



MRS. BECTORS FOOD SPECIALITIES LIMITED

Issue highlights

- **Mrs. Bectors Food Specialities Limited** (Mrs. 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’**.
- **‘Mrs. Bector’s Cremica’** is one of the leading biscuit brands in the premium and mid-premium segment in Punjab, Himachal Pradesh, Jammu and Kashmir and Ladakh and **‘English Oven’** is the one of the largest selling brand in the premium bakery segment in Delhi NCR, Mumbai and Bengaluru. They are the largest supplier of buns in India to reputed QSR chains such as **Burger King India Ltd., Connaught Plaza Restaurants Pvt. Ltd., Hardcastle Restaurants Pvt. Ltd. and Yum! Restaurants (India) Pvt. Ltd.**
- Company’s **all products are manufactured in-house at their 6 manufacturing facilities** located in Phillaur and Rajpura, Tahliwal, Greater Noida, Khopoli and Bengaluru.
- The company use its **in-house developed automation tool ‘Peri’** to increase productivity of the super stockists and distributors by enabling them with access to critical information of sales and products and strategic information about sales trends, on a real-time basis.
- The company supply its products to retail consumers in 26 states within India, as well as to reputed institutional customers with pan-India presence and to 64 countries across 6 continents during the Financial Year ended March 31, 2020. For Biscuits distribution, the company has a widespread network of 196 super-stockists and 748 distributors supplying to wide range of customers through 458,000 retail outlets and 4,422 preferred outlets.

Brief Financial Details*

(₹ In Cr)

	As at Sep’30,		As at Mar’ 31,		
	2020(6)	2019(6)	2020(12)	2019(12)	2018(12)
Equity Share Capital	57.27	57.27	57.27	57.27	57.27
Reserves as stated~	300.50	247.14	262.03	237.48	209.35
Net worth as stated	357.77	304.41	319.30	294.75	266.61
Long Term Borrowings	101.20	93.94	85.65	107.21	94.71
Short Term Borrowings	-	28.55	18.05	32.71	26.27
Revenue from Operations	430.99	364.62	762.12	783.67	693.97
Revenue Growth (%)	18.20%	-	(2.75)%	12.93%	-
EBITDA as stated	72.22	39.05	92.85	96.15	85.50
EBITDA (%)	16.76%	10.71%	12.18%	12.27%	12.32%
Profit Before Tax	52.14	12.09	39.18	50.66	52.84
Net Profit for the period	38.88	10.17	30.40	33.15	35.89
Net Profit (%) as stated	9.02%	2.79%	3.99%	4.23%	5.17%
EPS (₹)	6.79	1.78	5.31	5.79	6.27
RoNW (%)	10.87%	3.34%	9.52%	11.25%	13.46%
Net Asset Value (₹)	62.47	53.15	55.76	51.47	46.56
ROE (%)	21.72%	6.68%	9.90%	11.81%	14.30%
ROCE (%)	24.22%	9.33%	12.68%	15.90%	18.00%

Source: RHP *Consolidated, Ratios calculated for 30th Sep’ 2020 & 30th Sep’ 2019 is not annualised.

Issue Details

Equity Shares aggregating upto ₹ 540.54 Cr (Fresh Issue of Equity shares aggregating upto ₹ 40.54 Crore and Offer for sale of equity shares of ₹.500 Cr)

Issue summary

Issue size: ₹ 540.54 Cr

No. of shares (‘000): 18,900 – 18,769

Face value: ₹ 10

Employee Reservation: Upto 18,450[^] - 18,315[~] Shares

Issue summary

Price band : ₹ 286 - 288

Bid Lot: 50 Shares and in multiple thereof

Employee Discount: ₹ 15/- per share

Post Issue Implied Market Cap = ₹ 1,680 – 1,692 Cr

BRLMs: SBI Capital Markets, ICICI Securities, IIFL Securities

Registrar: Link Intime India Pvt. Ltd.

Issue opens on: Tuesday, 15th Dec’2020

Issue closes on: Thursday, 17th Dec’2020

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	22-12-2020
Refunds/Unblocking ASBA Fund	23-12-2020
Credit of equity shares to DP A/c	24-12-2020
Trading commences	28-12-2020

Issue break-up

	No. of Shares	₹ In Cr	% of Issue
QIB	9,440,773 – 9,375,216	270.01	50%
NIB	2,832,233 – 2,812,565	81.01	15%
Retail	6,608,542 – 6,562,652	189.01	35%
Emp	18,450 - 18,315	0.50	-
Total	18,899,998 -18,768,748	540.54	100%

Listing : BSE & NSE

Shareholding (No. of Shares)

	Pre issue	Post issue [^]	Post issue#
	57,337,922	58,755,405	58,745,561

[^]@Lower price Band #@ Upper Price Band

Shareholding (%)

	Pre-Issue	Post-Issue
Promoters & Promoter Gr	52.39%	51.13%
Public	47.61%	48.87%
Total	100.00%	100.00%

BACKGROUND

Company and Directors

Mrs. Bectors Food Specialities Limited was originally incorporated as 'Quaker Cremica Foods Private Limited' on September 15, 1995. The company was promoted by Anoop Bector who holds an aggregate of 12,550,800 Equity Shares, comprising 21.89% of the pre-Offer issued, subscribed and paid-up Equity Share capital of the company.

