

Report on Mrs.Bectors Food Specialities Ltd.



Market Capitalization : 8470 Crores

Current Market Price: 1499 Rs

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About the Company:

- Mrs. Bectors Food Specialities Limited (MBFSL) is one of the leading companies in the premium and mid-premium biscuits segment under the “Mrs. Bector’s Cremica” brand and is the largest exporter of biscuits from India.
- The Company is also a leading premium bakery player under the “English Oven” brand, which is also amongst the fastest growing premium bakery brand in India.





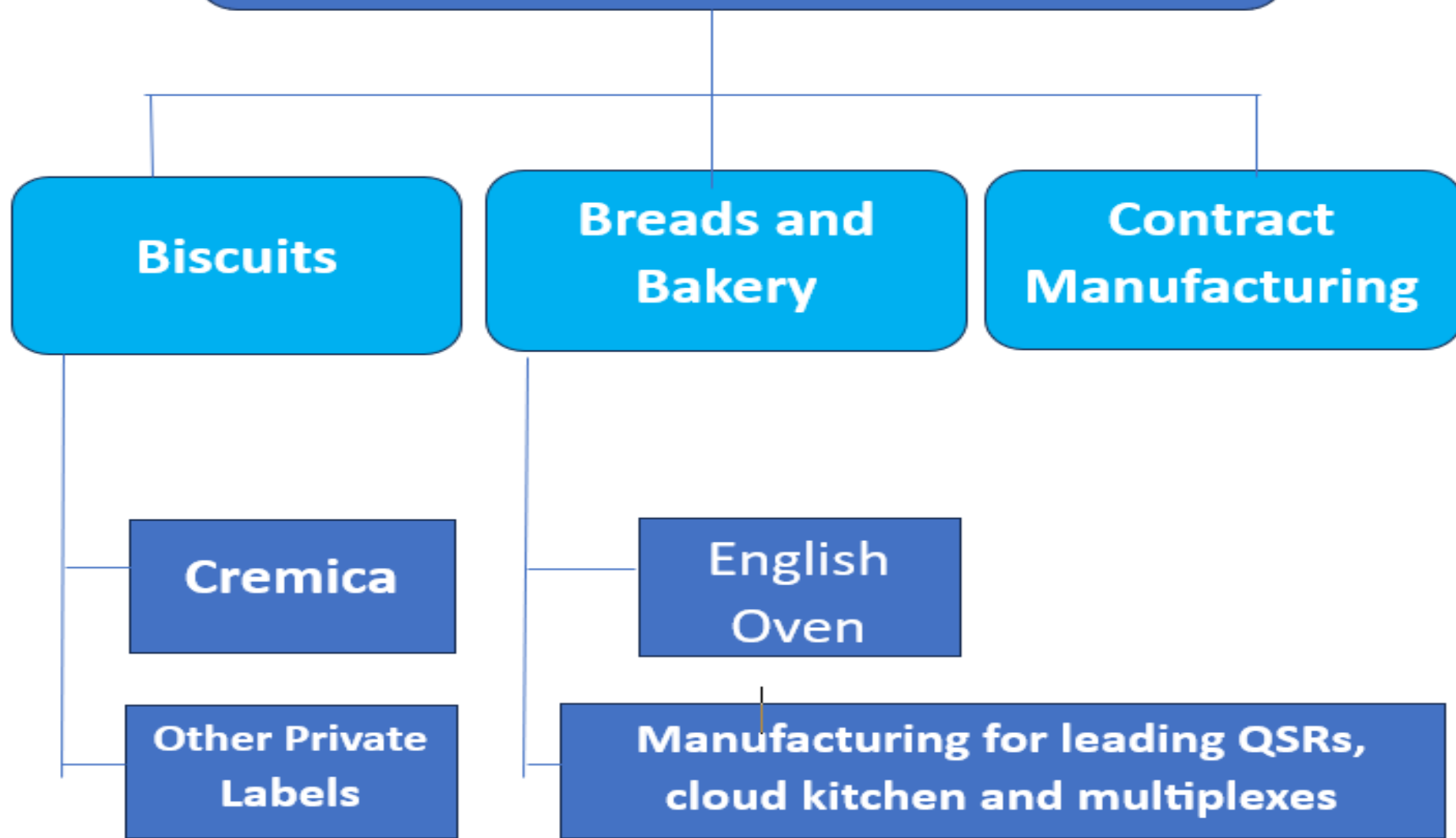
**BOTH OUR
BISCUITS
AND BAKERY
SEGMENTS
HAVE THEIR
OWN**



**UNIQUE
STRENGTHS
AND ARE
WELL-POISED
FOR
ACCELERATED**

growth

**Mrs.Bectors Food Specialities
Limited**



History of the Company:

1970

Mrs. Rajni Bector founded CREMICA Group, a food processing empire now worth 650 crores initially a hobby her backyard venture was transformed into a leading food supplier by her sons. Entering the \$13 billion FMCG space Cremica group's origins traced back to Mrs. Bector's passion for cooking which led her to start a business with a small oven and rupees 300. Encouraged by friends began receiving numerous orders for parties and functions.

1978

Bector decided to expand, commercialise with an initial investment of Rs.20,000 by setting up small manufacturing unit in Kothi, enabling her to take bigger orders for marriages.

1985

Bread unit in Punjab baking 5000 loaves per day.

1989

Expansion : Increase in bread unit produced now baking 50,000 loaves per day.

1995

- Got incorporated as Private Limited Company under the companies Act, 1956.
- Started providing Buns to Mc Donald's, officially supplying buns.

1996

- Partnership between Mc Donald's expanded from supplying bun to liquid condiments. It marked the start of new opportunities for Cremica Group. Cremica Group entered into 50:50 joint ventures with the Quaker Oats, a fortune 200 Company of USA. A new company by the name Quaker Cremica Foods (P) Ltd. was set up to produce liquid products such as, Tomato Ketchup, Mayonnaise, Tartar & Sandwich Spreads, Milk shake Syrups and Ice cream Toppings-mainly for Mc Donald's requirement in India and neighboring countries.

1999

- In the year 1999 Quaker Oats , Cremica's partner in producing liquid condiments withdrew from the joint venture. The name of the company was changed from Quaker Cremica Foods (P) Ltd. to Mrs. Bector Food Specialties Ltd.

2001

- Post the separation Cremica Group responded by converting itself into a public limited company in 2001. It started institutional & retail market in addition to their key account-Mc Donalds.
- Own manufacturing unit commenced in Greater Noida ,UP.

2006

Clocked revenues of 100 crores. Goldman Sachs, through Mauritius based Jade Dragon, a unit of Goldman Sachs - a global investment banking and securities firm, picked up 10% stake in the company for 50 crores.

2010

- Contracted Manufacturers began providing Oreo for Mondelez International.
- Goldman Sachs later exited and sold its share to Motilal Oswal.

2013

- Started manufacturing in Khopoli Maharashtra.
- Cracker biscuit unit in Tahliwal began manufacturing of cracker biscuits.
- In 2013 the business was divided equally among Mrs. Bector's Food's founder Rajni Bector's three sons – Ajay, Anoop and Akshay Bector. An agreement was settled in which biscuits and bakery business was demerged from the condiments business. It was agreed that Mr. Ajay and Mr. Anoop would manage the biscuits and Bakery divisions (divisions contributed 65% of total revenue of the business) while condiments will be managed by Mr. Akshay. As a part of the entire settlement process, the PE Firm Motilal Oswal which currently has 20% stake in the company will only have a stake in the biscuit business.

