

March 7, 2025

Bikanervala Foods Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fund-based - Working Capital Facilities	73.50	70.00	[ICRA]A (Stable); Reaffirmed
Long Term - Fund based Term Loans	269.37	212.15	[ICRA]A (Stable); Reaffirmed
Short Term- Non-Fund based limits	27.50	50.40	[ICRA]A2+; Reaffirmed
Total	370.37	332.55	

*Instrument details are provided in Annexure I

Rationale

For arriving at the ratings, ICRA has taken a consolidated view of Bikanervala Foods Private Limited (BFPL) and Bikanervala Private Limited (BPL), together referred to as the Group, given the strong operational and financial linkages between the entities and common ownership of BFPL and BPL. As a part of the scheme filed with the National Company Law Tribunal (NCLT), BFPL's restaurant business was demerged into a separate entity, BPL, with approvals received in July 2023 and the scheme becoming effective from April 1, 2022.

The ratings reaffirmation of BFPL factors in the expectation of a steady performance by the Group over the medium term, aided by a well-entrenched distribution network across northern India, a strong market position in the packaged food industry, and established presence and brand equity of Bikanervala and Bikano brands. The Group enhanced its manufacturing capacity by setting up a new facility on Yamuna Expressway, Uttar Pradesh, which was commercialised in the current fiscal. The enhanced manufacturing capacity coupled with a favourable demand outlook for packaged snack foods industry in India, is likely to help the Group record a moderate-to-healthy growth in revenues over the medium term. Even as a recent increase in palm oil prices led to a moderation in profitability for players in the industry, ICRA expects the Group to report steady operating margins (in the range of 10-12%) over the medium term. Steady cash flows, in the absence of any material capex plans, are likely to lead to a gradual improvement in leverage (Total Debt/OPBDITA for the Group expected to moderate to 1.4-1.6 times by FY2026) and debt coverage indicators. The ratings continue to factor in the inherently low working capital intensity of the business, which has supported adequate liquidity position with sufficient cushion in fund-based limits.

The ratings remain constrained by the Group's moderate capitalisation and coverage metrics, led by sizeable debt-funded capex incurred a few years back. The Group's ability to achieve healthy capacity utilisation from the newly commissioned facilities would remain a key monitorable. The ratings also factor in BFPL's exposure to stiff competition from branded packaged food players, both large multinationals and medium-sized domestic players, as well as local sweets and savouries (namkeen) manufacturers and counterfeits. The Group is also exposed to fluctuations in key raw material prices, which resulted in volatility in margins in the past. Moreover, quality also remains a risk for the Group as it operates in the food industry.

The Stable outlook on the long-term rating reflects ICRA's expectations that the Group will continue to benefit from the strong brand names of Bikanervala and Bikano and maintain a healthy growth in cash flows over the medium term, helping it maintain a strong credit profile.

Key rating drivers and their description

Credit strengths

Strong brand recognition; extensive distribution network – The Group has presence in two key segments, namely packaged foods/ snacks (sales of savouries and sweets) and restaurants, through BFPL and BPL, respectively. While it sells *namkeens* and *sweets* and operates a chain of cafes under the brand name, Bikano, it operates a chain of quick service restaurants (QSRs) under the brand name, Bikanervala. Bikano as well as Bikanervala are well-recognised brands in their respective segments and enjoy good customer acceptance in northern India. However, the Group faces competition from other established brands like Haldiram's, Bikaji, Lays, Kurkure, etc., in the snacks segment, and from peers like Haldiram's, McDonalds, etc., in the QSR business, besides the local players/unorganised segment.

BFPL sells its products through a network of super-stockists, distributors and retailers across northern India. In addition, the Group and its franchisees operate Bikanervala outlets in northern India. Together with its brand strength, the established distribution network of the Group makes it relatively easier for BFPL to introduce new products

Favourable demand outlook for packaged snack foods industry in India – The demand for packaged snacks is driven by factors such as a large population base, increasing spending ability and a shift towards branded product consumption. Further, increased preference for hygienic products, post the pandemic, has resulted in a robust growth in demand for packaged snacks in the recent fiscals.

Low working capital intensity of operations – The working capital intensity of the business remains inherently low as the Group offers limited credit period and carries low inventory due to the perishable nature of the food products. The same has helped the Group limit dependence on working capital borrowings and supported the credit profile.

