

Subscribe for Long Term

Issue Details

Price Band (Rs)	Rs.286 - 288
Face Value (Rs)	10
Issue Size (Rs)	540.51 Cr
Issue Type	Book Building
Minimum lot	50
Issue Opens	December 15, 2020
Issue Closes	December 17, 2020
Listing on	BSE, NSE

Indicative Timeline

On or before

Finalization of Basis of Allotment	December 22, 2020
Unblocking of Funds	December 23, 2020
Credit of shares to Demat Account	December 24, 2020
Listing on exchange	December 28, 2020

Other Detail

Book Running Lead Managers	SBI Capital Markets Limited, ICICI Securities Limited, IIFL Securities Limited
Registrar	Link Intime India Private Limited

MRS. BECTORS FOOD SPECIALITIES LIMITED

Company Background

Mrs. Bectors Food Specialities Limited ("Bectors Food") was incorporated on September 15, 1995. The company is one of the leading companies in the premium and mid-premium biscuits segment and the premium bakery segment in North India. The company manufactures and market a range of its biscuits such as cookies, creams, crackers, digestives and glucose under its flagship brand 'Mrs. Bector's Cremica'. They also manufacture and market bakery products in savoury and sweet categories which include breads, buns, pizza bases and cakes under its brand 'English Oven'. Company's all products are manufactured in-house at their 6 manufacturing facilities located in Phillaur and Rajpura, Tahlawal, Greater Noida, Khopoli and Bengaluru.

Issue Details :

The offer comprises Fresh Issue of Equity shares aggregating upto Rs.40.54Cr and Offer for sale of Equity Shares aggregating upto Rs.500Cr

Issue Objectives :

- To meet Capital Expenditure for setting up Rajpura Expansion Project.
- To meet the general corporate purposes.

IPO share allotment pattern

Category	Allocation	Number of Shares at Rs.286	Number of Shares at Rs.288	Issue Size* (Rs.Cr)
QIB	50%	94,40,773	93,75,216	270.01
Non-Institutional	15%	28,32,233	28,12,565	81
Retail	35%	66,08,542	65,62,652	189
Employee*		18,450	18,315	0.50
Total		1,88,99,998	1,87,68,748	540.51

*Issue Size at Upper price band * Discount of Rs.15 for Employee.
Source: Company RHP, ACMIIL Research

Outlook and Valuations

Bectors Food is one of the leading companies in the premium and mid-premium biscuits segment and the premium bakery segment in North India. The Indian biscuits and bakery retail market is valued at Rs.450.00 billion and is expected to grow at a CAGR of approximately 9% over the next five years. With its superior product mix, established brand name, strong distribution network, and adding capacities, We believe Bectors Food is well placed to capitalize on domestic opportunities. At the upper price band of Rs.288/-, stock is valued at 21.73x of FY21E EPS of Rs.13.25 (based annualize latest earnings and on diluted basis). **We recommend to subscribe the issue from a long-term prospective.**

Investment Rationale

A leader in biscuits and bakery segments in North India

Bectors Food is one of the leading companies in the premium and mid-premium biscuits segment in North India and sell its products under its flagship brand 'Mrs. Bector's Cremica'. They are among the top 2 Indian biscuit manufacturers in the premium and mid-premium biscuits segment in Punjab, Himachal Pradesh, Ladakh and Jammu and Kashmir. In the Financial Year 2020, they had a market share of 4.5% of the premium and mid-premium biscuits market in North India. They also have developed the brand 'English Oven' for its bakery products business. They focused on the 'English Oven' brand for manufacturing and selling its bakery products under the 'English Oven' brand in the year 2013, in Mumbai through its subsidiary Mrs. Bectors English Oven Ltd.

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A leading exporter of biscuits

Bectors Food is one of the leading exporter of biscuits from India, with approximately 12% share of the Indian biscuit export market in calendar year 2019 and they contribute more than 50% by value of biscuit exports from India to countries like South Africa and Uganda and more than 25% by value of biscuit exports from India to Canada. During the Financial Year ended March 31, 2020, they exported biscuits to 64 countries, across Central and South America, Europe, North America, East and South Africa, Australasia, the MENA region and Asia to various retailers, distributors and buying houses. The company has received several quality certifications from including certificate of registration from the U.S. Food and Drug Administration, the British Retail Consortium (BRC) food certification, Sedex Members Ethical Trade Audit (SMETA), Food Safety System certification 22000 and Halal certification for manufacturing biscuits, which helps in the acceptability of its products in developed and quality conscious export markets.