2014

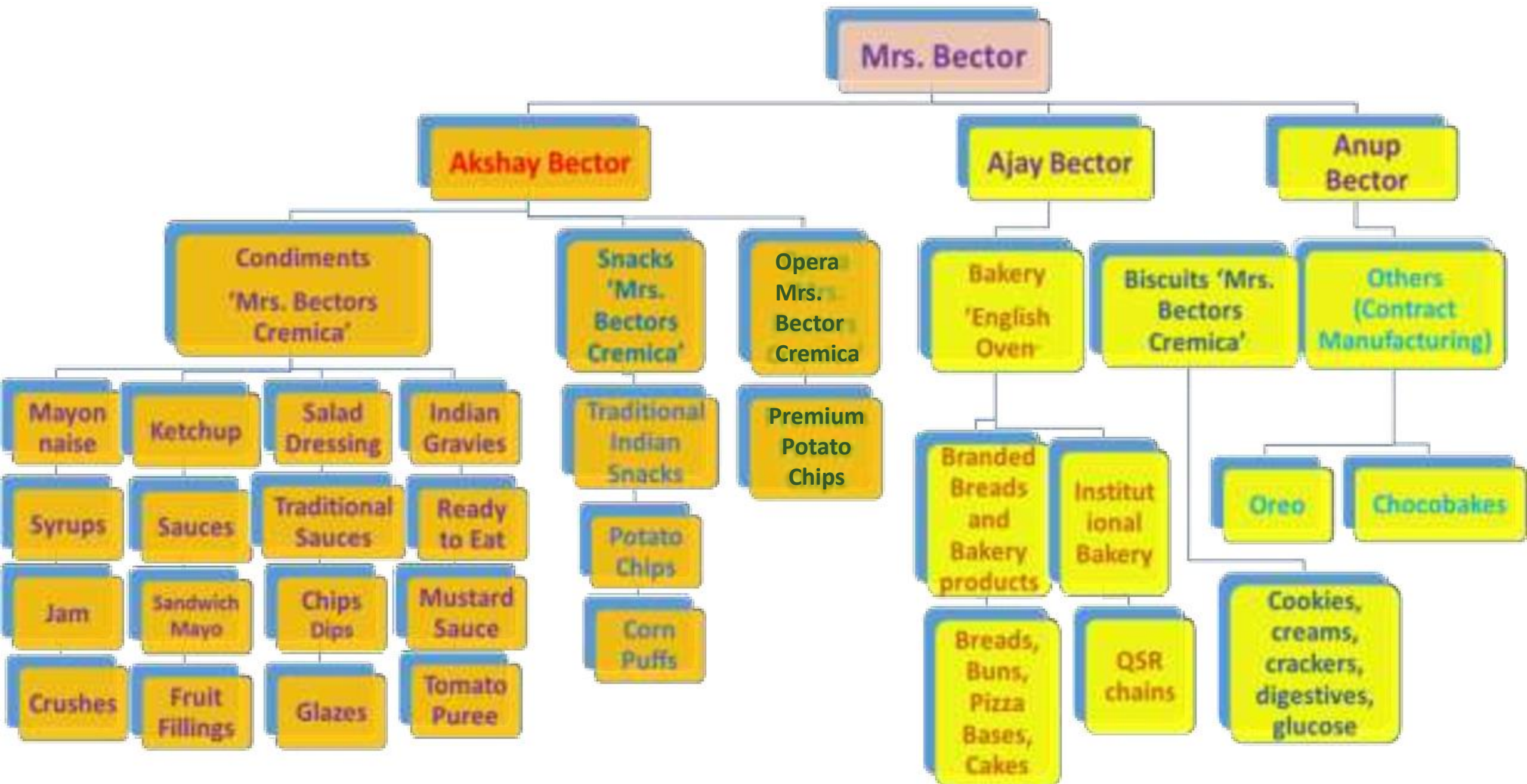
- Started manufacturing in Bangalore, Karnataka.

2018

- New facility in greater Noida dedicated to producing quality breads.
- New facility established in Bangalore to produce unique breads.
- Acquired land in Madhya Pradesh producing biscuits and breads daily.

2020

- Got listed with premium of 73% and opened at 500 Rs.





Mrs Bectors B2B and B2C offerings



Mrs Bectors supplies buns to most of these brands and manufactures products for others.



Mrs Bectors brands

About the Management of the Company:

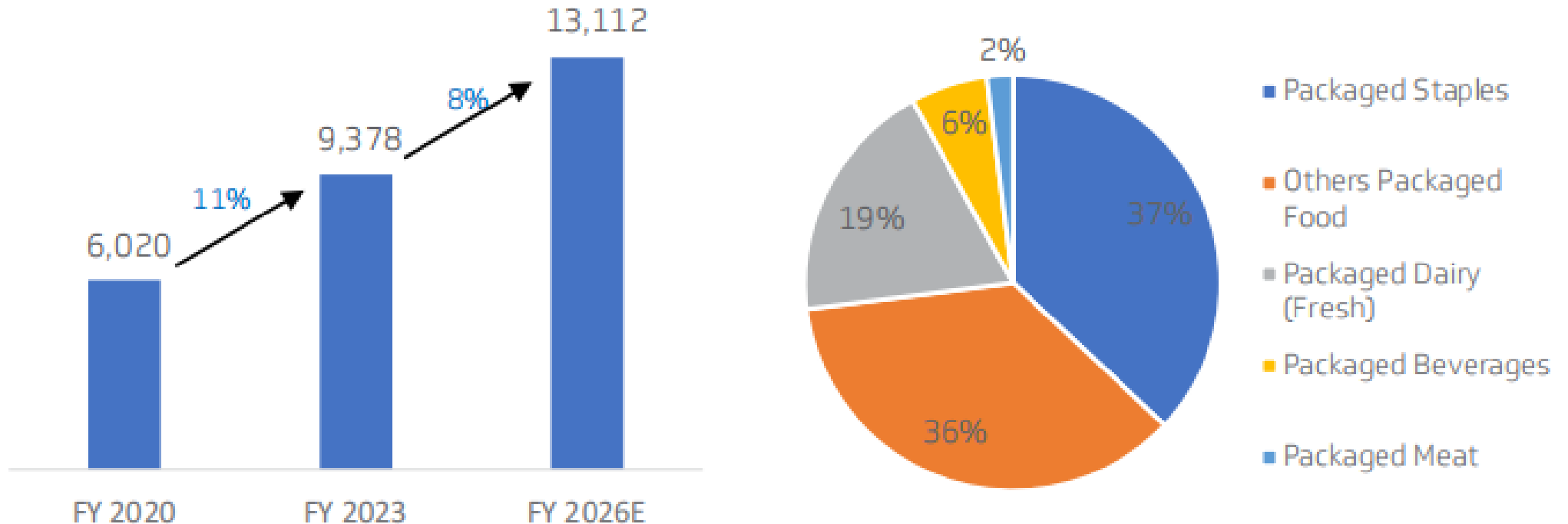
Sr. No.	Name of Director/ KMP	Designation
1	Mr. Ashish Agarwal*	Chairman & Independent Director
2	Mr. Subhash Agarwal**	Chairman & Independent Director
3	Mr. Anoop Bector	Managing Director
4	Mr. Manu Talwar***	Chief Executive Officer
5	Mr. Ishaan Bector	Whole-time Director
6	Mr. Suvir Bector	Whole-time Director
7	Mr. Parveen Kumar Goel	Whole-time Director
8	Mr. Alok Kumar Misra	Independent Director
9	Mr. Rajiv Dewan****	Independent Director
10	Mrs. Pooja Luthra	Independent Director
11	Mr. Arnav Jain*****	Chief Financial Officer

Industrial Analysis:

- India's food processing sector is one of the largest in the world and its output is expected to reach US dollar 535 billion by 2025-26.
- Over two-thirds of India's 1.4 billion people are young with growing incomes which also creates a large market for food products. Increasing organised retail penetration is offering a wide range of options to consumers too.
- The government has launched production linked incentive scheme for food processing industry (PLISFPI) to support creation of global manufacturing champions come insulate with India's natural resource endowment and support to Indian food brands in international markets with an outlet of 10,900 crores.
- Indian package food retail market was valued at Rs.9378 bn in FY23, contributing 18.9% to the total food and grocery retail market which was valued at Rs. 51640 billion in FY 2023. Do Indian food retail remain dominated by unbranded products. Food in package form is growing at almost double the pace of the overall market and it is expected to contribute 20.5% of the total food and grocery sales in India by FY 2025. Packaged staples (37%) are major contributors to the total package food market, followed by other packaged food (36%) such as snacks bakery biscuits etc, dairy(19%), beverages (6%) and meat (2%).

