

Mrs Bectors Food Speciality Ltd

Price Band ₹ 286-288

December 14, 2020

Mrs Bectors Food Specialty (MBFS) is one of the leading companies in the premium, mid-premium biscuits segment and the premium bakery segment in North India. The company manufactures and markets a range of biscuits like cookies, creams, crackers, digestives and glucose under the flagship brand 'Mrs Bector's Cremica'. MBFS also manufactures and markets bakery products in savoury & sweet categories including breads, buns, pizza bases and cakes under brand 'English Oven'. The company is the largest supplier of buns in India to reputed QSR chains like Burger King India, Connaught Plaza Restaurants, Hardcastle Restaurants and Yum! Restaurants (India).

Leading brand of biscuits, bakery products in North India

MBFS is one of the leading companies in the premium and mid-premium biscuits segment in North India and sells products under flagship brand 'Mrs Bector's Cremica'. It is among the top two Indian biscuit manufacturers in the premium and mid-premium biscuits segment in Punjab, Himachal Pradesh, Ladakh and Jammu & Kashmir. In FY20, it 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. The brand recall is enhanced through arrangements with certain preferred retail outlets by displaying products prominently in their shelves. In H1FY21, the company had a network of 4,422 preferred outlets.

Strong distribution network

The company's extensive sales and distribution network allows it to reach a wide range of consumers and ensures effective penetration of its products. Its sales & distribution network is strategically spread across different states in North India and has a strong outreach in certain urban and semi urban markets. MBFS distributes biscuits across 23 states in India, through a widespread network of super stockists and distributors. Its distribution network comprises 196 super stockists and 748 distributors supplying to a wide range of customers through 458,000 retail outlets. The bakery products for retail customers are sold through 191 distributors and over 14,000 retail outlets situated in the Delhi NCR region, Mumbai, Pune and Bengaluru through direct sales to supermarkets, departmental stores and distributors.

Key risks and concerns

- Export benefits may end under export schemes
- Inability to expand manufacturing
- Discontinuance of supply contract to QSRs
- Supply & transportation disruptions

Priced at PE of 55x FY20 (post issue) on upper band

The company reported sales growth of 4.8% CAGR in FY18-20E with EBITDA margins of 12.2-12.3% in the same period. RoE, RoCE for the company is 9.9%, 12.7%, respectively, in FY20. The stock is trading at 55.5x FY20 price to earnings & 2.3x FY20 EV/sales.

Key Financial Summary

₹ crore	FY18	FY19	FY20	CAGR FY18-20 (%)
Total Revenues	694.0	783.7	762.1	4.8
EBITDA	85.5	96.1	92.8	4.2
EBITDA Margins (%)	12.3	12.3	12.2	
PAT	35.9	33.0	30.3	-8.0
EPS (₹)	6.3	5.8	5.3	
EV / Sales	2.5	2.3	2.3	
P/E (x)	46.9	50.9	55.5	
RoE (%)	14.3	11.8	9.9	
RoCE (%)	18.0	15.9	12.7	

Source: ICICI Direct Research, RHP

UNRATED



Particulars

Issue Details

Issue Opens	15th December 2020
Issue Closes	17th December 2020
Issue Size*	₹ 540.5 crore
Fresh Issue	₹ 40.5 crore
Price Band	₹ 286-288
No. of shares on offer (in crore)	1.88
QIB (%)	50
Retail (%)	35
Minimum lot size (no of shares)	50

*based on upper price band of ₹ 288 per share

Shareholding Pattern (%)

	Pre-Issue	Post-Issue
Promoter Group	52.4	51.1
Public	47.6	48.9

Objects of issue

Objects of the Issue	₹ crore
Financing the project cost towards Rajpura Expansion Project	40.5
Fresh Issue	40.5
Offer for sale	500.0

Research Analyst

Sanjay Manyal
sanjay.manyal@icicisecurities.com

Company background

Mrs Bectors Food Specialty (MBFS) is one of the leading companies in the premium and mid-premium biscuits segments and the premium bakery segment in North India. The company manufactures and markets a range of biscuits such as cookies, creams, crackers, digestives and glucose under flagship brand 'Mrs Bector's Cremica'. MBFS also manufacture and market bakery products in savoury and sweet categories, which include breads, buns, pizza bases and cakes under brand 'English Oven'. MBFS supplies products to retail consumers in 26 states within India, reputed institutional customers with a pan-India presence and exports to 64 countries. Mrs Bector's Cremica' is one of the leading biscuit brands in the premium and mid-premium segment in Punjab, Himachal Pradesh, Jammu & Kashmir and Ladakh. 'English Oven' is one of the largest selling brands in the premium bakery segments in Delhi NCR, Mumbai and Bengaluru. The company is the largest supplier of buns in India to reputed QSR chains such as Burger King India, Connaught Plaza Restaurants, Hardcastle Restaurants Pvt Ltd and Yum! Restaurants.