Average cost of acquisition of Equity Shares of the Promoter and each of the Selling Shareholders

Name	No. of Equity Shares held	Average cost of acquisition per equity share (in ₹)*
Promoter		
Anoop Bector	12,550,800	6.46
Investor Selling Shareholders		
Linus	13,120,790	174.89
Mabel	1,380,150	175.46
GW Crown	11,170,496	175.46
GW Confectionary	1,099,540	175.46

Subhash Agarwal is the Chairman and Independent Director of the company. He was appointed as the Chairman on the Board on July 10, 2018. He has been on the Board since February 10, 2017.

Anoop Bector is the Promoter and Managing Director of the company. He has been on the Board since the incorporation of the company and has an experience of 25 years with the company.

Ishaan Bector is the Whole-time Director of the company. He is currently the Director – breads heading the breads and bakery business of the company. He has been on the Board since February 15, 2016.

Parveen Kumar Goel is the Whole-time Director of the company. He is currently the Chief Financial Officer of the company. He has been on the Board since May 1, 2008.

Rajni Bector is the Non-Executive Director of the company. She has been on the Board since September 30, 2006.

Rahul Goswamy is the Non-executive Nominee Director of the company. He has been on the Board since December 8, 2015 as a nominee of Gateway Partners.

Nem Chand Jain is the Independent Director of the company. He has over 36 years of experience in the banking sector. He has been on the Board since April 1, 2016.

Rajiv Dewan is the Independent Director of the company. He has over 25 years of experience in Taxation and Business Restructuring consultancy. He has been on the Board since July 10, 2018.

Tarun Khanna is the Non-executive Nominee Director of the company. He has been on the Board since February 14, 2020.

Pooja Luthra is the Independent Director of the company. She has over 17 years of experience as a Consulting Specialist. She has been on the Board since September 19, 2020.

Deepak Kumar Jain is the head of finance and corporate strategy of the company. He has joined the company on May 11, 2020

Atul Sud is the company secretary of the company. He joined the company on August 13, 2016.

The company has won several Certificates of Recognition/ Certificates of Appreciation awards:

Year	Awards and Accreditations
2020	<ul style="list-style-type: none"> Received a renewal for Food Safety System Certification 22000 from UK AS Management Systems for manufacturing (pre-mixing, mixing, moulding, baking cooling, sandwiching) of biscuits and cookies Received Food Safety System Certification 22000 from UK AS Management Systems for manufacturing of Fresh and Frozen (Bread, Pizza base & Bun)
2019	<ul style="list-style-type: none"> Received the Award for Best Brand for 2018-2019 by The Economic Times Received the Award for Excellence in Partnership by KFC Received Food Safety System Certification 22000 from UK AS Management Systems for manufacturing of biscuits

OBJECTS OF THE ISSUE

(₹ In Cr)	
Objects	Amount
Financing the project cost towards Rajpura Expansion Project	40.54
General Corporate Purposes	[•]
Total	[•]

OFFER DETAILS

The Offer		
Fresh Issue (₹ 40.54 Cr)	Upto 1,417,482[^] - 1,407,638[~] Equity Shares	
(^ at upper price band and ~ lower price band)		
Offer for Sale	Amount	No of Shares
	₹ 500.00 Cr	Upto 17,482,516 - 17,361,110 Equity Shares
Linus – The Investor Selling Shareholder	₹ 245.00 Cr	8,566,434 – 8,506,944 Equity Shares
Mabel – The Investor Selling Shareholder	₹ 38.50 Cr	1,346,154 – 1,336,805 Equity Shares
GW Crown – The Investor Selling Shareholder	₹ 186.00 Cr	6,503,496 – 6,458,333 Equity Shares
GW Confectionery – The Investor Selling Shareholder	₹ 30.50 Cr	1,066,433 – 1,059,028 Equity Shares

BUSINESS OVERVIEW

Mrs. Bectors Food Specialities Limited (“Mrs. 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 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**’. The company supply its products to retail consumers in 26 states within India, as well as to reputed institutional customers with pan-India presence and to 64 countries across 6 continents during the Financial Year ended March 31, 2020. According to Technopak Report, ‘**Mrs. Bector’s Cremica**’ is one of the leading biscuit brands in the premium and mid-premium segment in Punjab, Himachal Pradesh, Jammu and Kashmir and Ladakh and ‘**English Oven**’ is the one of the largest selling brand in the premium bakery segment in Delhi NCR, Mumbai and Bengaluru. They are the largest supplier of buns in India to reputed QSR chains such as **Burger King India Ltd., Connaught Plaza Restaurants Pvt. Ltd., Hardcastle Restaurants Pvt. Ltd. and Yum! Restaurants (India) Pvt. Ltd.**

Its diversified product portfolio includes 2 main categories:

- **Biscuits** – The company manufactures and sell biscuits, primarily in the premium and mid-premium segments including a wide variety of cookies, creams, crackers, and digestives. In the recent past, they have launched new products such as ‘Trufills’, ‘Premium Sugar and Classic Crackers’, ‘Pista Almond Cookies’, ‘Choco Chip Cookies’, ‘Honey Oatmeal Cookies’ and for the period between April 1, 2020 to September 30, 2020, its product portfolio for the biscuits category consists of 384 Stock Keeping Units (“SKUs”). **They also manufacture ‘Oreo’ biscuits and ‘Chocobakes’ cookies on contract basis for Mondelez India Foods Pvt. Ltd.**
- **Bakery Products** – They manufacture and sell various types of premium bakery products in savoury and sweets categories for its retail customers such as breads, buns, pizza bases, and cakes under the ‘English Oven’ brand, which caters to the premium segment in Delhi NCR, Mumbai, and Bengaluru. The ‘English Oven’ is one of the fastest growing largescale premium bakery brand in India. The company also manufacture and sell a variety of bakery and frozen products such as buns, kulchas, pizzas and cakes to its QSR customers with pan India presence, cloud kitchens such as Rebel Foods Pvt. Ltd. since 2015, multiplexes such as PVR Ltd, as well as certain hotels, restaurants and cafés. They are the sole supplier of burger buns and pan muffins (frozen) to **Connaught Plaza Restaurants Pvt. Ltd.** and associated since the year 1995 and preferred supplier of burger buns and pan muffins (fresh) to **Hardcastle Restaurants Pvt. Ltd.** since 2007.

Recently, they have introduced new products such as sub breads, pizzas, garlic breads, cheese garlic bun fills, frozen cookies for its retail as well as institutional customers and during period between April 1, 2020 to September 30, 2020, its diversified product portfolio for their bakery segment consists of 118 SKUs.

Company's all products are manufactured in-house at their 6 manufacturing facilities located in Phillaur and Rajpura (Punjab), Tahliwal (Himachal Pradesh), Greater Noida (Uttar Pradesh), Khopoli (Maharashtra) and Bengaluru (Karnataka). They have received several quality certifications and accreditations, including certification from the FSSC 22000, the U.S. Food and Drugs Administration, British Retail Consortium (BRC) and Sedex Members Ethical Trade Audit (SMETA).

The company has a strong distribution network in India and globally in the general trade and the modern trade segment. During the period between April 1, 2020 to September 30, 2020, the company distributed its biscuits across 23 states in India, through its widespread network of 196 super-stockists and 748 distributors supplying to wide range of customers through 458,000 retail outlets and 4,422 preferred outlets.

They are also one of the largest suppliers of biscuits to Canteen Stores Department of Gol ("CSD") supplying in 33 locations across India and an approved and listed supplier for Indian Railways having strong presence across Railway Station Canteens and their stores in North India.

Mrs. Bectors Food is one of the leading exporters of biscuits from India and they exported biscuits under its brand as well as under third party private labels to 64 countries during the Financial Year ended March 31, 2020, to reputed retail chains, distributors and buying houses.

The company also has a strong distribution network for its bakery products sold under its brand 'English Oven' supplied to its customers, for the period between April 1, 2020 to September 30, 2020 through 191 distributors and over 14,000 retail outlets situated in Delhi NCR, Mumbai, Pune and Bengaluru under modern trade and general trade channels, direct sales to supermarkets, departmental stores or indirect sales through wholesalers and distributors. They are one of the few bakery companies in India that can handle fresh, chilled and frozen products and this model enables them to distribute its bakery products across India.

The company was founded by Rajni Bector, and their recipes are inspired by the original recipes created by her. The company is promoted by Anoop Bector who has over 25 years of industry experience. He is also the Managing Director of the company and in addition to his overall supervision of their business operations he also heads its business development and manages relationships with its key institutional customers, distributors and suppliers. Ishaan Bector, the whole time director, heads of breads business under their brand 'English Oven' and is responsible for the overall supervision, development and expansion of the branded breads and bakery business.

Details of Revenue from Operations:

(₹ In Cr)

Particulars	6 Months ended Sep'30		Financial Year ended March'31,		
	2020	2019	2020	2019	2018
Revenue from operations	194.64	168.74	733.36	752.15	665.56
- Sale of products (incl. excise duty to the extent applicable)	394.46	329.92	686.24	702.40	624.80
Sale of services					
- Job work income	19.37	21.34	47.12	49.76	40.75
Other operating revenue	17.17	13.35	28.76	31.51	28.41
- Export incentives (refer note 17)	8.66	6.31	14.79	23.45	15.63
- Net gain on account of foreign exchange fluctuations	1.92	2.02	3.74	0.08	5.52
- Sale of Scrap	1.91	1.84	3.67	2.24	1.76
- Others	4.68	3.19	6.56	5.74	5.49
Total revenue from operations	430.99	364.62	762.12	783.67	693.97

The financial performance of the company:

Particulars	6 Months ended Sep'30		Financial Year ended March'31,		
	2020	2019	2020	2019	2018
Consolidated Revenue from Operations (₹ Cr)	430.99	364.62	762.12	783.67	693.97
Gross Margin (%)	47.84%	46.91%	46.54%	45.89%	44.36%
EBITDA (₹ Cr)	72.22	39.05	92.85	96.15	85.50
EBITDA Margin (%)	16.76%	10.71%	12.18%	12.27%	12.32%
EBIT Margin (%)	11.61%	5.03%	6.74%	7.78%	8.24%
Net Profit (₹ Cr)	38.88	10.17	30.40	33.15	35.89
PAT Margin (%)	9.02%	2.79%	3.99%	4.23%	5.17%
ROE (%)	21.72%	6.68%	9.90%	11.81%	14.30%