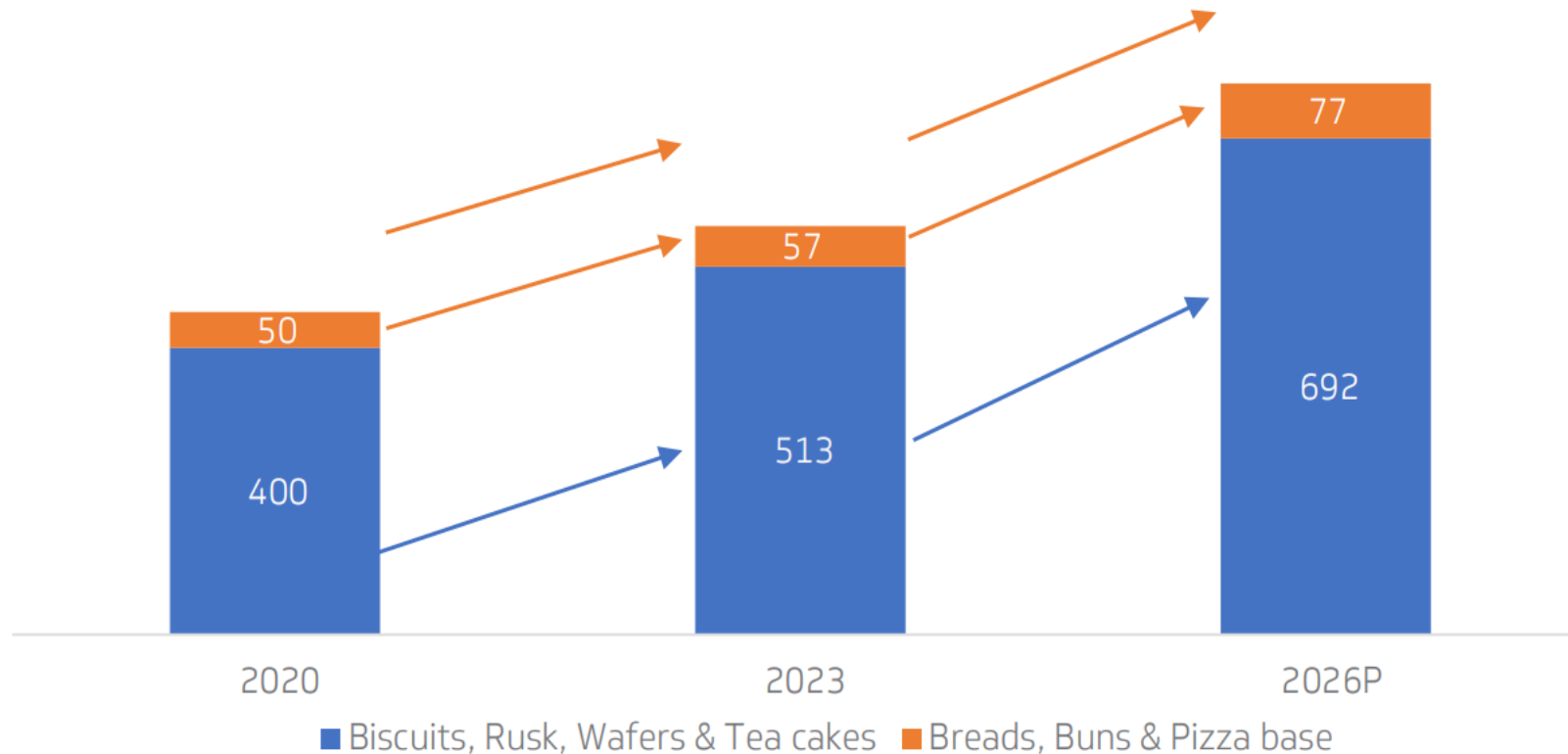
- Other packaged food markets (snacks, bakery biscuits etc.) is value at rupees 3383 billion in FY 2023 and seeing significant growth postcode due to urbanization, change in consumer taste and lifestyle and variety of package food that is readily available. It is estimated to grow at a 15% CAGR by FY 2026, which is the higher at compared to 8% CAGR of the overall packaged food industry growth rate.
- During 2022-23 the domestic packaged food industry witnessed sluggishness being impacted by high commodity prices, rising interest rate and a generally subdued sentiment.

Indian packaged food retail market and breakup (Rs. bn)



- The Indian biscuits and bakery retail market is valued at Rs. 570 billion and is expected to grow at 10.5% CAGR over the next 3 years to reach around Rs. 770 billion by financial year 2026. The market has grown at and 8.2% CAGR in the last 3 years.
- Biscuits and other snacking bakery products such as rusks, wafers and tea cakes contribute almost Rs 513 billion or 90% to the total market. The remaining 10% is contributed by bread (buns, pizza base, loaves) which account for 57 billion.

Indian packaged food retail market and breakup (Rs. bn)



- Indian biscuit market is dominated by branded players with the 95% share. Penetration of branded biscuits will continue to grow because of increasing consumer preference and disposable income.
- India has the lowest per capita biscuit consumption in the world at 2.5 to 2.6 kg, compared to over 4.25 kg in South East Asian countries like Singapore, Hong Kong, Thailand and Indonesia and more than 10 kg in the US and Western Europe. This gap creates an opportunity for market players to grow and extend the organised market for biscuits and bakery items over a multi decade period.
- The market for mid premium and premium biscuits is expected to grow to Rs. 504 billion by 2024-25 at a 9.5% CAGR which is faster than the mass biscuit growing at around 8.5%.
- As per Technopak, Indian biscuit exports have maintained the share of two percent of total global exports by value since 2019.
- The breads industries dominated by branded companies with about 55% market share the unbranded segments constitute those in the cottage industry processing local products. In terms of zonal consumption, the north leads the industry with an estimated 32% share, followed by the west south and East are at about 27%, 23% and 18% respectively.

Biscuits Type	Rate
Mass-end	Below 100/kg
Mid Premium	100-200/kg
Premium	Above 200/kg

Overview of Company's Manufacturing units:

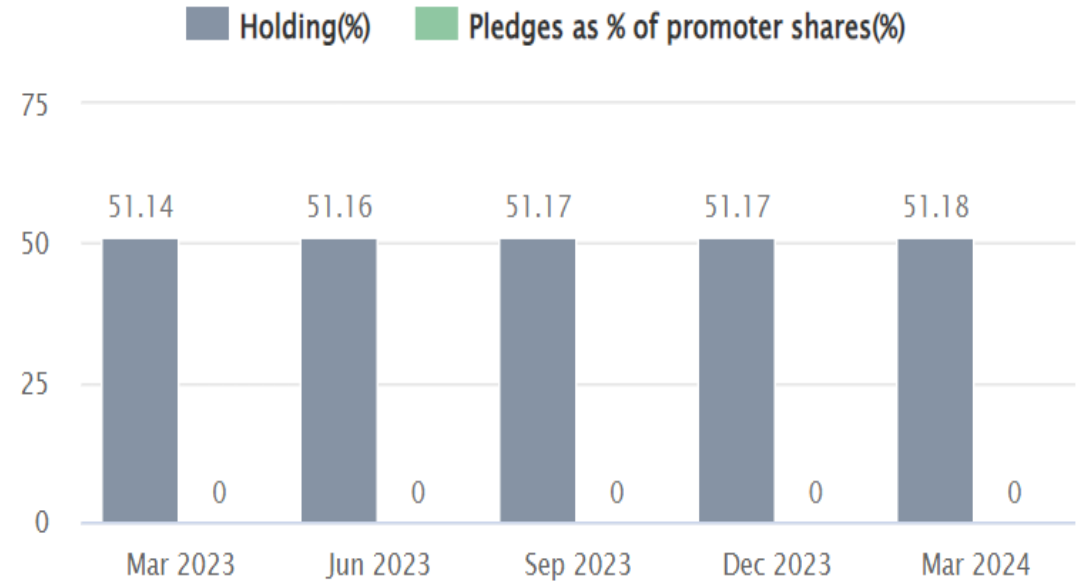
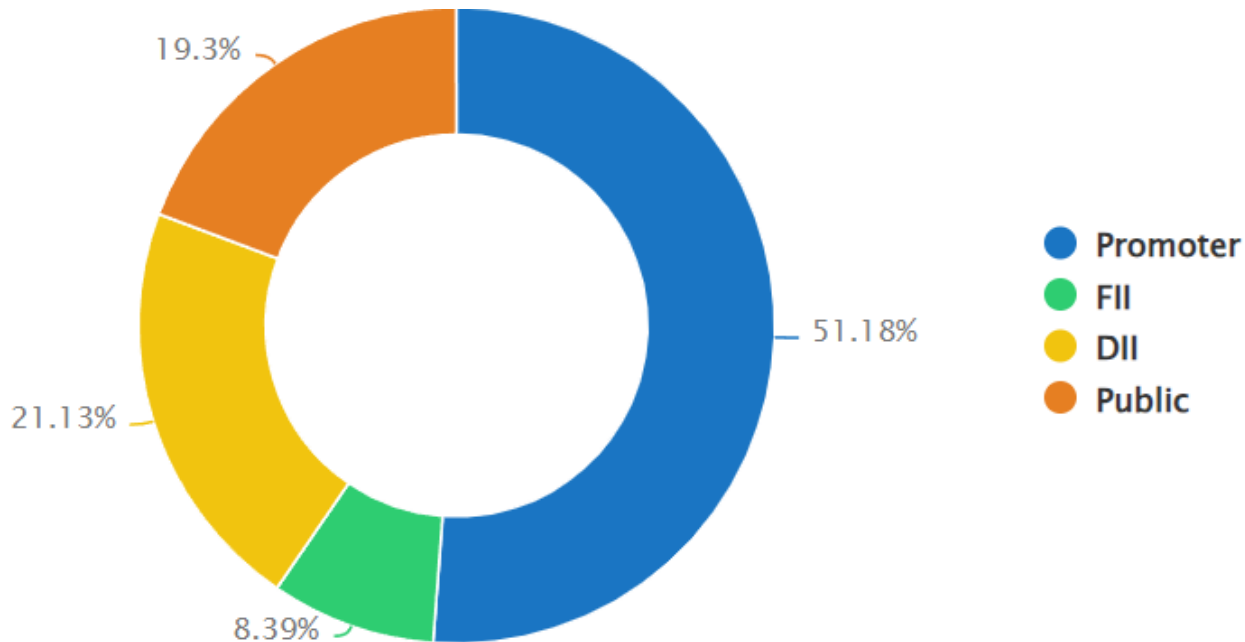
Plant Location	Punjab	Himachal Pradesh	Total
Biscuits	Phillaur: 27,000 MTPA Rajpura: 13,600 MTPA	Tahliwal: 34,200 MTPA	<u>74,800 MTPA</u>
Contract Manufacturing	Phillaur: 27,000 MTPA Rajpura: 2,600 MTPA		<u>29,600 MTPA</u>

Plant Location	Uttar Pradesh	Maharashtra	Karnataka	Total
Bakery	Greater Noida: Breads & Bakery: 8.1 CPPA Buns: 25.8 CPPA	Khopoli Breads & Bakery: 1.3 CPPA Buns: 17.1 CPPA	Bengaluru: Breads & Bakery: 0.8 CPPA Buns: 9.3 CPPA	Breads & Bakery: <u>10.2 CPPA</u> Buns: <u>52.2 CPPA</u>

Capacity Planning:

- Addition of two new biscuit lines at Rajpura (commissioned in Q2 financial year 2024).
- Establishment of Greenfield biscuit plant in Madhya Pradesh (expected commissioning by Q3 FY 2025).
- Establishment of a bakery plant in Khopoli (expected to be operationalised by Q3 FY 2025).
- Expansion of bakery capacity through a bakery plant in Bhiwadi (expected commissioning by Q3 FY 2024).

Shareholding Pattern:



Company and it's subsidiaries:

Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures	Is it a holding/ Subsidiary/ Associate/ Joint Venture	% Of shares held by listed entity
1.	Mrs. Bectors English Oven Limited	Subsidiary	100%
2.	Bakebest Foods Private Limited	Subsidiary	100%
3.	Mrs. Bectors Food International (FZE)	Subsidiary	100%
4.	Cremica Agro Food Limited	Associate	43.09%

Name of entity in the group	Net Assets (Total assets - Total liabilities)		Share in profit		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Mrs. Bectors Food Specialities Limited	89.87%	4,891.53	84.66%	762.53	105.45%	(0.58)	84.64%	761.95
Subsidiaries								
Bakebest Foods Private Limited	9.28%	505.10	15.97%	143.82	7.27%	(0.04)	15.97%	143.78
Mrs Bectors English Oven Limited	0.17%	9.05	-0.10%	(0.92)	0.00%	-	-0.10%	(0.92)
Mrs. Bectors Food International (FZE)	0.02%	1.23	-0.20%	(1.77)	0.00%	-	-0.20%	(1.77)
Associate (Investment as per the equity method)								
Cremica Agro Foods Limited	0.67%	36.27	-0.37%	(3.35)	0.00%	-	-0.37%	(3.35)
Elimination	0.00%	0.00	0.05%	0.43	-12.73%	0.07	0.06%	0.50
Total	100%	5,443.18	100%	900.74	100%	(0.55)	100%	900.19

SWOT Analysis:

STRENGTHS

- 1.Brand value
2. Vast distribution network
3. Larger supplier of biscuits to canteen stores department of GOI, this companies also an approves supplier of Indian railways and North India.
4. The company has innovative offerings packaging and commitment to quality keeping in mind the changing consumer preferences.
5. 100% self manufacturing.

WEAKNESSES

1. Lack of brand awareness and availability of the company's products among the general public outside Northern India.
2. Reliance on retail outlets and small supermarkets to display products on their shelves.
3. Prohibition on range of products that can be manufactured.
4. No long term contracts with QSRs.