Exhibit 1: Product line in biscuits & bakery products



Source: RHP, ICICI Direct Research

Biscuits – The Company manufactures and sells biscuits, primarily in the premium and mid-premium segments including a wide variety of cookies, creams, crackers, and digestives. Biscuits account for ₹ 451.2 crore (excluding contract manufacturing) of sales FY20. The company launched new products such as Truffills, Premium Sugar and Classic Crackers, Pista Almond Cookies, Choco Chip Cookies, Honey Oatmeal Cookies recently. The company's product portfolio for the biscuits category consists of 384 SKUs. It also manufacture 'Oreo' biscuits and 'Chocobakes cookies' on contract basis for Mondelez India Foods Pvt Ltd.

Bakery products – MBFS manufactures and sells 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 large scale premium bakery brands in India. Its revenue from the sale of branded breads and bakery products to retail customers under the 'English Oven' brand accounted for ₹ 130 crore FY20. The company also manufactures and sells a variety of bakery and frozen products such as buns, kulchas, pizzas and cakes to QSR customers with a pan-India presence, cloud kitchens such as Rebel Foods Pvt Ltd since 2015, multiplexes such as PVR as well as certain hotels, restaurants and cafés. It is the sole supplier of burger buns and pan muffins (frozen) to Connaught Plaza Restaurants Pvt Ltd and has been associated since 1995. MBFS is the preferred supplier of burger buns and pan muffins (fresh) to Hardcastle Restaurants since 2007. In FY20, revenue from sale of buns, bakery and frozen products to institutional customers accounted for

₹ 128.3 crore. Recently, it introduced new products such as sub breads, pizzas, garlic breads, cheese garlic bun fills, frozen cookies for retail as well as institutional customers & diversified product portfolio for bakery segment consists of 118 SKUs.

MBFS' products are manufactured in-house at six manufacturing facilities located in Phillaur, Rajpura (Punjab), Tahliwal (Himachal Pradesh), Greater Noida (Uttar Pradesh), Khopoli (Maharashtra) and Bengaluru (Karnataka), which enables it to have an effective control over the manufacturing process and ensure consistent quality of products. All its manufacturing facilities are strategically located in proximity to the target markets, which minimises freight and logistics related time and expenses. The company has received several quality certifications and accreditations, including certification from the FSSC 22000, the US Food and Drugs Administration, British Retail Consortium (BRC) and Sedex Members Ethical Trade Audit (SMETA).

Exhibit 2: Number of employees

Department	Number of Employees
Sales	403
Marketing	6
Research & Development	63
Manufacturing	1,651
Human resources	36
Others	539
Total	2,698

Source: RHP, ICICI Direct Research

The company has a strong distribution network in India and globally in the general trade and the modern trade segment. In H1FY21, it distributed biscuits across 23 states in India through 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. MBFS is also one of the largest suppliers of biscuits to Canteen Stores Department (CSD) of Government of India supplying in 33 locations across India and an approved and listed supplier for Indian Railways having a strong presence across Railway station canteens and their stores in North India. The company is one of the leading exporters of biscuits from India and exported biscuits under brands as well as under third party private labels to 64 countries to reputed retail chains, distributors and buying houses.

The company also has a strong distribution network for bakery products sold under brand 'English Oven' supplied to customers 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. The company is one of the few bakery companies in India that can handle fresh, chilled and frozen products. This model enables it to distribute bakery products across India.

Exhibit 3: Segment wise gross & EBITDA margins

Products	Particular	FY18	FY19	FY20
Biscuits	Gross Margins (%)	42.1%	43.6%	44.4%
	EBITDA Margins (%)	10.3%	10.4%	8.8%
Bakery Products	Gross Margins (%)	50.8%	50.8%	50.1%
	EBITDA Margins (%)	16.7%	15.4%	17.7%

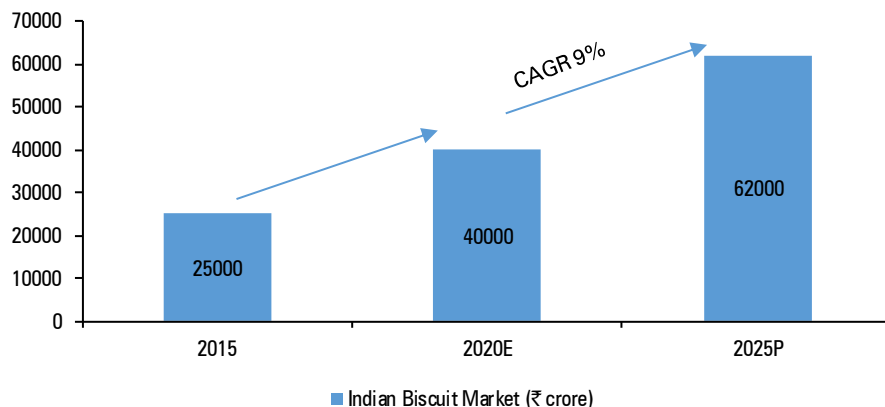
Source: RHP, ICICI Direct Research

Industry background

The Indian biscuits & bakery retail market is valued at ₹ 45000 crore and is expected to grow at ~9% CAGR in the next five years. Biscuits & other snacking bakery products like rusks, wafers and tea cakes contribute almost ₹ 40000 crore to the total market. The balance 11% is contributed by breads including loaves, buns, pizza bases that together account for ₹ 5000 crore.

