth in FY26.
 - A&P spends (% to sales) to remain at current levels of c.2% for FY26.
 - Management aspires to improve its market share to 11.5-12% in the next 5 years. Focus will be to increase reach in focus markets and throughput in core markets to drive market share gains.
- **Miscellaneous**
 - Growth levers for large/family packs: a) Higher saliency of sales from large packs in large retail stores and Organised trade and b) Higher promotional campaigns focused towards large packs. Despite this, saliency of large and small packs to remain at similar levels.
 - Focus markets continue to grow faster vs. core markets driven by a) favourable base and b) higher investments driving disproportionate results.
 - Staff costs remained elevated due to reclassification from other overheads on standalone basis. Staff costs grew 16% yoy ex-reclassification.

Exhibit 1. 4Q & FY25 consolidated result snapshot: Operationally better than expectations

(INR mn)

INR mn	4QFY25	4QFY24	YoY growth	4QFY25E	% Var	FY25	FY24	YoY growth
Net Sales	5,969	5,208	14.6%	5,852	2.0%	25,534	22,344	14.3%
Other Operating Income	167	936	-82.2%	170	-1.7%	684	949	-27.9%
Total Revenue	6,136	6,144	-0.1%	6,022	1.9%	26,219	23,293	12.6%
Gross Profit	1,887	1,721	9.6%	1,785	5.7%	7,788	7,259	7.3%
Gross Profit Margin %	31.6%	33.0%	-143 bps	30.5%	111 bps	30.5%	32.5%	-199 bps
Staff Cost	410	260	57.9%	375	9.4%	1,585	1,167	35.8%
Other Expenses	901	786	14.7%	849	6.2%	3,606	3,128	15.3%
EBITDA	743	1,612	-53.9%	732	1.5%	3,281	3,913	-16.2%
EBITDA margin %	12.4%	31.0%	-1851 bps	12.5%	-6 bps	12.8%	17.5%	-466 bps
EBITDA - excl. PLI	594	682	-12.9%	562	5.7%	2,664	2,983	-10.7%
EBITDA margin % - excl. PLI	10.0%	13.1%	-315 bps	9.6%	35 bps	10.4%	13.4%	-292 bps
Depreciation	245	154	59.7%	208	18.0%	815	601	35.8%
EBIT	498	1,459	-65.9%	524	-5.0%	2,466	3,313	-25.6%
Interest Expense	50	26	89.3%	40	24.4%	151	106	42.4%
Financial Other Income	100	115	-13.4%	125	-20.3%	331	273	21.0%
PBT	548	1,547	-64.6%	609	-10.1%	2,645	3,479	-24.0%
Taxes	149	385	-61.4%	134	10.9%	701	845	-17.0%
Minority Interest	-46	0	-11448.4%	-5	828.3%	-65	-22	190.6%
Reported Net Profit	446	1,162	-61.7%	480	-7.2%	2,008	2,657	-24.4%
Adjusted Net Profit	443	1,162	-61.9%	480	-7.8%	2,005	2,634	-23.9%

Source: Company, JM Financial

Exhibit 2. Quarterly performance – consolidated basis

INR mn	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Volume growth	15%	5%	30%	14%	16%	15%	3%	9%
Sales	4,817	6,080	6,239	5,208	5,551	7,040	6,974	5,969
Other op income	4	7	2	936	170	172	175	167
YoY	15%	6%	23%	13%	15%	16%	12%	15%
Gross Profit	1,582	2,002	1,967	2,657	1,942	2,406	2,070	2,054
Staff cost	264	311	333	260	340	397	439	410
Other expenses	660	814	885	786	686	942	1,076	901
EBITDA	658	877	750	1,612	916	1,067	555	743
YoY	114%	37%	36%	161%	39%	22%	-26%	-54%
EBITDA (ex-PLI)	NA	NA	NA	682	748	917	405	594
Depreciation	134	156	157	154	179	186	205	245
Interest	22	29	29	26	28	30	43	50
Other income	57	60	58	115	73	79	79	100
PBT	558	752	622	1,547	781	931	385	548
YoY	156%	35%	20%	201%	40%	24%	-38%	-65%
Tax	144	154	162	385	200	245	107	149
PAT after exceptional item	414	598	460	1,163	581	686	278	399
Minority Interest	(2)	(14)	(6)	0	(5)	(6)	(8)	(46)
PAT	416	612	466	1,162	586	692	286	446
YoY	157%	47%	14%	205%	41%	13%	-39%	-62%
% to sales	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Gross margin (ex – PLI)	32.8%	32.8%	31.5%	33.0%	31.9%	31.7%	27.2%	31.6%
Staff cost	5.5%	5.1%	5.3%	5.0%	6.1%	5.6%	6.3%	6.9%
Other expenses	13.7%	13.4%	14.2%	15.1%	12.4%	13.4%	15.4%	15.1%
EBITDA margin	13.7%	14.4%	12.0%	31.0%	16.5%	15.2%	8.0%	12.4%
EBITDA margin (ex-PLI)	NA	NA	NA	13.1%	13.5%	13.0%	5.8%	10.0%