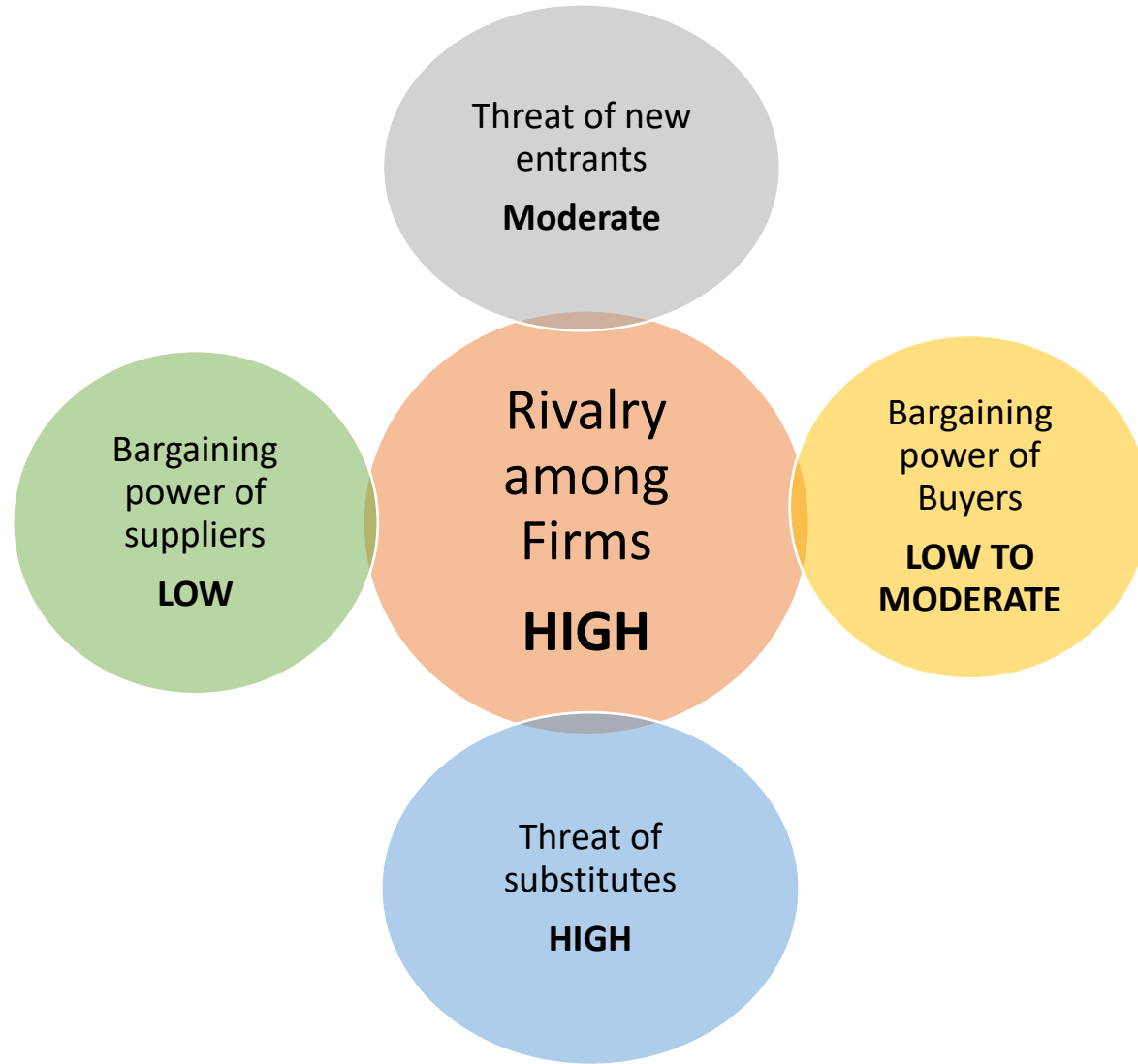
OPPORTUNITIES

- 1.Increasing demand for biscuits and buns.
2. Exports
3. Distribution channel.

THREATS

1. Cut throat competition
2. Decrease and demand and rural areas.
3. Increasing cost of supply chain and transportation.
4. Increase in prices of raw material.

Porter 5 Forces Analysis:



Financials:

Revenue
₹ 1,362.14 crore
37.8% YOY GROWTH

Gross profit
₹ 608.05 crore
39.1% YOY GROWTH

Gross Profit Margin
44.6%
41 BPS GROWTH

EBIDTA
₹ 175.20 crore
43.0% YOY GROWTH

EBIDTA Margin
12.9%
46 BPS GROWTH

Net Profit
₹ 90.7 crore
57.6% YOY GROWTH

Net Profit Margin
6.6%
83 BPS GROWTH



Biscuits



- Domestic sales under *Mrs. Bector's Cremica*
- Exports under *Mrs. Bector's Cremica* and private label

PERFORMANCE REVIEW

Biscuit segment (Domestic and exports):

59.25%

Total revenue share in FY2023

36%

Revenue growth in FY2023 to ₹ 807 crore

KEY STATS

– DOMESTIC

5.4%

Premium/mid-premium biscuit market share in North India (Q4 FY2023)

1,180+

Distributors

490+

Super-stockists

580,000+

Retail outlets

3,200+

Preferred outlets

34

Supplying to CSD locations

KEY STATS

– EXPORT

12%

Share of total biscuit exports from India (CY2019)

69

Export countries



Bakery



- Retail breads and bakery under *English Oven*
- Institutional bakery – Buns and premium frozen products

PERFORMANCE REVIEW

Bakery segment (Retail and institutional):

35.75%

Total revenue share in FY2023

44%

Revenue growth in FY2023 to ₹ 487 crore

KEY STATS

– CONSUMER BAKERY

5%

Market share in branded breads segment in India

600+

Distributors

35,000+

Retail outlets

9

Presence in key states

KEY STATS

– CONSUMER BAKERY

11%

Market share in semi-processed and dough-based offerings (FY2020)

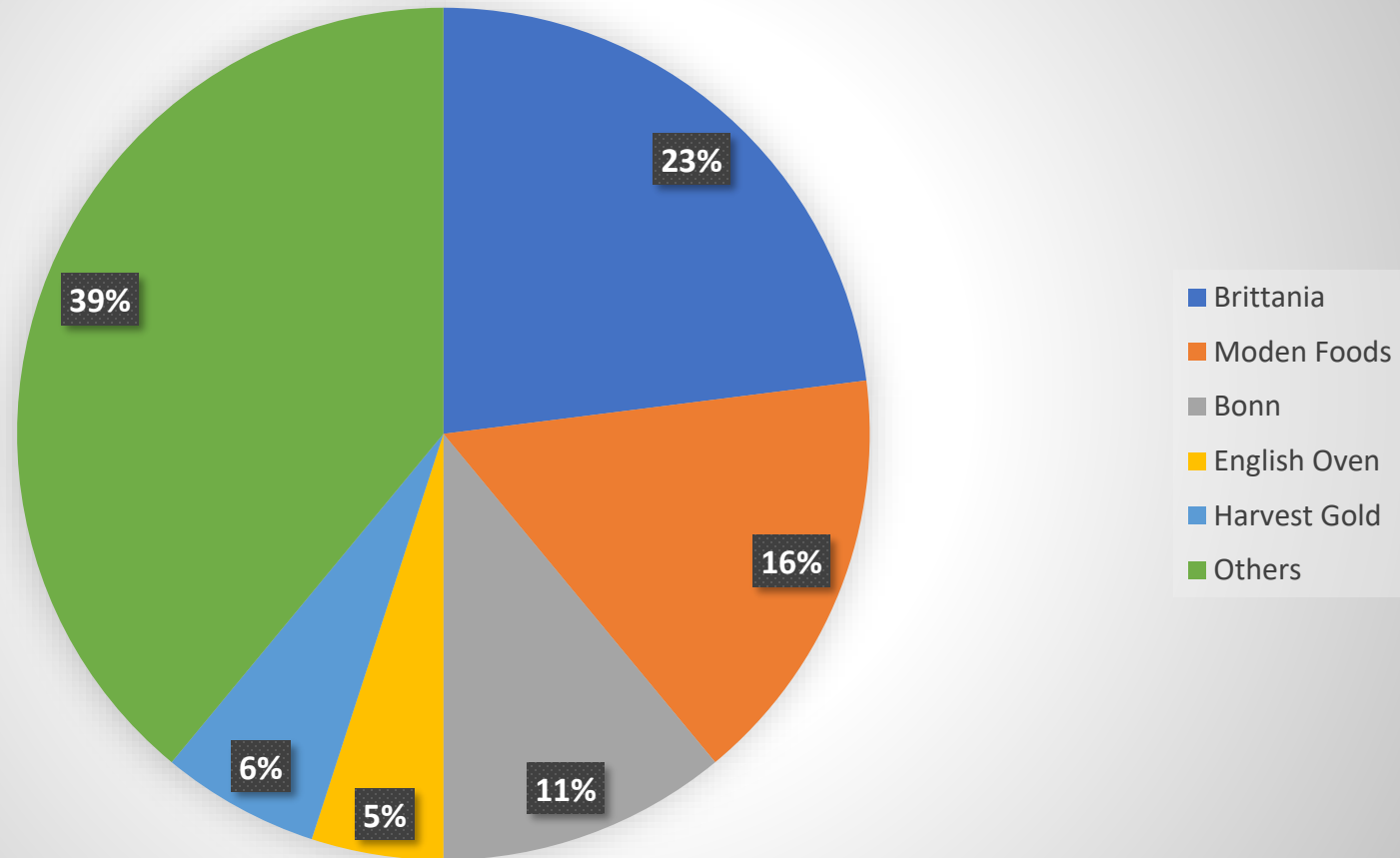
Preferred supplier

having relationships with leading international QSRs, multiplex chains and cloud kitchens for burger buns, muffins, garlic breads, etc.