The Indian biscuit market size is estimated to be ₹ 40000 crore in 2020 representing ~5% of the global market. The Indian market is expected to grow at 9% CAGR till 2025 and reach ₹ 62000 crore. This growth will increase India's share in the global market to ~6% by 2025.

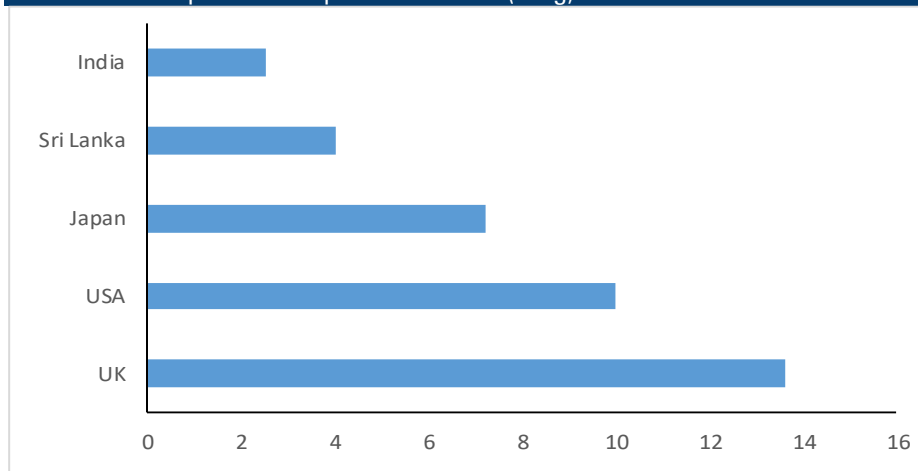
Exhibit 4: Biscuit market in India (overall) (₹ crore)



Source: RHP, ICICI Direct Research

Per capita biscuit consumption in India has increased by 16% over the last five years. However, it is far behind developed economies like the US, UK and other developing Asian economies like Japan and Sri Lanka. Though there is huge headroom for growth in India for the biscuit market, it is a complex market that requires regional customisation.

Exhibit 5: Per capita consumption of biscuits (in kg)



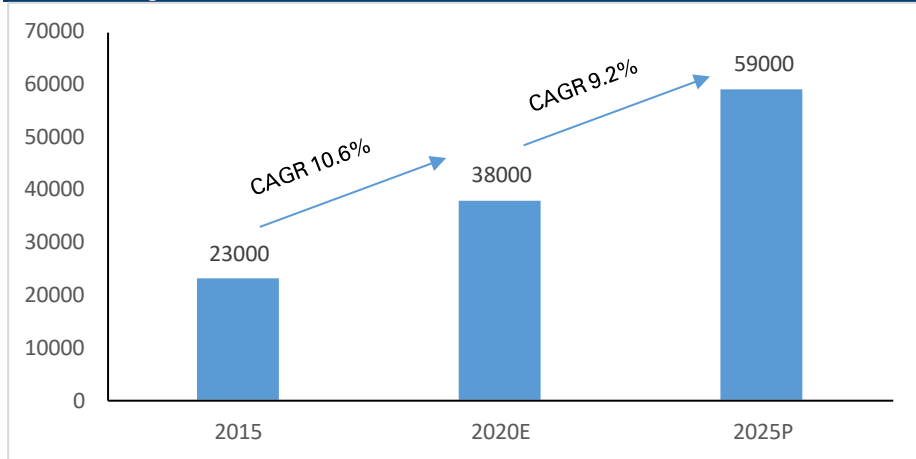
Source: RHP, ICICI Direct Research

Organised biscuit market overview

The Indian biscuit market is dominated by branded play. The penetration of branded biscuits is expected to continue to grow on account of increasing consumer preference and spending power. Non-branded biscuit is dominated by small bakery units, cottage and household type manufacturing units, which thrive on catering to local taste and close relationship with retailers. Non-branded biscuits also offer higher margins than branded biscuits to retailers. Growth rate for branded biscuits in terms of value was greater than volume in FY15-20. It is driven by movement of

consumers towards mid and premium biscuits. The Indian branded biscuits market is expected to grow at 9.2% CAGR in the next five years.