Wide spread and established sales and distribution network

The company distributes its biscuits across 23 states in India, through its widespread network of super stockists and distributors. For the period between April 1, 2020 to September 30 2020, they have a distribution network comprising of 154 super stockists and 644 distributors supplying to wide range of customers through 458,000 retail outlets. They also exported their biscuits to 64 countries during the Financial Year ended March 31, 2020, through its strong global distribution network and their tie-ups with retailers, distributors and buying houses such as Monteagle International (UK) Ltd, Lulu Hypermarket Trading Co, E-Mart Inc., Atlas Global (HK) Ltd, Omni Trade Services Ltd, Universal Trade Ltd, and World Wide Imports (2008) Ltd.

Established presence in retail and institutional bakery business

'English Oven' is one of the fastest growing largescale premium bakery brand in India. The company market and sell its premium bakery products in savoury and sweet categories such as breads, buns, pizza bases, and cakes to its retail customers under its brand 'English Oven' which is one of the largest selling brands in the premium bakery segment in Delhi NCR, Mumbai and Bengaluru. The company is also the largest supplier of buns to reputed QSR chains. They are the sole supplier of burger buns and pan muffins to Connaught Plaza Restaurants Pvt. Ltd. since 1995, preferred supplier of burger buns and pan muffins to Hardcastle Restaurants Pvt. Ltd. for approximately 13 years. They have also been one of the main supplier of burger buns to Burger King India Ltd since 2014, and to Yum! Restaurants (India) Pvt. Ltd. since 2013. They have been a preferred and leading supplier of products such as frozen burger buns, panini, garlic breads to PVR Ltd since the last 10 years. Over the years, they have expanded its manufacturing facilities and introduced stringent quality control processes, which have enabled them to serve other reputed QSR chains.

Modern and automated production processes with a focus on quality control

Bectors Food is a quality-focused company and committed to maintaining stringent quality standards at all steps of the manufacturing cycle, from procurement of the raw material to dispatch of the finished product. They use premium quality raw materials and ingredients in its products. For instance, they have integrated modern technologies in its manufacturing process such as the 'Farinograph', which allows them to ensure using consistent quality of wheat during the manufacturing process. Company's production facilities are strategically located in proximity to its target markets. They currently manufacture biscuits in its Phillaur Manufacturing Facility, Rajpura Manufacturing Facility and Tahlwal Manufacturing Facilit.

Financials Snapshot

Particulars (Rs Mns)	FY18	FY19	FY20	H1FY21
Equity share capital	573	573	573	573
Net worth	2666	2947	3193	3578
Net asset value per share	47	52	56	63
Revenue from Operations	6940	7837	7621	4310
Gross Margin	44.36%	45.89%	46.54%	47.84%
EBITDA	855	962	929	722
EBITDA %	12.32%	12.27%	12.18%	16.76%
Net Profit	359	332	304	389
Diluted EPS (Rs)	6.27	5.78	5.30	6.78
ROE	14.3%	11.81%	9.9%	21.72%
ROCE	18%	15.9%	12.68%	24.22%

Source: Company RHP, ACMIIL Research

*ROE and ROCE have been annualised for September 30, 2020.

Comparison With Listed Peers Peer Comparison -FY20

Company	Standalone/ Consolidated	Total Income (Mn)	EPS	NAV	P/E	ROE(%)
Mrs. Bectors Food Specialities Ltd	Consolidated	7650	5.30	56	21.73^	9.52%
Nestle India Limited *	Consolidated	126,158	204.28	200	86.44	101.93%
Britannia Industries Limited	Consolidated	1,18,790	58.34	183	62.28	31.65%
Prataap Snacks Limited	Consolidated	14,030	20.01	259	32.51	7.72%
DFM Foods Limited	Consolidated	5,147	4.86	29	74.47	16.79%

Source: Company RHP, ACMIIL Research

*Audited IND Financial Year ended December 31, 2019. P/E Ratio has been computed based on the closing market price as on November 27,,2020.^P/E Ratio has been computed based on the Issue price and annualize September 2020 earnings.

Risk and Concern :

- The continuing effect of the COVID-19 pandemic on business and operations.
- Inability to anticipate, respond and meet the tastes, preferences or consistent quality requirements of their consumer.
- Competition risk.

ACMIIL Retail Research Products

Informational Products	Recommendation Products
Morning Notes	Momentum Calls
Equi-Tea	Positional Calls
Market Watch	Smart Delivery Calls
Investor First Magazine	Investment Ideas
IPO/NCD/ETF/OFS/BOND	Master Trades High Risk
Market Pulse	Master Trades Medium Risk
RBI Monetary Policy	Techno-Funda
Union Budget Report	Top Mutual Fund Schemes
Weekly Derivative Synopsis	Portfolio Review
Rollover Snapshot	Stock Basket
Rollover Analysis	

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