Particulars	6 Months ended Sep'30		Financial Year ended March'31,		
	2020	2019	2020	2019	2018
ROCE (%)	24.22%	9.33%	12.68%	15.90%	18.00%
Cash Flow from Operating activities (₹ Cr)	67.97	37.55	109.49	53.99	46.50
EBITDA to operating cash flows (%)	106.25%	103.99%	84.81%	178.10%	183.88%
Working capital cycle (days)	25	43	33	35	33

BUSINESS IMPACT – COVID 19

During the nation-wide lockdown, company's Tahliwal Manufacturing Facility, Phillaur Manufacturing Facility, Rajpura Manufacturing Facility and Khopoli Manufacturing Facility were shut down for a period of around 3-6 days and given that they are engaged in manufacturing of biscuits, and bakery products which are fast moving consumer products, and are all categorised as 'essential goods', its operations resumed subsequently after making adequate arrangements to meet the government's requirement on sanitisation, and social distancing. The company typically maintain an inventory of raw materials for a period of 15-20 days due to which they have not faced any disruption in its manufacturing process during this period. Further, they did not lay-off any of its employees and there have been no reductions in salaries and wages of the employees due to COVID-19 pandemic.

While there was an accelerated increase in sale of its biscuits and bakery products to its retail customers during this time, the sales of its products to their QSR customers, CSDs and Indian Railway canteens and stores were significantly impacted due to COVID-19 pandemic. While the sales of its products to its QSR customers and CSDs have improved, they continue to be adversely impacted as the operations of Indian Railway canteens are severely impacted.

There is significant increase in the consumption of packaged foods, which indicates an accelerated shift to packaged foods because of increasing quality and safety concerns amongst the customers due to the COVID -19 pandemic and increase in demand for leading Indian packaged food brands in the export markets due to lower cost of skilled labour and processing packaged foods as compared other jurisdictions.

COMPANY PRODUCT PORTFOLIO

Company's diversified product portfolio classified under 2 key categories - biscuits and bakery products. The performance of the product segments is as follow:

Product Segment	Particulars	6 Months ended Sep' 30,		Financial Year ended March 31,		
		2020	2019	2020	2019	2018
Biscuits	Gross Margin	45.79%	45.04%	44.35%	43.63%	42.11%
	EBITDA	15.68%	6.87%	8.80%	10.38%	10.29%
Bakery Products	Gross Margin	53.46%	49.89%	50.12%	50.78%	50.77%
	EBITDA	19.55%	17.12%	17.65%	15.43%	16.73%

Biscuits

The company primarily manufacture premium and mid-premium category of biscuits including cookies, creams, crackers and digestives. They manufacture glucose biscuits catering to certain domestic as well as export customers. **They manufacture 'Oreo' biscuits and 'Chocobakes' cookies on contract basis for Mondelez India Foods Pvt. Ltd.** They also manufacture and supply biscuits for some of its international customers under its brand 'Mrs. Bectors Cremica' and under their private labels respectively.

Cookies and Truffils	Creams	Digestive	Crackers	Glucose
				

Sales data of Biscuits:

Product Segment	Particulars	6 Months ended Sep' 30,		Financial Year ended March 31,		
		2020	2019	2020	2019	2018
Biscuits	Sale of the biscuits in India and globally excluding contract manufacturing	68.26%	60.00%	59.20%	65.91%	68.67%
	Revenues generated by sale of premium and mid premium biscuits [^]	88.71%	87.84%	87.73%	81.55%	81.08%
	Revenue from sale of the biscuits in domestic market	43.75%	39.14%	37.20%	34.41%	35.51%
	Sale of the biscuits from exports sales	24.51%	20.87%	22.00%	31.50%	33.17%
	Price realisation per Kg from sales of the biscuits (domestic and exports)	₹ 87.29	₹ 82.09	₹ 84.04	₹ 81.16	₹ 76.95

[^] Domestic and exports excluding contract manufacturing.

Bakery products

The company primarily manufacture premium category of breads and other bakery products including multigrain bread, sandwich bread, jumbo bread, garlic breads, stuffed breads, panini breads, pav breads, kulchas, pizza base, buns, cakes, muffins and frozen products for its retail customers branded through 'English Oven' and institutional clients. The product portfolio comprises of Indian and western varieties of bakery products. These products are primarily classified under breads, other bakery products, buns and frozen products categories.


Sales data of Bakery products:

Product Segment	Particulars	6 Months ended Sep' 30,		Financial Year ended March 31,		
		2020	2019	2020	2019	2018
Bakery Products	Sale from the branded breads and other bakery products to retail customers sold under 'English Oven' brand	20.51%	16.05%	17.09%	12.68%	11.32%
		₹ 88.40 Cr	₹ 58.52 Cr	₹ 130.25 Cr	₹ 133.93 Cr	₹ 88.00 Cr
	Revenue from buns, bakery and frozen products for institutional clients	5.67%	17.40%	16.84%	14.50%	13.36%
		₹ 24.43 cr	₹ 63.44 cr	₹ 128.34 Cr	₹ 113.63 C	₹ 92.71 Cr

COMPETITIVE STRENGTHS

- **One of the leading brands in biscuits and bakery businesses in North India with an ability to establish brands**

Mrs. 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. Its customers associate the brand 'Mrs. Bector's Cremica' with high quality premium and mid-premium biscuits that incorporates quality, taste and value. Its brand recall is enhanced through its arrangements with certain preferred retail outlets, which enhance its brand visibility and presence in their shops by displaying its products prominently in their shelves.