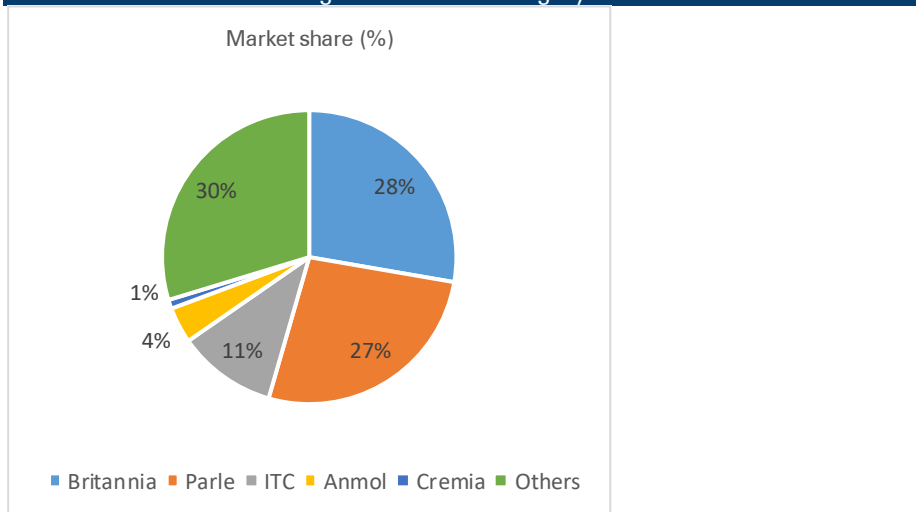
Exhibit 6: Organised biscuit market in India (in ₹ crore)



Source: RHP, ICICI Direct Research

The Indian biscuit market is dominated by lead brands like Britannia, Parle and ITC, which has 65% of market share. While Parle derives a large portion of its revenues from mass product Parle-G, the company has the largest market share by volume on the back of Parle-G brand. Britannia’s revenue is driven by mid-premium and premium products. The biscuit market in India is largely classified on the back of two factors. On the basis of product type, the market is classified into Glucose and Non-Glucose (NG) segments. On the basis of price, it is classified into mass, mid-premium and premium segments. In the last five years, the NG market growth has outpaced the Glucose market growth. Non glucose segments mirrors mid-premium and premium price points whereas Glucose segment mirrors mass price point.

Exhibit 7: Market share in organised biscuit category



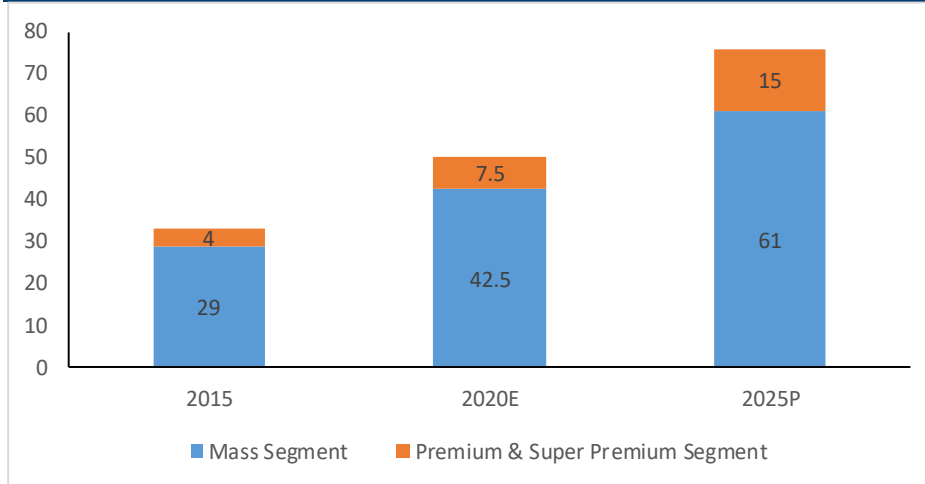
Source: RHP, ICICI Direct Research

Total market size of mid-premium and premium biscuits is ₹ 32100 crore that has grown at 12.2% CAGR in the last five years. The category has shown a growth rate much higher than the mass category. The market for mid-premium and premium biscuits is expected to grow to ₹ 50,400 crore by FY25 at 9.5% CAGR, which is faster than the overall branded biscuit market growing at 9.2%.

Bread & other bakery product category

The bread and buns retail market in India is valued at ₹ 5000 crore in FY20. It is expected to continue to grow at 9% CAGR to ₹ 7600 crore by FY25. The growth is expected to be mainly assisted by increase in disposable incomes, change in lifestyle and preferences of the consumers. The demand for breads is concentrated mainly around metros, tier I and larger tier II cities due to higher disposable incomes and changing meal preferences.

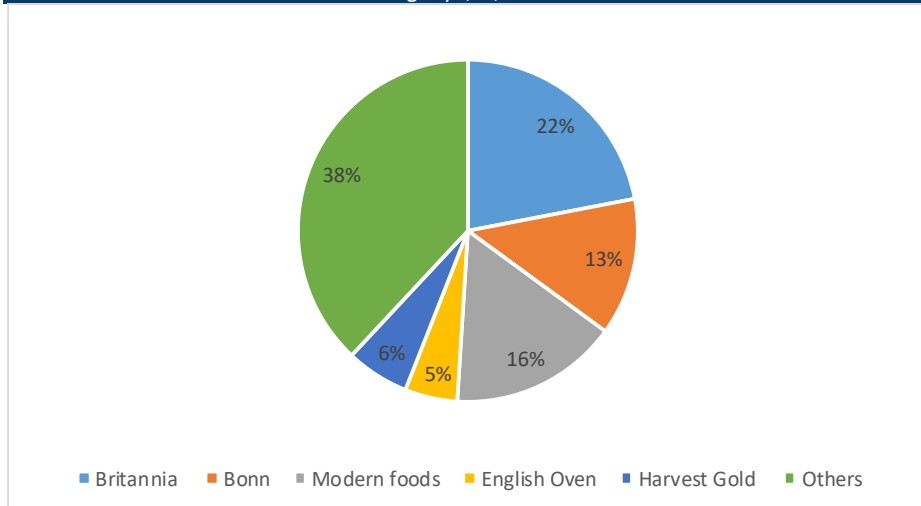
Exhibit 8: Indian bread & buns retail market (in ₹ billion)