Credit challenges

Moderate debt coverage metrics owing to debt-funded capex done in the recent past – BFPL completed a sizeable capex in the current fiscal, having an estimated outlay of ~Rs. 360 crore under the Production Linked Incentive scheme (Category-I, Segment: Ready to Cook/Ready to Eat). This led to a significant increase in the Group's outstanding debt and resulted in a moderation in debt coverage indicators. With scheduled repayments, the Group's capitalisation and coverage metrics are expected to gradually improve in the medium term.

Exposure to execution and market risks associated with foray into southern India – With the Group's manufacturing facility in Hyderabad already commissioned, BFPL has forayed into the southern markets. This exposes the Group to associated execution and market risks as it is a new market for BFPL in terms of taste preferences, product acceptability, pricing and distribution reach.

Exposure to raw material price and quality risks – Given the intense competition in the segments in which the Group operates, it is not possible to immediately and fully pass on any cost increases. As a result, BFPL's operating profitability remains vulnerable to major changes in raw material prices. As witnessed in the past fiscals, a sharp increase in the prices of palm oil affected its operating margins. As the Group operates in the food industry, risks related to quality and reputation remain high.

Liquidity position: Adequate

The Group's liquidity profile remains adequate, as its cash flows from operations are expected to be sufficient to fund its scheduled repayment obligations in the near-to-medium term (~Rs.65 crore in FY2026). The Group also has a comfortable cushion in its fund-based working capital limits (~Rs. 60 crore at the end of January 2025). The Group does not have any major capex plan in the upcoming fiscals.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company demonstrates a robust growth in revenues and profitability, translating into healthy capitalisation and coverage metrics. A specific metric for ratings upgrade includes a consolidated Debt/OPBITDA below 1.5 times on a sustained basis.

Negative factors – The ratings could be downgraded if a material weakening of profitability or a significant debt-funded capex results in weakening of capitalisation and coverage metrics. A specific metric for ratings downgrade includes an interest cover below 4 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology FMCG
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of BFPL and Bikanervala Private Limited (promoter group entity), given the strong operational and financial linkages between the entities.

About the company

Incorporated in 1988 by Mr. Shyam Sunder Aggarwal, BFPL is a closely-held company that manufactures snacks like *namkeens*, sweets, biscuits, etc., under the Bikano brand, through its manufacturing facilities in Delhi, Greater Noida (Uttar Pradesh) and Rai (Haryana). The company is also setting up new manufacturing facilities in Hyderabad (for the South Indian markets) and Greater Noida. The Bikano brand is also used for operating owned and franchisee café outlets by the company. In addition, the company owns and operates restaurants as well as franchisee outlets under the Bikanervala brand.

The company had acquired a 48% stake in Bikano Foods Private Limited in FY2019 and increased it to 100% in FY2020. Bikano Foods owns a snack manufacturing facility in Rai. Further, BFPL had announced the merger of Bikano Foods Private Limited with itself. Approval of NCLT for the same was received in July 2023 and the merger was effective from April 1, 2022.

Key financial indicators (audited)

BFPL Consolidated+ BPL Consolidated ^	FY2023	FY2024
Operating income	1,358	1,552
PAT	28	53
OPBDIT/OI	9.0%	11.2%
PAT/OI	2.1%	3.4%
Total outside liabilities/Tangible net worth (times)	1.7	1.4
Total debt/OPBDIT (times)	3.4	2.4
Interest coverage (times)	5.9	5.3

	BFPL Consolidated		BFPL Standalone
	FY2023	FY2024	6M FY2025*
Operating income	1,211	1,316	765
PAT	20	46	46
OPBDIT/OI	6.9%	10.7%	12.4%
PAT/OI	1.7%	3.5%	6.0%

Total outside liabilities/Tangible net worth (times)	1.6	1.3	1.2
Total debt/OPBDIT (times)	3.9	2.3	1.5
Interest coverage (times)	6.7	5.7	7.3

Source: Company, ICRA Research;; All ratios as per ICRA's calculations; Amounts in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; ^estimates prepared by ICRA; *Provisionals