While 'Mrs. Bector's Cremica' is a flagship and legacy brand for which they have the exclusive right to manufacture and supply biscuits, pursuant to a memorandum of understanding dated November 21, 2013, ("**Brand Separation MoU**") entered amongst the company, Cremica Frozen Foods Ltd., Mrs. Bector's Cremica Enterprises Ltd., Cremica Food Industries Ltd., Rajni Bector, Ajay Bector and certain members of his family, Akshay Bector and certain members of his family, and their Promoter and certain members of his family, pursuant to such Brand Separation MoU, the company is also restricted from using the brand 'Mrs. Bector's Cremica' for any other food business other than its biscuits business. 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.

- **A leading exporter of biscuits**

Mrs. 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 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.

The company exports various types of cookies such as danish cookies, choco chip cookies and centre filled cookies, creams, crackers and some glucose biscuits under its flagship brand 'Mrs. Bector's Cremica'. They also manufacture a wide range of biscuits for international retail chains under their private labels. **Revenue from the export of biscuits accounted for ₹ 167.70 crore, ₹ 105.62 crore and ₹ 76.09 crore constituting 22%, 24.51% and 20.87% of the revenue from operations for the Financial Year 2020, the period April 1, 2020 to September 30, 2020, and the period April 1, 2019 to September 30, 2019, respectively**, which has grown by 38.82% from September 30, 2019 to September 30, 2020. Its price realisation per kilogram from sales of its biscuits (exports) in this period was ₹ 94.29, ₹ 87.33, ₹ 81.04, ₹ 101.63 and ₹ 95.31, respectively and has grown at the CAGR of 7.87% during Financial Years 2018 to 2020.

In the Financial Year 2020, due to various reasons including the political unrest, worsening socio-economic conditions and foreign currency restrictions in certain African countries, the company reduced exporting its products to these countries.

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.

- **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 supplying approximately an average of 178,564, 218,674 and 168,022 packs of branded breads and bakery products per day for the Financial Year ended March 31, 2020, the period April 1, 2020 to September 30, 2020, and the period April 1, 2019 to September 30, 2019 respectively. They focus on manufacturing and offering a wide variety of premium breads and other bakery products in savoury and sweet categories to its customers based on its expansive understanding of the evolving market for bakery products in India. They are one of the few bakery companies in India that can handle fresh, chilled and frozen products and this model enables them to distribute its bakery products across India.

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.

The Greater Noida Manufacturing Facility, Khopoli Manufacturing Facility and Bengaluru Manufacturing Facility have dedicated lines for manufacturing buns to serve its QSR customers.

- **Modern and automated production processes with a focus on quality control**

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 Tahlial Manufacturing Facility. They currently manufacture its breads and other bakery products including buns and frozen products offered to retail consumers as well as its institutional clients, in its Greater Noida Manufacturing Facility, Khopoli Manufacturing Facility and Bengaluru Manufacturing Facility.

Mrs. 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.

- **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.

Its distribution channels include traditional retail, which they define as small, privately-owned independent stores, typically at a single location. For the period between April 1, 2020 to September 30, 2020, they have a network of 4,422 preferred retail outlets. Its distribution network is managed by their in-house sales team of over 403 personnel, as on September 30, 2020.

The company use its in-house developed automation tool 'Peri' to increase productivity of the super stockists and distributors by enabling them with access to critical information of sales and products and strategic information about sales trends, on a real-time basis. Additionally, most of their products are sold through modern trade channels including Walmart India Pvt. Ltd. The company also directly supply biscuits to institutional clients like CSDs, Indian Railway Canteens and stores in North India.

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.**

The company sell its bakery products for retail customers under its brand the 'English Oven' through modern trade, general trade channels and various e-commerce platforms. For the period between April 1, 2020 to September 30, 2020, its bakery products for retail customers were sold through 191 distributors and over 14,000 retail outlets situated in Delhi NCR region, Mumbai, Pune and Bengaluru through direct sales to supermarkets, departmental stores and distributors. Recently, they have also started selling their products through **various e-commerce platforms in India, multiplexes such as PVR Ltd, and cloud kitchens such as Rebel Foods Pvt. Ltd.**

- **Experienced promoter and management team**

The experience and leadership of the company Promoter, Anoop Bector, is a key factor in its growth and development. Anoop Bector has extensive experience of over 25 years and industry knowledge and understanding. His experience has helped the company develop relationships with its vendors for the procurement of raw materials, institutional customers and their dealers and distributors. He also provides strategic guidance to the company, while also being involved in their day to day functioning of the business. Ishaan Bector, the whole time director, heads its breads business and is responsible for overall supervision, development and expansion of their breads business and has been instrumental in its growth. The breads business has grown at a CAGR of 29.07% in the last 3 Financial Years under the leadership of Ishaan Bector.