Source: RHP, ICICI Direct Research, IQVIA MAT March 2015-20

Bread can be classified based on the ingredients and price. Mass bread segment primarily comprises white/sandwich bread made up of refined wheat flour (maida). The premium bread segment has emerged over the last 15 years. This comprises products related to health and wellness such as fortified white breads, whole wheat/brown or alternative grain variants of breads, milk and fruit breads and specialty products such as pizza bases, burger buns and hot dog buns. Breads are sold in packaged and pre-sliced loaf forms with 350 gm and 400 gm as most common pack sizes. Super-premium bread segment comprises exotic and specialty breads such as pita bread, focaccia, ciabatta bread and sour dough breads. These are artisanal products made by established bakers and retailed at their own bakeries and selected modern retail outlets and Grade A stores. Though the super-premium category currently has a very small share in the total bread market, it is poised to grow steadily given the growing influence of international cuisines and the growing number of premium bakeries. Many industrial manufacturers have also come out with super-premium variants.

Exhibit 9: Market share in bread category (%)



Source: RHP, ICICI Direct Research

Exhibit 10: Bread market still largely unorganised

Bread sales break-up

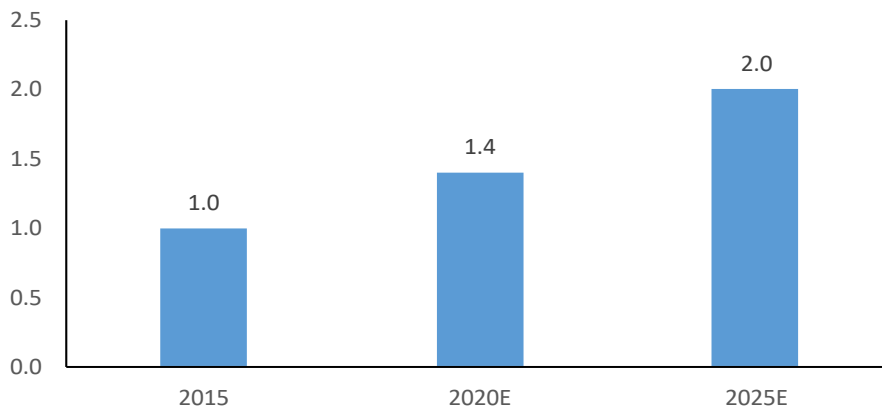
Branded	45%
Unbranded	55%

Source: RHP, ICICI Direct Research

Per capita consumption of breads

The average per capita consumption of an Indian consumer is increasing. The per capita consumption has increased from 1 kg per annum in 2015 to 1.4 kg per annum in 2020. The average per capita consumption of bread in developed countries like the UK, Germany, US and Singapore is much higher than India. While the average per capita bread consumption in India is estimated to be ~1.4 kg in 2020, it has immense growth opportunity.

Exhibit 11: Per capita consumption of bread (in kg/year)



Source: RHP, ICICI Direct Research

Investment Rationale

Leading brand of biscuits & bakery products in North India

MBFS is one of the leading companies in the premium and mid-premium biscuits segment in North India and sells products under flagship brand 'Mrs Bector's Cremica'. It is among the top two Indian biscuit manufacturers in the premium and mid-premium biscuits segment in Punjab, Himachal Pradesh, Ladakh and Jammu and Kashmir. In FY20, it 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. The brand recall is enhanced through arrangements with certain preferred retail outlets, which enhance brand visibility and presence in their shops by displaying products prominently in their shelves. In H1FY21, the company had a network of 4,422 preferred outlets. The company is focusing on digital marketing initiatives such as social media integration, influencer marketing and content marketing. It has also started brand promotions in various e-commerce channels for biscuits and bakery products and are listed with various e-commerce platforms in India.

Leading exporter of biscuits

MBFS is one of the leading exporters of biscuits from India, with ~12% share of the Indian biscuit export market in 2019. It contributes 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. In FY20, it exported biscuits to 64 countries, across Central and South America, Europe, North America, East and South Africa, Australia, 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 flagship brand 'Mrs Bector's Cremica'. It manufacture wide range of biscuits for international retail chains under their private labels. Revenue from the export of biscuits accounted for ₹ 167.7 crore in FY20. Price realisation from sales of biscuits (exports) was ₹ 94.3 per kg and has grown at 7.9% CAGR during FY18-20.