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2025)			Chronology of rating history for the past 3 years						
			FY2024		FY2023		FY2022		
Instrument	Type	Amount rated (Rs. crore)	Mar 07,2025	Date	Rating	Date	Rating	Date	Rating
Fund- based - Working Capital Facilities	Long term	70.00	[ICRA]A (Stable)	Mar-26-24	[ICRA]A (Stable)	Feb-09-23	[ICRA]A (Stable)	Dec-31-21	[ICRA]A+ (Negative)
Fund based Term Loans	Long term	212.15	[ICRA]A (Stable)	Mar-26-24	[ICRA]A (Stable)	Feb-09-23	[ICRA]A (Stable)	Dec-31-21	[ICRA]A+ (Negative)
Non-Fund based limits	Shrot term	50.40	[ICRA]A2+	Mar-26-24	[ICRA]A2+	Feb-09-23	[ICRA]A2+	Dec-31-21	[ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund- based - Working Capital Facilities	Simple
Fund based Term Loans	Simple
Non-Fund based limits	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund-based - Working Capital Facilities	NA	NA	NA	70.00	[ICRA]A (Stable)
NA	Term Loans	FY2017-FY2024	NA	FY2025-FY2029	212.15	[ICRA]A (Stable)
NA	Non-fund based limits	NA	NA	NA	50.40	[ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Bikanervala Private Limited (BPL)	NA	Full consolidation
Bikanervala Foods Inc (USA)	100%	Full consolidation
Ambrosia Parade Restaurants LLC	10% (owned by USA)	Full consolidation
BFPL Infra Private Limited	100% (owned by BPL)	Full consolidation
P.K. Delicacies Private Limited	100% (owned by BPL)	Full consolidation
BFPL Singapore PTE Limited(BSPL)	100% (owned by BPL)	Full consolidation
Unique Foods Partners PTE Limited	100% (owned by BSPL)	Full consolidation

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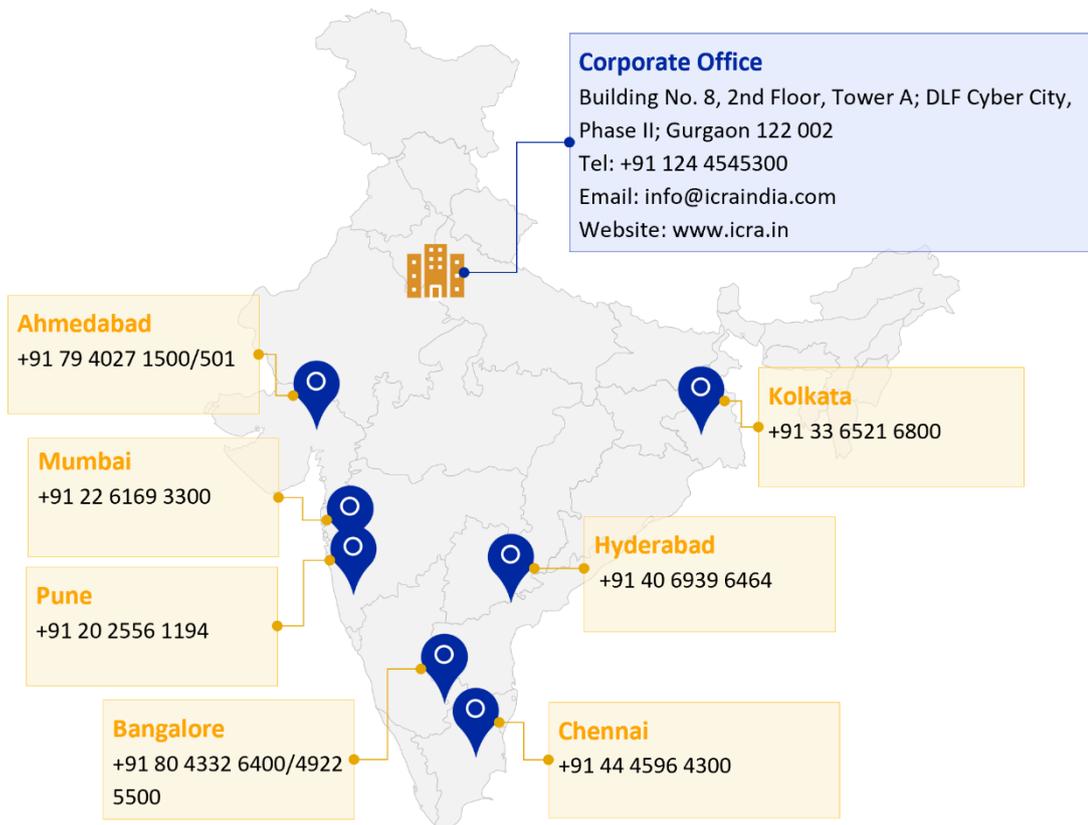
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