Key members of its senior management team including Manoj Verma, the national sales director (domestic sales) of the company has over 26 years of experience in sales and marketing. Rajeev Dubey, the director (bread sales) of the company has over 26 years of experience. Asim Bhaumik, the group head of quality, technical, research and development of the company has over 23 years of experience in production and operations, Deep M.S Bajaj, the group senior corporate chef of the company has over 14 years of experience in the hotel industry and Suvir Bector, the vice-president (exports) of the company, who are dedicated to the growth of the business.

KEY BUSINESS STRATEGIES

- ***Focusing on growth in premium biscuits and bakery segment to improve margin***

The company will continue to expand its product portfolio within the existing product segments, focusing on increasing sales realisation and volumes, striving to provide differentiated offerings to its consumers and developing new products to capitalise on emerging trends. To cater to the growing needs of its millennial customers, the company intends to expand its product offerings to include niche biscuit and bakery products such as a more nutritious range of biscuits including digestive biscuits, honey oatmeal biscuits, premium rich cookies, premium flaky crackers, and soda crackers, which will help them realise higher margins.

The company has also installed dedicated lines at its Rajpura (Punjab) Facility in 2018 to cater to production of high margin premium products. They can also expand its product portfolio in the biscuits segment, by offering a variety of biscuits, which they currently manufacture for the international market without significant additional investments in its existing manufacturing processes or product development processes.

In the Financial Year 2020, the period April 1, 2020 to September 30, 2020 and the period April 1, 2019 to September 30, 2019, the weighted average realisation from sale of its biscuits per kilogram has been ₹84.04, ₹87.29, ₹82.09 and the sale of its branded breads and bakery products per pack sold under 'English Oven' brand has been ₹19.98, ₹22.09 and ₹19.03 respectively. The weighted average realisation of its biscuits and brand breads and bakery products has grown at a CAGR of 4.51% and 3.89% from Financial Years 2018 to 2020.

For its bakery segment, they have recently introduced new premium products such as sub breads, frozen doughs, pizzas, garlic breads, cheese garlic bun fills and frozen cookies. They are also installing a dedicated line at its Greater Noida Facility to cater to production of high margin products including desserts and frozen products such as frozen pizzas, sandwiches, and cakes, which they aim to cater to its institutional customers such as multiplexes, cloud kitchens, hotels restaurants and cafés as well as retail customers. They also intend to dedicate their Khopoli Facility for manufacturing premium bakery products such as pizza puffs, sub breads, footlong breads, croissants and other premium breads with automated machinery.

- ***Focus on product development in biscuits and bakery segments***

The company has an experienced in-house research and development team that works on its new product development processes through innovations, trials, regulatory approvals and driving market acceptance and cost alignments along with its marketing and supply chain management teams.

The company also seek to increase the capacities of its manufacturing facilities by installing new, automated and product specific equipment such as installation of a cookies manufacturing line sourced from Denmark. They are looking to expand its premium biscuits production in its Rajpura (Punjab) Manufacturing Facility by procuring automated equipment from Italy. Further, they have also commissioned a sheeting line capable of producing 'Focaccia Breads', 'Panini Breads', 'Ciabatta Breads', at its Greater Noida Manufacturing Facility..

- ***Expand the product reach in India and globally***

The company intends to leverage its institutional relationships to further increase its product offerings and sales volume to these institutional customers and their affiliates in India and globally. They are also expanding its product segments by introducing frozen products to different categories of its institutional customers such as hotels, cafes, multiplexes and cloud kitchens. They also plan to introduce new category of products including 'frozen buns', 'rusks', 'dessert jars' and 'brownies' in its Indian retail business.

The company plans to increase its penetration in select export markets, such as South, Central and North America, the MENA region and Australasia. They are also in the process of setting-up a new office in Dubai and participate in trade fairs in these export markets extensively to strengthen its presence in these markets.

- **Expansion of the distribution network through diversification**

The company has a strong distribution network in North India and focuses to establish a pan India presence for its biscuits and bakery segments by diversifying its distribution network in other regions of India. The company has increased its distribution through the modern trade channels such as Walmart India Pvt. Ltd. They seek to increase their distribution through modern trade channels in other regions in India. They are also collaborating with various e-commerce platforms for sale of their biscuits and bakery products, multiplex chains such as PVR Ltd and cloud kitchens such as Rebel Foods Pvt. Ltd. to sell its bakery products on a pan India level. They further seek to increase the export of its products by investing in adequate infrastructure for export of its frozen products to select countries.

- **Focus on increasing the brand awareness**

The company seek to continuously allocate significant resources to strengthen 'Mrs. Bector's Cremica' and 'English Oven' as one of India's leading biscuit and bakery brands, respectively. Their marketing plan comprises advertising in print media, digital, television, radio and outdoor promotional campaigns, and sponsorship of prominent sporting and cultural events in India. They also participate in international trade fairs that provide them an opportunity to display their wide range of product portfolio and enhance their brand strength. They plan to also focus more on digital marketing initiatives such as social media integration, influencer marketing and content marketing. They have started their brand promotions in various e-commerce channels for its biscuits and bakery products and are listed with leading e-commerce platforms in India.