Exhibit 12: Plant wise capacities & utilisation

Manufacturing Facilities Capacity as of March 2020 (in tonne)	Phillaure (Punjab)	Tahliwal (HP)	Rajpura (Punjab)	Greater Noida (UP)	Khopoli (Maharashtra)	Bangluru (Karnataka)
Biscuit - Domestic & exports	26400	34200	14600	-	-	-
<i>Utilisation (%)</i>	91%	72%	40%	-	-	-
Biscuit - Contractual	26400	-	1000	-	-	-
<i>Utilisation (%)</i>	89%	-	80%	-	-	-
Breads & other bakery products (in thousand packs)	-	-	-	65903	10937	7762
<i>Utilisation (%)</i>	-	-	-	80%	62%	18%
Buns (in thousand packs)	-	-	-	170755	170755	93139
<i>Utilisation (%)</i>	-	-	-	81%	53%	51%
Frozen Products (in thousand packs)	-	-	-	12193	-	-
<i>Utilisation (%)</i>	-	-	-	36%	-	-

Source: RHP, ICICI Direct Research

Strong distribution network

The company's extensive sales and distribution network allows it to reach a wide range of consumers and ensures effective penetration of its products and marketing campaigns. Its sales & distribution network is strategically spread across different states in North India and has a strong outreach in certain urban and semi urban markets. It distributes biscuits across 23 states in India, through a widespread network of super stockists and distributors. Its distribution network comprising 196 super stockists and 748 distributors supplying to wide range of customers through 458,000 retail outlets. The company also entered into arrangements with certain preferred retail outlets, which enhance brand visibility and presence. In H1FY21, it had a network of 4,422 preferred retail outlets. The company's distribution network is managed by an in-house sales team of over 403 personnel.

MBFS directly supplies biscuits to institutional clients like CSDs, Indian Railway canteens and stores in North India. It is the largest suppliers of biscuits to CSD and an approved and listed supplier for Indian Railways with a strong presence across Railway station canteens and their stores in North India. It exports biscuits to 64 countries through strong global distribution network and tie-ups with retailers, distributors and buying houses such as Monteagle International (UK) Ltd, Lulu Hypermarket, E-Mart, Atlas Global (HK), Omni Trade Services, Universal Trade and World Wide Imports (2008). The company sells bakery products for retail customers under brand the 'English Oven' through modern trade, general trade channels and various e commerce platforms.

The bakery products for retail customers were sold through 191 distributors and over 14,000 retail outlets in Delhi NCR region, Mumbai, Pune and Bengaluru through direct sales to supermarkets, departmental stores and distributors. Recently, it also started selling products through various e-commerce platforms in India, multiplexes such as PVR and cloud kitchens such as Rebel Foods. It is one of the few bakery companies in India that can handle fresh, chilled and frozen products. This model enables it to distribute products across India.

Exhibit 13: Retail touch points in North India

Brands	Retail Points in North India (in million)
Parle	1.7 million
Britannia	1.4 million
ITC	0.9 million
Anmol	0.8 million
Cremica	0.4 million

Source: RHP, ICICI Direct Research

Focus on increasing brand awareness

The company seeks to spend resources to strengthen brand 'Mrs Bector's Cremica' and 'English Oven'. Its ability to differentiate its brand and products from competitors through marketing & brand awareness programmes is an important factor in attracting consumers. It also enter into arrangements with preferred retail outlets and brand consultants, which helps enhance brand visibility. It also participate in international trade fairs that provide an opportunity to display wide range of product portfolio and enhance brand strength. For the bakery business, MBFS focuses on leveraging opportunities in newly launched cities such as Pune and expanding product portfolio by introducing niche products to retail customers such as sub breads, pizzas, garlic breads, cheese garlic bun fills and frozen cookies. It plans to focus more on digital marketing initiatives such as social media integration, influencer marketing and content marketing. The company believes the scale of its business provides the ability to increasingly focus on branding and promotion to enhance visibility, market share and growing needs and preferences of customers across various channels.

Key risks & concerns

Export benefits may end under MEIS

The company is currently availing benefits under certain export promotion schemes, including Duty Free Import Authorisation scheme (DFIA Scheme), Merchandise Exports from India scheme (MEIS) and Export Promotion Capital Goods (EPCG) license. As per the licensing requirement under the said schemes, the company is bound by certain export obligations, which require it to export goods of a defined amount, failing which, it may have to pay the government, a sum equivalent to the duty benefit enjoyed under the said schemes along with interest. Any reduction or withdrawal of benefits or its inability to meet any of the conditions prescribed under schemes would adversely affect business and financial condition.