Source: Company, JM Financial

*7.9% after adjusting for consumer offer in base quarter

Exhibit 3. Revenue mix – product-wise

Sales (INR mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
<u>Segment sales</u>								
Ethnic Snacks	3,588	4,162	3,914	3,808	4,163	4,600	4,326	4,243
YoY	16%	10%	15%	11%	16%	11%	11%	11%
Packaged Sweets	387	1,036	1,135	432	435	1,265	1,262	426
YoY	23%	-13%	83%	14%	12%	22%	11%	-1%
Western Snacks	430	484	469	446	542	596	473	542
YoY	19%	9%	10%	14%	26%	23%	1%	22%
Papad	294	233	379	443	335	294	415	465
YoY	1%	-6%	9%	23%	14%	26%	9%	5%
Others	118	165	342	79	76	285	498	293
Total	4,817	6,080	6,239	5,208	5,551	7,040	6,974	5,969

Source: Company, JM Financial

Exhibit 4. Bikaji's avg. PE band since date of listing



Source: Company, Bloomberg, JM Financial

Exhibit 5. Revision in estimates

INR mn	Revised		Earlier		Change %	
	FY26	FY27	FY26	FY27	FY26	FY27
Sales	30,759	35,731	30,688	35,691	0.2%	0.1%
EBITDA	4,005	4,915	3,862	4,851	3.7%	1.3%
PAT	2,488	3,276	2,587	3,422	-3.9%	-4.3%
EPS	9.9	13.1	10.4	13.7	-4.1%	-4.5%

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	22,344	25,534	30,187	35,155	40,703
Sales Growth	13.8%	14.3%	18.2%	16.5%	15.8%
Other Operating Income	949	684	572	576	80
Total Revenue	23,293	26,219	30,759	35,731	40,783
Cost of Goods Sold/Op. Exp	15,085	17,746	20,708	23,905	27,678
Personnel Cost	1,167	1,585	1,839	2,124	2,439
Other Expenses	3,128	3,605	4,207	4,787	5,453
EBITDA	3,913	3,282	4,005	4,915	5,214
EBITDA Margin	16.8%	12.5%	13.0%	13.8%	12.8%
EBITDA Growth	83.5%	-16.1%	22.0%	22.7%	6.1%
Depn. & Amort.	601	815	967	996	1,028
EBIT	3,313	2,467	3,038	3,919	4,186
Other Income	273	329	367	522	723
Finance Cost	106	151	160	144	133
PBT before Excep. & Forex	3,479	2,645	3,245	4,297	4,776
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	3,479	2,645	3,245	4,297	4,776
Taxes	845	701	827	1,096	1,218
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	-22	-65	-70	-75	-80
Reported Net Profit	2,657	2,008	2,488	3,276	3,638
Adjusted Net Profit	2,634	2,005	2,488	3,276	3,638
Net Margin	11.3%	7.6%	8.1%	9.2%	8.9%
Diluted Share Cap. (mn)	250.4	250.6	250.6	250.6	250.6
Diluted EPS (INR)	10.5	8.0	9.9	13.1	14.5
Diluted EPS Growth	89.8%	-23.9%	24.0%	31.7%	11.1%
Total Dividend + Tax	250	251	249	328	364
Dividend Per Share (INR)	1.0	1.0	1.0	1.3	1.5

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	3,479	2,645	3,245	4,297	4,776
Depn. & Amort.	601	815	967	996	1,028
Net Interest Exp. / Inc. (-)	-167	-178	-207	-378	-591
Inc (-) / Dec in WCap.	-761	-848	-600	-790	-868
Others	51	146	0	0	0
Taxes Paid	-757	-646	-854	-1,088	-1,214
Operating Cash Flow	2,447	1,935	2,551	3,037	3,131
Capex	-1,270	-1,210	-453	-510	-509
Free Cash Flow	1,177	725	2,098	2,527	2,622
Inc (-) / Dec in Investments	-574	-582	-54	-62	-71
Others	-145	486	367	522	723
Investing Cash Flow	-1,988	-1,306	-140	-50	143
Inc / Dec (-) in Capital	128	94	0	0	0
Dividend + Tax thereon	-187	-250	-249	-328	-364
Inc / Dec (-) in Loans	-271	-99	-305	-244	-196
Others	-209	-302	38	65	87
Financing Cash Flow	-539	-557	-516	-507	-473
Inc / Dec (-) in Cash	-81	71	1,896	2,480	2,802
Opening Cash Balance	2,686	2,119	2,191	4,086	6,567
Closing Cash Balance	2,606	2,191	4,086	6,567	9,368