COMPETITION

Competition emerges not only from the branded sector but also from the unorganised sector and from both small and big players. In the biscuits segment, the company faces competition from various domestic and multinational companies in India, some of which have larger market presence compared to them. Their **competitors include national players such as Britannia Industries Ltd. Parle Biscuits Pvt. Ltd. ITC Ltd. and Anmol Industries Ltd.** They also face competition from certain regional players such as Surya Agro Food Ltd. The company also face competition from certain **regional players such as Surya Agro Food Ltd.** They also compete on a broader scale with regional bakeries in the unbranded biscuit sector.

Within the branded bakery market, they face **competition from Harvest Gold Foods India Pvt. Ltd., Britannia Industries Ltd., Modern Food Industries (India) Ltd. and Bonn Nutrients Pvt. Ltd.** which currently have larger manufacturing capacity and larger market presence. The market for supply of bakery products to QSR customers is currently under-penetrated and the company is the largest supplier of buns to QSR chains. **Mrs. Bectos Food and Baker's Circle are the key vendors for supply of processed and semi- processed dough-based offerings.** In this segment, **the company face competition from in-house commissaries and other smaller players.**

INDUSTRY OVERVIEW

Product offering of key biscuits and bakery brands in India

Company	Biscuits	Breads	Buns	Cake	Other bakery items*
Britannia	Y	Y	Y	Y	Y
Parle	Y				Y
ITC	Y			Y	Y
Mrs. Bector's Food Specialities Limited	Y	Y	Y	Y	Y
Surya	Y			Y	
Anmol	Y			Y	Y
Bonn	Y	Y		Y	Y

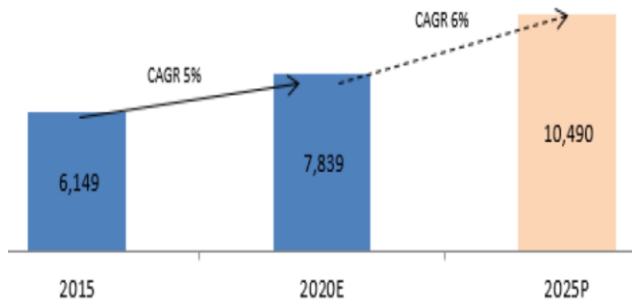
*Other Bakery items include kulcha, pizza base, bunfill, rusk etc.

Key growth drivers for processed and convenience food is:

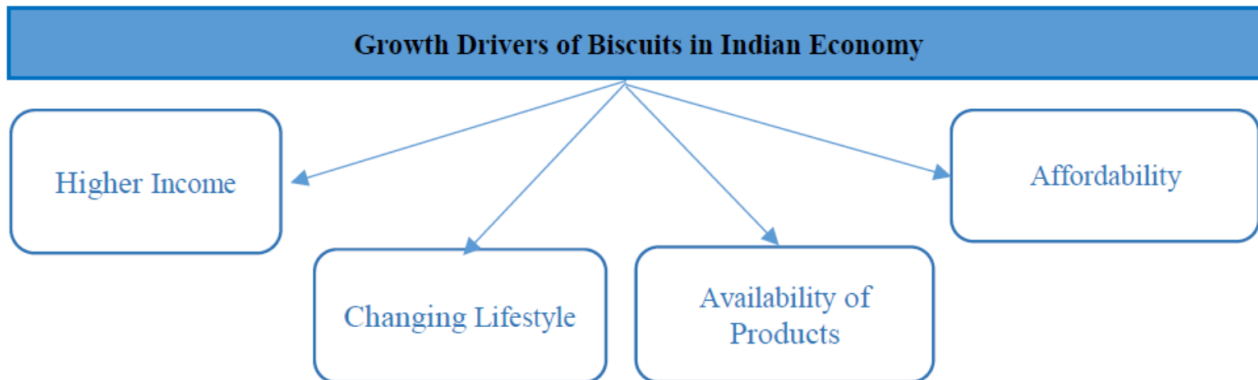
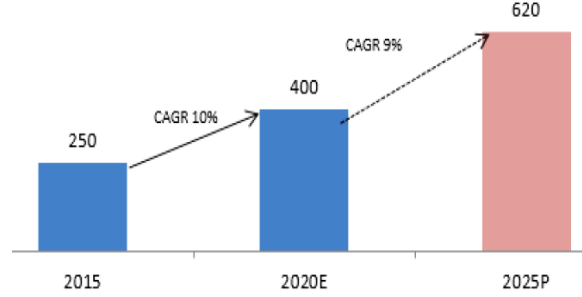
- *Changing lifestyles:*
- *Increasing preference for branded and packed cakes:*
- *Growth in organized retail:*
- *Technological advancements:*
- *Improved packaging solutions:*
- *Innovation in ingredients:*
- *Bakery Products in QSRs and Cafés:*

Global Biscuit Market and Indian Biscuit Market:

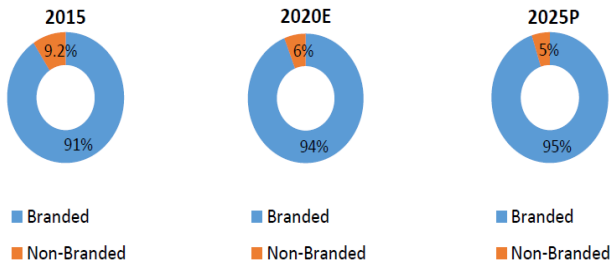
Global Biscuit Market (₹ in Billion)