Inability to expand manufacturing

The company manufactures and sells a range of biscuits and bakery products primarily catering to retail consumers around North India and certain institutional customers on a pan-India basis. The biscuits are currently manufactured in facilities in Phillaur, Rajpura (Punjab) and Tahliwal (HP). Given that these biscuit manufacturing facilities are all located in North India, the company is currently restricted to selling biscuits in 11 states around North India. Significantly high transportation costs associated with distribution of such products to farther destinations precludes it from a pan-India business network for biscuits. It manufactures bakery products in savoury and sweet categories such as breads, buns, pizza bases, frozen doughs and pizzas, cakes, cookies and cupcakes in manufacturing facilities located in Greater Noida (Uttar Pradesh), Khopoli (Maharashtra) and Bengaluru (Karnataka). As these bakery products are inherently perishable in nature, having a shelf life of around three to four days, the company may not be able to transport these products over longer distances.

Discontinuance of supply contract to QSRs

MBFS supplies buns and other bakery frozen products to institutional customers and it is the largest supplier of buns to reputed multinational QSR chains. The company supply buns to various international QSR chains in India, such as Burger King India, Connaught Plaza Restaurants, Hardcastle Restaurants and Yum! Restaurants. However, it does not have any long term supply agreements with any of these QSR customers. The supply of products to such QSR customers is typically contingent on demand arising on a day to day basis, which is subject to fluctuation. Absence of any contractual exclusivity with respect to business arrangements with such QSR customers poses a threat on the ability to be able to continue to supply products to these QSR customers in the future. Additionally, any change in preference of supplier by these QSR customers due to any existing peer or entry of any new peer may have a material adverse effect on business.

Supply & transportation disruptions

The company uses third-party transportation providers for all of its product distribution and raw materials procurement with respect to biscuits. This makes it highly dependent on various intermediaries such as international and domestic transportation companies, container freight station operators and shipping lines. Further, export activities highly dependent on ports and railways. Factors like disruption of transportation services due to weather-related problems, strikes, accident or Covid 19 lockdown could impair the ability of suppliers to deliver raw materials and company's ability to deliver processed products to its consumers. MBFS currently transports burger buns to various QSRs on a pan-India basis either through its own or third party transportation service providers. These products are temperature sensitive and, therefore, should be transferred through specific vehicles such as reefer vans. The company's business performance can be impacted by disruption of supply or any adverse impact on the quality of raw material and final product.

Financial Summary

Exhibit 14: Profit & loss statement					
(₹ crore)					
Revenue (₹ crore)	FY18	FY19	FY20	H1FY20	H1FY21
Revenue from operations	694.0	783.7	762.1	364.6	431.0
Other income	1.8	2.4	2.9	1.6	7.6
Total revenue	695.8	786.0	765.0	366.2	438.6
Cost of materials consumed	382.8	424.0	407.5	193.6	224.8
Employee expense	91.3	109.7	117.9	57.3	62.1
Other expenses	131.1	153.8	144.0	74.7	72.0
Excise Duty	3.3				
Total Expenses	608.5	687.6	669.3	325.6	358.9
EBITDA	85.5	96.1	92.8	39.0	72.1
Finance costs	6.1	12.7	15.0	7.9	5.5
Depreciation and amortisation expense	28.3	35.2	41.5	20.7	22.2
Profit before tax and exceptional items	52.8	50.6	39.1	12.0	52.1
Share of net profit of associate (equity meth)	0.0	0.1	0.0	0.1	0.1
Profit before tax	52.8	50.5	39.1	11.9	52.0
Current tax	16.5	11.8	12.9	6.1	12.2
Defered tax	0.5	5.7	-4.1	-4.2	1.1
Total Tax	16.9	17.5	8.8	1.9	13.3
Profit after tax	35.9	33.0	30.3	10.0	38.7

Source: RHP, ICICI Direct Research

Exhibit 15: Balance Sheet					
(₹ crore)					
Balance Sheet (₹ crore)	FY18	FY19	FY20	H1FY20	H1FY21
Shareholders' funds	266.6	294.8	319.5	304.4	357.8
Share capital	57.3	57.3	57.3	57.3	57.3
Reserves and surplus	209.3	237.5	262.2	247.1	300.5
Non-current liabilities	122.4	141.2	114.3	123.4	130.4
Long-term borrowings	94.7	107.2	85.653	93.9	101.2
lease liability	4.2	2.7	1.538	1.9	1.2
Other Current Liabilities	9.7	16.4	13.998	13.6	16.3
Other non-current liabilities	13.7	14.9	13.140	14.0	11.7
Current liabilities	122.0	141.1	132.1	132.7	120.6
Short-term borrowings	26.3	32.7	18.1	28.5	0.0
Trade payables	39.0	48.8	47.0	42.9	61.6
lease liability	1.4	1.5	1.1	1.6	0.7
Other financial liability	29.8	29.7	34.5	29.3	29.6
Provisions	12.7	14.2	15.7	14.8	3.9
Other current liability	10.4	12.9	13.8	14.3	18.6
Current tax liability	2.6	1.3	1.9	1.3	6.2
Equity & Liabilities Total	511.1	577.0	565.9	560.6	608.7
Tangible assets	240.6	344.3	337.6	345.1	327.0
Goodwill on consolidation	0.4	0.4	0.4	0.4	0.4
Capital work in progress	92.1	15.6	6.7	6.6	28.9
Intangible assets	18.4	16.8	15.1	15.9	14.5
Other Tangible assets & Investment	5.7	5.0	4.4	4.8	4.2
Financial Assets	4.3	3.7	3.6	3.4	3.6
Other Non-current assets	6.6	4.1	17.4	2.9	22.3
Deferred tax assets (net)	2.9	4.2	4.3	5.7	3.1
Current assets					
Inventories	35.3	35.3	43.4	41.6	54.4
Investments	0.0				
Trade receivables	69.4	100.3	75.0	87.7	72.9
Cash and bank balances	10.7	12.0	30.2	13.4	47.7
Other Financial assets	9.7	15.5	18.3	22.1	20.9
Other current assets	14.9	20.0	9.3	11.1	8.8
Assets Total	511.1	577.0	565.7	560.6	608.7