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	12,184	13,832	16,071	19,019	22,293
Share Capital	250	251	251	251	251
Reserves & Surplus	11,933	13,581	15,820	18,768	22,043
Preference Share Capital	0	0	0	0	0
Minority Interest	-22	974	974	974	974
Total Loans	1,187	1,535	1,230	986	790
Def. Tax Liab. / Assets (-)	378	487	487	487	487
Total - Equity & Liab.	13,726	16,828	18,762	21,466	24,545
Net Fixed Assets	7,764	10,068	9,426	8,805	8,146
Gross Fixed Assets	9,925	11,339	11,791	12,301	12,810
Intangible Assets	50	911	911	911	911
Less: Depn. & Amort.	2,591	3,406	4,373	5,370	6,397
Capital WIP	378	1,225	1,096	963	823
Investments	313	560	614	676	748
Current Assets	6,745	7,872	10,601	14,154	18,153
Inventories	821	1,079	1,241	1,445	1,673
Sundry Debtors	1,035	1,009	1,199	1,397	1,617
Cash & Bank Balances	2,606	2,191	4,086	6,567	9,368
Loans & Advances	863	1,450	1,660	1,934	2,239
Other Current Assets	1,420	2,143	2,415	2,812	3,256
Current Liab. & Prov.	1,096	1,673	1,880	2,170	2,502
Current Liabilities	1,011	1,527	1,781	2,052	2,368
Provisions & Others	85	146	98	118	134
Net Current Assets	5,649	6,199	8,722	11,984	15,650
Total - Assets	13,726	16,828	18,762	21,466	24,545

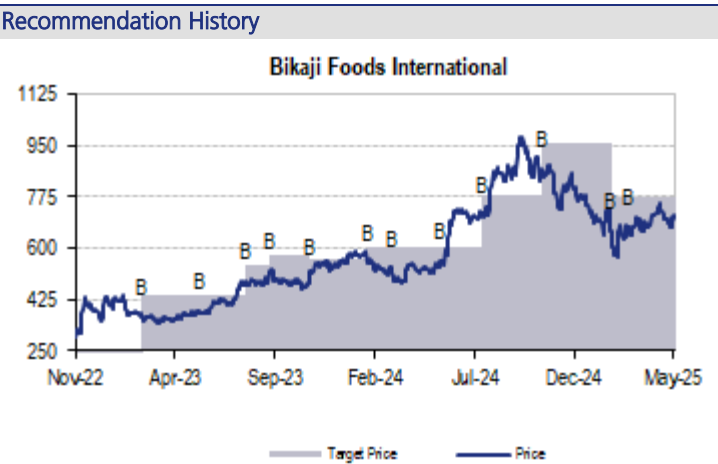
Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	11.3%	7.6%	8.1%	9.2%	8.9%
Asset Turnover (x)	1.9	1.7	1.7	1.8	1.8
Leverage Factor (x)	1.2	1.2	1.2	1.1	1.1
RoE	24.2%	15.4%	16.6%	18.7%	17.6%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	48.7	55.2	64.1	75.9	89.0
ROIC	26.4%	15.1%	16.7%	21.4%	22.5%
ROE	24.2%	15.4%	16.6%	18.7%	17.6%
Net Debt/Equity (x)	-0.1	-0.1	-0.2	-0.3	-0.4
P/E (x)	68.5	90.1	72.6	55.2	49.7
P/B (x)	14.8	13.1	11.2	9.5	8.1
EV/EBITDA (x)	45.7	54.7	44.2	35.5	32.9
EV/Sales (x)	7.6	6.8	5.7	4.9	4.2
Debtor days	16	14	14	14	14
Inventory days	13	15	15	15	15
Creditor days	19	24	24	24	24

Source: Company, JM Financial

History of Recommendation and Target Price			
Date	Recommendation	Target Price	% Chg.
24-Feb-23	Buy	440	
24-May-23	Buy	440	0.0
1-Aug-23	Buy	540	22.7
6-Sep-23	Buy	575	6.5
6-Nov-23	Buy	565	-1.7
3-Feb-24	Buy	600	6.2
11-Mar-24	Buy	600	0.0
24-May-24	Buy	600	0.0
25-Jul-24	Buy	780	30.0
25-Oct-24	Buy	960	23.1
7-Feb-25	Buy	770	-19.8
7-Mar-25	Buy	770	0.0



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

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