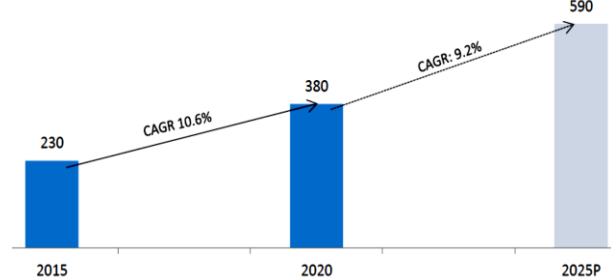
Indian biscuit market (₹ in Billion)



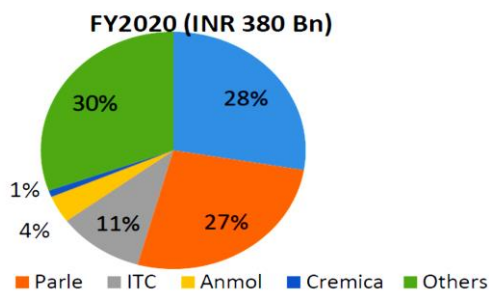
Share of branded and non-branded biscuits



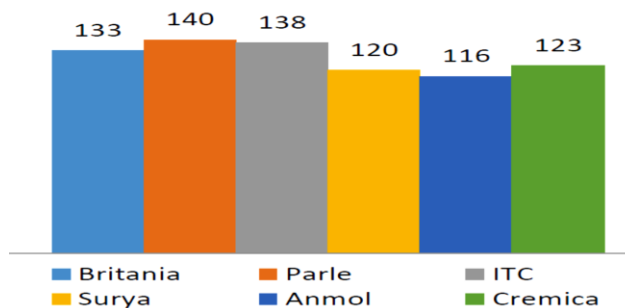
Market Size of branded biscuit market (₹ billion)



Market size of brands in branded biscuit market Financial Year 2020



Market price (₹ per kg) of biscuit brands in cookies category (Financial Year 2020)



Financials of key biscuit brands

	Revenue (₹ In Cr)		3 Year Average (Financial Year 17-19)					
	Financial Year		CAGR	Gross Margins (%)	EBITDA Margins (%)	ROE (%)	ROCE (%)	In-house Mfg.
	2019	2017						
Britannia	10,673	8,829	10%	39.30%	16.40%	29.90%	44.90%	65.00%
Parle	11,950	10,545	6.5%	35.90%	6.70%	11.70%	16.90%	NA
Anmol	10,98	1,241	(6)%	33.80%	11.70%	13.60%	16.10%	97.00%
Mrs. Bectors Food Specialities Ltd	786	626	12%	44.30%	12.10%	13.00%	17.30%	100.00%

Note: Consolidated Financials for Parle

Estimated retail reach of biscuit brand in north India (2020)

National Brands		Retail Points in North India
Parle		~17,00,000
Britannia		~14,00,000
ITC		~9,90,000
Regional Brands		Retail Points in North India
Anmol		~7,90,000
Cremica		~4,00,000

Classification of bread players

Types of players	Brands	Strengths	Challenges
National	Britannia, Modern, English Oven	Presence across multiple geographies with multiple offerings	Premiumisation and customising products
Regional	Harvest Gold	Deeply penetrated in their regional territory	Expansion beyond core region
Unbranded	Local bakeries	Low pricing and margins to compete with regional brands	Lack scale, Quality perception and lack customer recall

Key attributes of food processing players

Company	Players	Key Attributes
Key Attributes	Mrs. Bectors Food Specialities Limited Baker's Circle General Mills	<ul style="list-style-type: none"> • Large Scale and Investment Capabilities • Strong Quality Compliance • Broader Geographical Outreach • Strong Processing Capabilities • Multi Product Range
Small Players	Cranberry Foods Signature International Foods	<ul style="list-style-type: none"> • Customized Offerings • Strong Reach in local service area • Ideal to cater to small FS brands

COMPARISON WITH LISTED INDUSTRY PEERS

Name of the Bank	Consolidated / Standalone	Face Value	Total Revenue for Fiscal 2020 (₹ Cr)	Closing Price on Nov'27, 2020 (₹)	EPS (Basic)	NAV [^]	P/E [~]	RoNW (%)
Mrs. Bectors Food Specialities Ltd*	Consolidated	10	764.98	[•]	5.31	55.76	[•]	9.52%
Peer Group								
Nestle India Limited [^]	Consolidated	10	12,615.78	17,657.60	204.28	200.41	86.44	101.93%
Britannia Industries Limited *	Consolidated	1	11,878.95	3,634.10	58.35	183.09	62.28	31.65%
Prataap Snacks Limited *	Consolidated	5	1,403.00	650.50	20.01	259.24	32.51	7.72%
DFM Foods Limited *	Consolidated	2	514.72	74.47	4.87	29.03	74.47	16.79%

Source: RHP ~P/E Ratio has been computed based on the closing market price as on November 27,,2020.

*Consolidated Financial Information as on and for the period ended March 31, 2020; [^]Audited IND Financial Year ended December 31, 2019

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