Source: RHP, ICICI Direct Research

Exhibit 16: Cash flow statement (₹ crore)					
Particulars					
Cash Flow (₹ crore)	FY18	FY19	FY20	H1FY20	H1FY21
PBT	52.8	50.7	39.2	12.1	52.1
Depreciation	28.3	35.2	41.5	20.7	22.2
Operating profit before working capital change	87.9	102.3	100.8	44.5	77.4
Changes in working capital	-25.9	-33.9	21.0	0.7	-2.8
Income tax paid	-15.5	-14.4	-12.4	-7.6	-6.7
CF from operating activities	46.5	54.0	109.5	37.6	68.0
(Purchase)/Sale of Fixed Assets	-117.6	-61.3	-41.0	-14.2	-36.1
Interest Received	0.6	0.6	0.8	0.4	0.6
Investment in bank deposits	5.0	-0.6	-3.0	-4.5	-21.0
CF from investing activities	-112.0	-61.3	-43.2	-18.3	-56.5
Proceeds from issue of share capital	0.0	0.0	0.0	0.0	0.0
Buyback of shares					
Adj. of Loan	67.8	25.3	-30.9	-14.5	-9.5
Interest Paid	-5.7	-12.1	-15.0	-7.9	-5.4
Dividends Paid	-4.2	-6.3	-5.2	0.0	0.0
payment of lease liability					
CF from financing activities	57.8	6.9	-51.1	-22.4	-15.0
Net Cash Flow	-7.7	-0.3	15.2	-3.2	-3.5
Opening Cash	13.6	5.9	5.5	5.5	20.7
Closing Cash Flow	5.9	5.5	20.7	2.3	17.2

Source: RHP, ICICI Direct Research

Exhibit 17: Key Ratios					
Ratio Sheet	FY18	FY19	FY20	H1FY20	H1FY21
Per share data (₹)					
Diluted EPS	6.3	5.8	5.3	1.7	6.8
Cash EPS	11.2	11.9	12.5	5.4	10.6
BV per share	46.6	51.5	55.8	53.2	62.5
Cash Per Share	1.9	2.1	5.3	2.3	8.3
Operating Ratios (%)					
Gross Profit Margins	44.8	45.9	46.5	46.9	47.8
EBITDA Margins	12.3	12.3	12.2	10.7	16.7
PAT Margins	5.2	4.2	4.0	2.7	9.0
Inventory days	18.6	16.4	20.8		
Debtor days	36.5	46.7	35.9		
Creditor days	20.5	22.7	22.5		
Return Ratios (%)					
RoE	14.3	11.8	9.9	6.7	21.7
RoCE	18.0	15.9	12.7	9.3	24.2
Valuation Ratios (x)					
EV / Sales	2.5	2.3	2.3		
EV/EBITDA	20.6	18.4	19.0		
Market Cap / Sales	2.4	2.1	2.2		
P/E	46.9	50.9	55.5		
Price to Book Value	6.3	5.7	5.3		
Solvency Ratios					
Debt / EBITDA	1.4	1.5	1.1		
Debt / Equity	0.5	0.5	0.3	0.4	0.3
Net Debt/ Equity	0.4	0.4	0.2	0.4	0.1
Current Ratio	1.1	1.3	1.3	1.3	1.7
Quick Ratio	0.9	1.0	1.0	1.0	1.2
Asset Turnover	1.9	2.0	2.0		

Source: RHP, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to companies that are coming out with their initial public offerings and then categorises them as Subscribe, Subscribe for the long term and Avoid.

Subscribe: Apply for the IPO

Avoid: Do not apply for the IPO

Subscribe only for long term: Apply for the IPO only from a long term investment perspective (>two years)



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Sanjay Manyal MBA (Finance) Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities Limited is a Sebi registered Research Analyst with SEBI Registration Number – INH000000990. ICICI Securities Limited Sebi Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com

ICICI Securities is one of the leading merchant bankers/underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

ICICI Securities Limited has been appointed as one of the Book Running Lead Managers to the initial public offer of Mrs Bectors Food Speciality Ltd This report is prepared on the basis of publicly available information ■