



MSEARCH

IPO OFFERING

Mrs. BECTORS FOOD SPECIALITIES LTD



About Company

Recommendation: Subscribe

North Indian based Mrs. Bectors Food Specialities Ltd (Bectors Food) is a three decade old leading company in the premium and mid-premium biscuits segment and the premium bakery segment in India. It manufactures and markets biscuit products under its flagship brand 'Mrs. Bector's Cremica' and bakery products under its brand 'English Oven'. It supplies 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. Also they are the largest supplier of buns and frozen products in India to reputed QSR chains such as Burger King, Connaught Plaza, Hardcastle. and Yum! Restaurants. Bectors Food owns 6 manufacturing facilities located in Phillaur, Rajpura, Tahliwal, Greater Noida, Khopoli and Bengaluru.

| | |
|----------------|--|
| Price Band | : Rs. 286 to 288 per share |
| Bid Lot size | : 50 Shares |
| Issue size | : Rs. 540 Cr |
| Issue Opens | : December 15 th 2020, Tuesday |
| Issue Closes | : December 17 th 2020, Thursday |
| Min App Amount | : Rs. 14,400/- at upper band |

Important Note: All retail applications compulsory in UPI mode*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

Msearch View: We believe Bectors Food IPO gives investors a unique opportunity to invest in India's fastest growing retail & institutional bakery business. We like Bectors packaged foods story with a unique integrated business model having uniquely positioned in biscuits export market with approx 12% share of the Indian biscuit export market and contribute more than 50% by value of biscuit exports. With changing lifestyles and increasing preference for branded and packed foods, Bectors food is well placed to tap the growth in organized retail. The company is now the largest supplier of buns to reputed QSR chains like Burger King to Yum! Restaurants. **On valuations parse at upper price band (Rs 288/-), the issue is asking for market cap Rs 1692 Cr and seeking PE 22x times on annualized H1FY21 EPS, which seems the issue is priced well below the average industry of 60-70x price earnings and favourable dividend policy (paid 7.5% per year for the last three fiscals) gives investors a additional comforts to go long. Hence, based on all the above rationale we advise investors to "SUBSCRIBE" Bectors Food IPO with medium to long term perspective as market always rewards a player who has the high visibility and growth potential.**



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BASIC FINANCIAL DETAILS

| Particulars ₹ (in Cr) | 2018 | 2019 | 2020 | H1 FY20 | H1 FY21 |
|---------------------------|--------|--------|--------|---------|---------|
| Equity Share Capital | 57.22 | 57.22 | 57.22 | 57.22 | 57.22 |
| Reserves as stated | 209 | 237 | 262 | 247 | 301 |
| Net worth as stated | 267 | 295 | 319 | 304 | 358 |
| Long Term Borrowings | 95 | 107 | 86 | 94 | 101 |
| Short Term Borrowings | 26 | 33 | 18 | 29 | - |
| Revenue from Operations | 694 | 784 | 762 | 365 | 431 |
| Revenue Growth (%) | - | 12.93% | -2.75% | - | 18.20% |
| EBITDA as stated | 86 | 96 | 93 | 39 | 72 |
| EBITDA (%) | 12.32% | 12.27% | 12.18% | 10.71% | 16.76% |
| Profit Before Tax | 53 | 51 | 39 | 12 | 52 |
| Net Profit for the period | 36 | 33 | 30 | 10 | 39 |
| Net Profit (%) as stated | 5.17% | 4.23% | 3.99% | 2.79% | 9.02% |
| EPS (₹) | 6.27 | 5.79 | 5.31 | 1.78 | 6.79 |
| RoNW (%) | 13.46% | 11.25% | 9.52% | 3.34% | 10.87% |
| Net Asset Value (₹) | 46.56 | 51.47 | 55.76 | 53.15 | 62.47 |
| ROE (%) | 14.30% | 11.81% | 9.90% | 6.68% | 21.72% |
| ROCE (%) | 18.00% | 15.90% | 12.68% | 9.33% | 24.22% |

Source: Company RHP

COMPARISON WITH LISTED INDUSTRY PEERS ₹ (in Cr)

| Companies | Revenue (₹Cr) | EPS | NAV | P/E | RONW% |
|------------------------------------|---------------|--------|--------|-------|---------|
| Mrs. Bectors Food Specialities Ltd | 765 | 5.31 | 55.76 | 54.23 | 9.52% |
| Nestle India Ltd | 12616 | 204.28 | 200.41 | 86.44 | 101.93% |
| Britannia Industries Ltd | 11879 | 58.35 | 183.09 | 62.28 | 31.65% |
| Prataap Snacks Ltd | 1403 | 20.01 | 259.04 | 32.51 | 7.72% |
| DFM Foods Ltd | 515 | 4.87 | 29.03 | 74.47 | 16.79% |

Source: Company 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