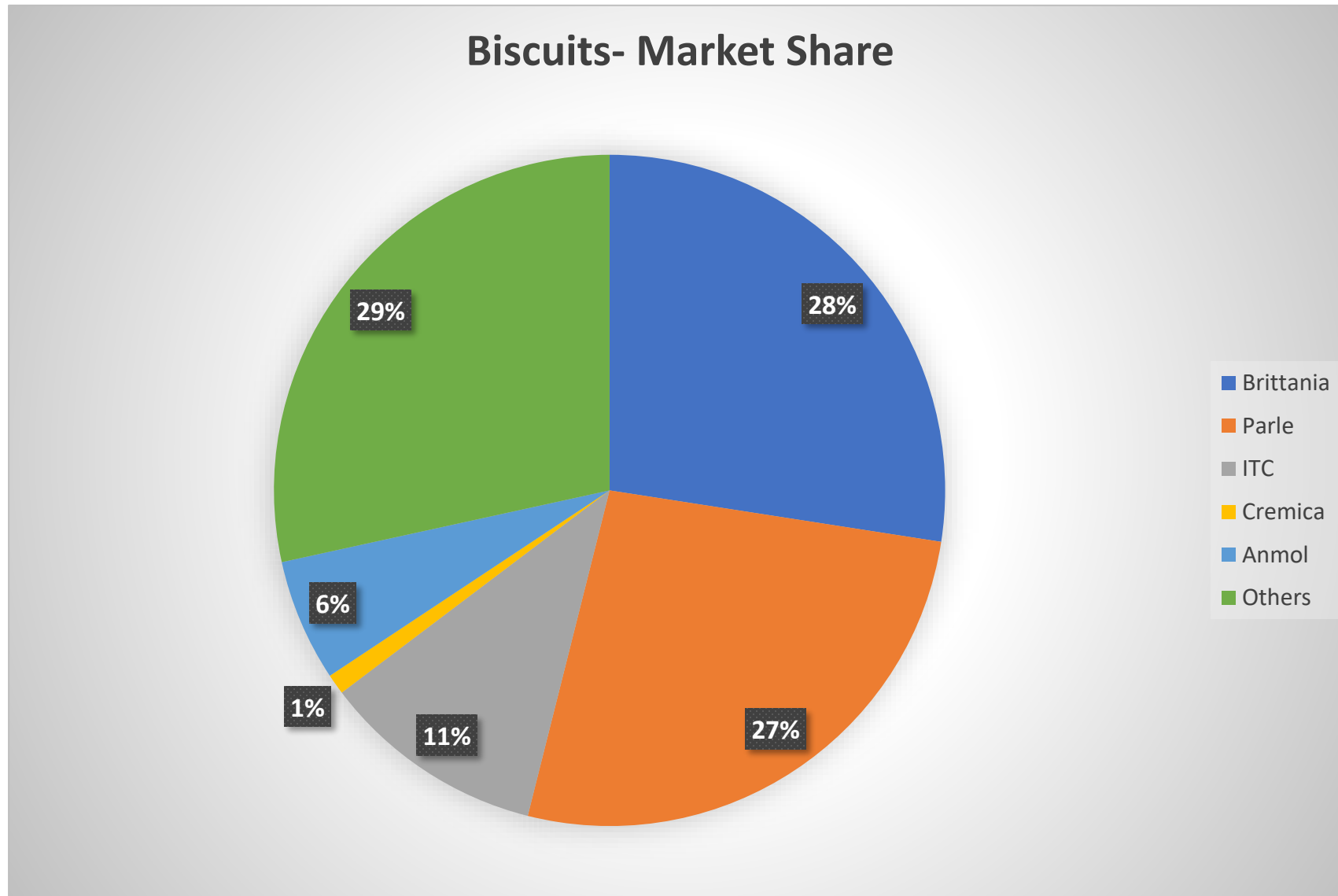


Financials:

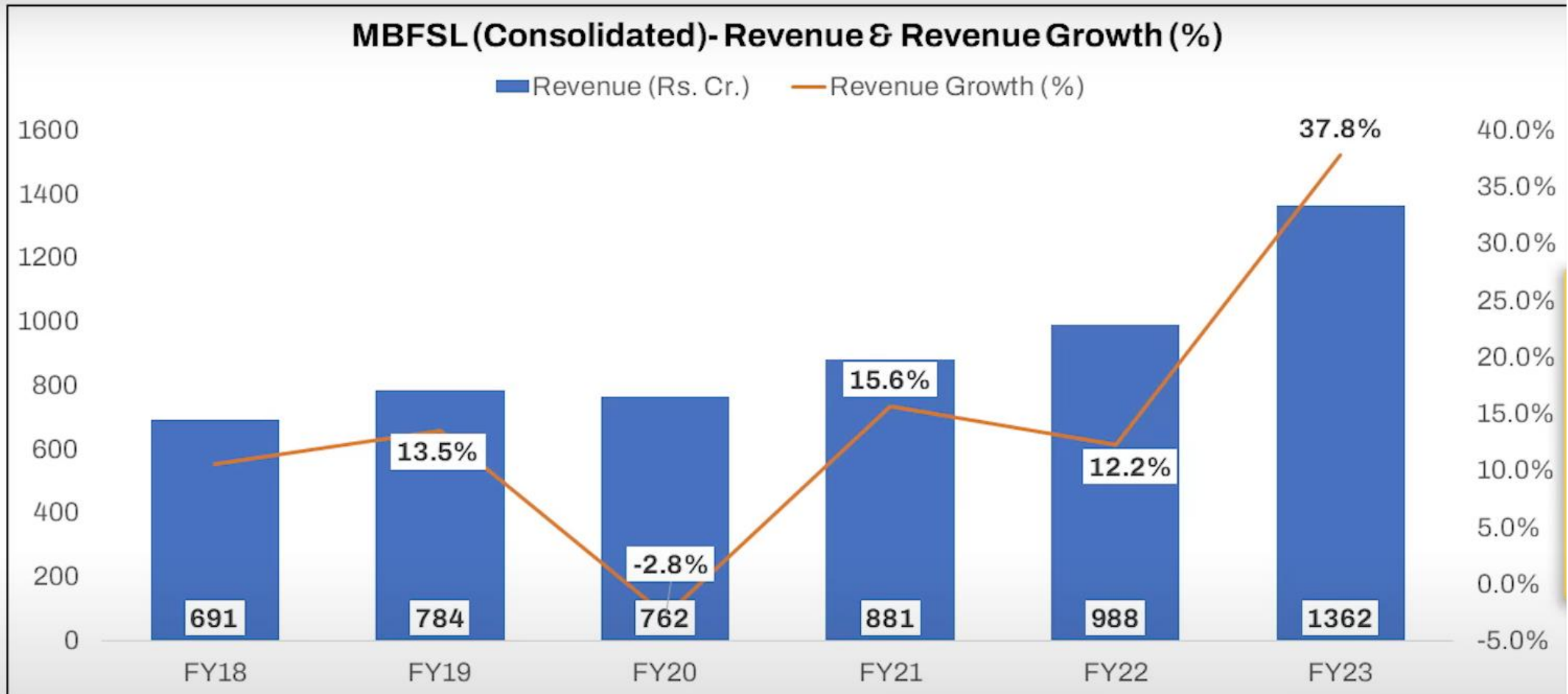
Breads- Market Share



Financials:



Financials:

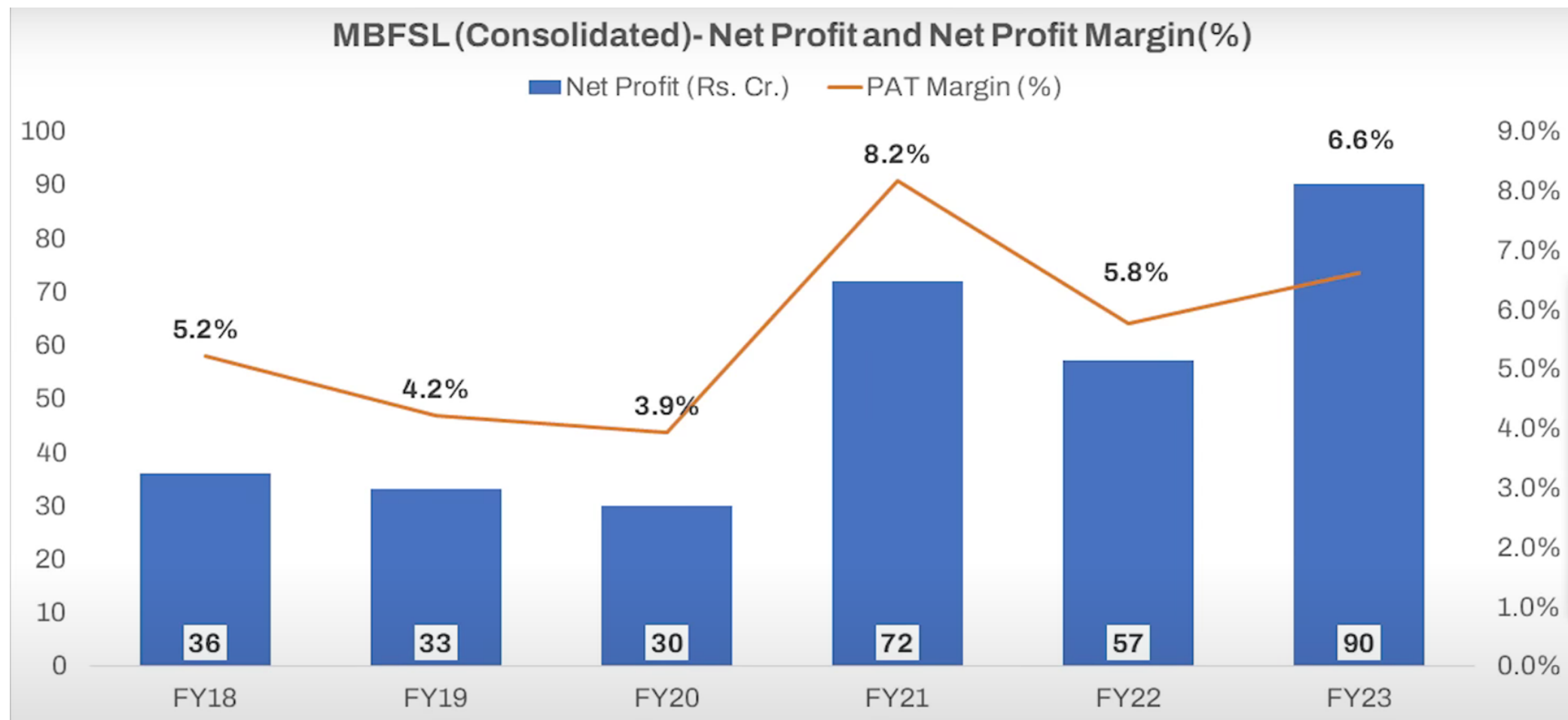


1-Yr (TTM) Sales CAGR: 37.8%

3-Yr Sales CAGR: 21.4%

5-Yr Sales CAGR: 14.5%

Financials:



1-Yr (TTM) Profit CAGR:57.9%

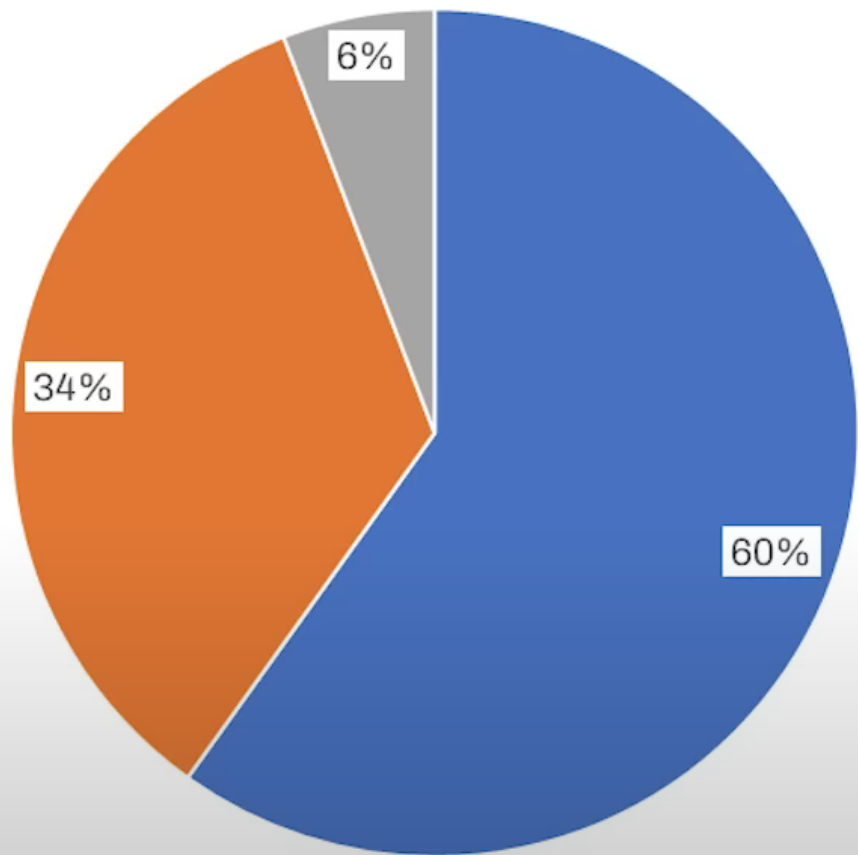
3-Yr Profit CAGR:44.2%

5-Yr Profit CAGR: 20.1%

Financials:

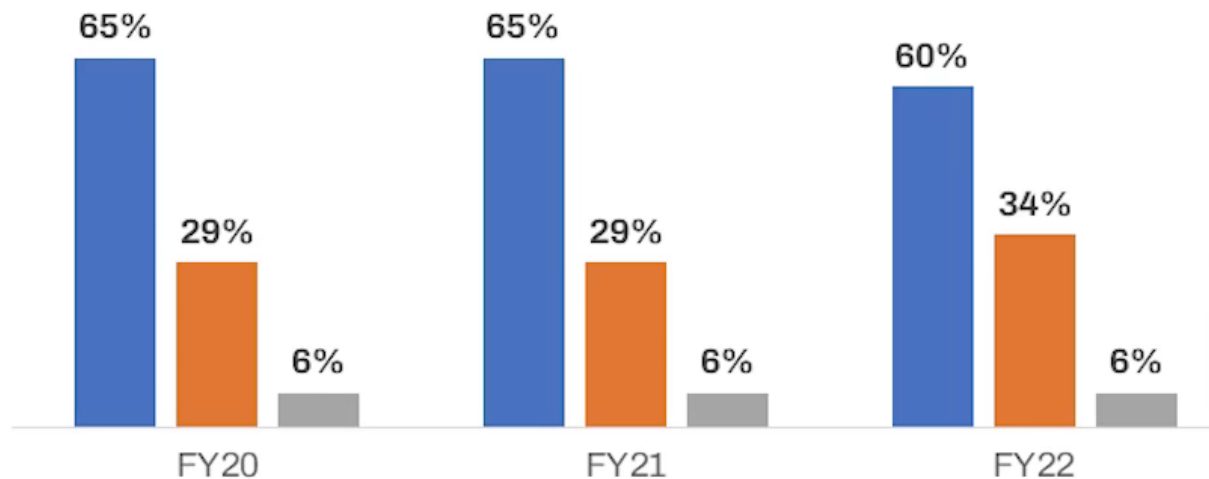
Revenue Mix- FY23

■ Biscuits ■ Bread & Buns ■ Contract Manufacturing



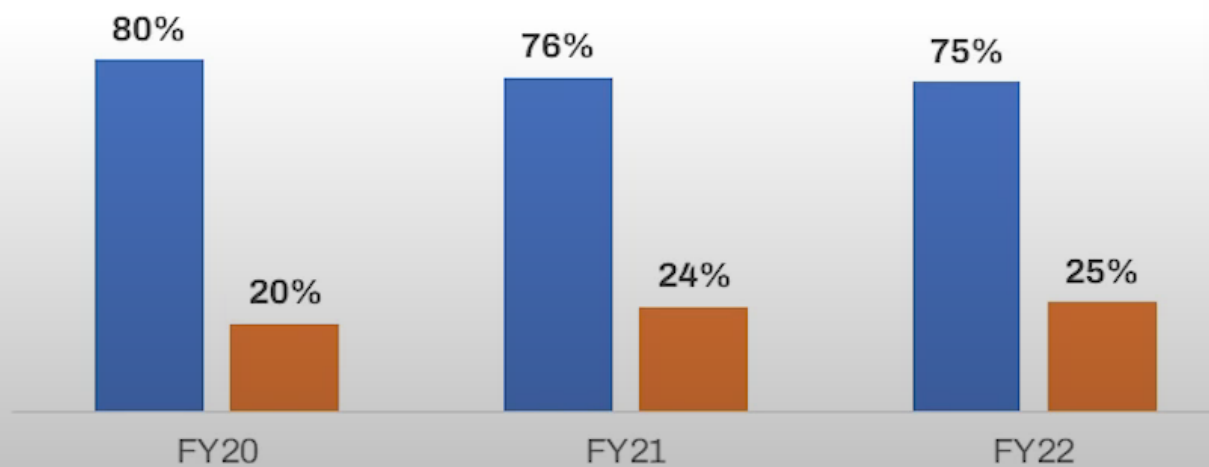
MBFSL: Business Revenue Mix (%)

■ Biscuits ■ Bakery ■ Contract Manufacturing



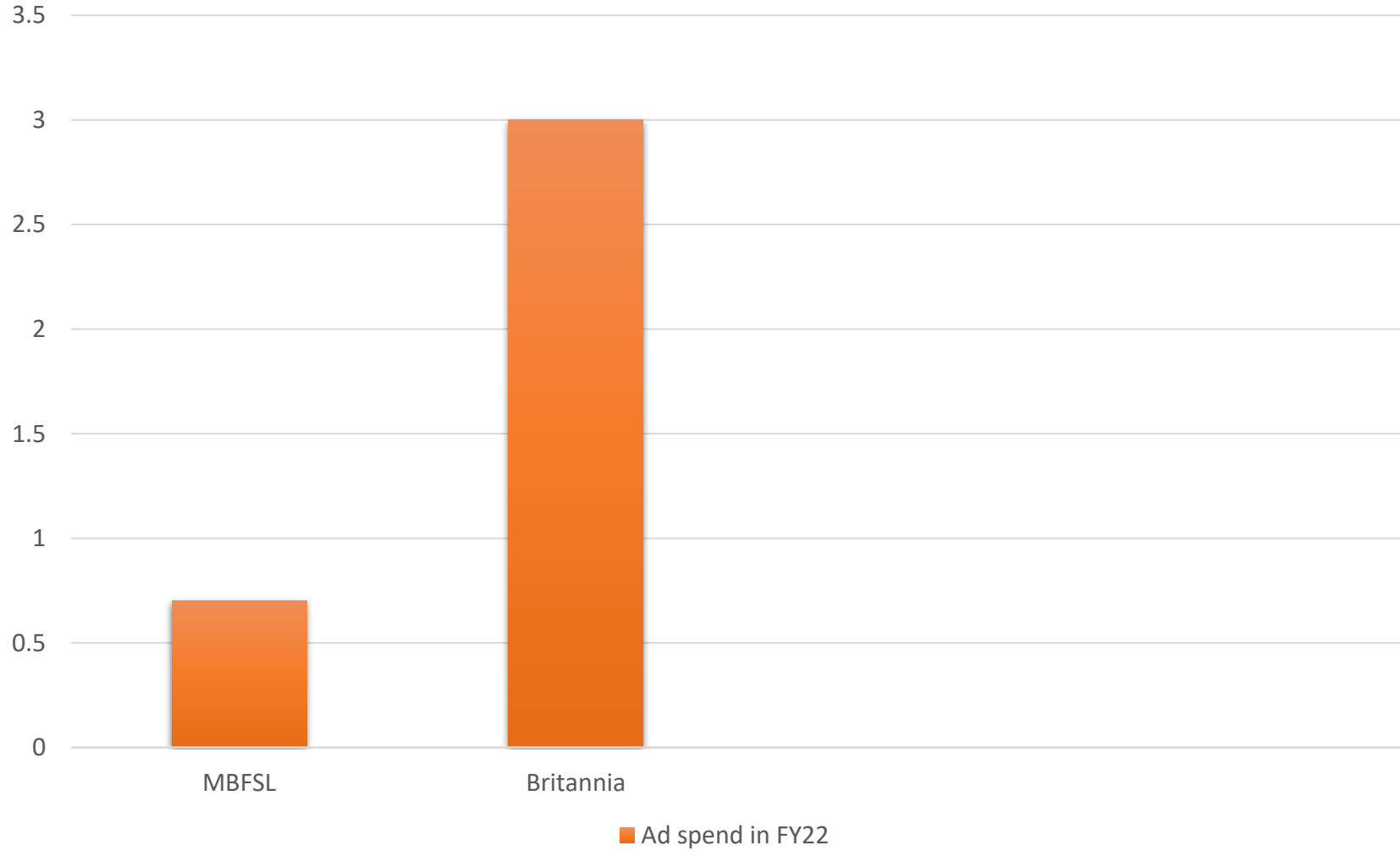
MBFSL: Geographical Revenue Mix (%)

■ Domestic ■ Export



Financials:

Ad spend in FY22



Particulars	Mrs. Bector	Britannia
Revenue as of FY23	1,362	16,301
EBITDA as of FY23	175	2,831
EBITDA Margin as of FY23	12.8%	17%
PAT as of FY23	90	2,316
PAT Margin as of FY23	6.6%	14.2%
Sales Growth (1/3/5 Yr)	37.84% 21.4 14.5%	15.3% 7% 10.5%
PAT Growth (1/3/5 Yr)	57.9% 44.2% 20.1%	52.27% 18.4% 18.20%
ROE	12.7%	49.89%
5-Yr Average ROE	13.6%	38.5%
ROCE	14.34%	41.64%
5-Yr Average ROCE	15.9%	43.12%

Financials:

Market Cap ₹ 8,828 Cr.

Current Price ₹ 1,499

High / Low ₹ 1,566 / 785

Stock P/E 62.9

Book Value ₹ 113

Dividend Yield 0.20 %

ROCE 25.3 %

ROE 23.2 %

Face Value ₹ 10.0

Price to Earning 62.9

Dividend yield 0.20 %

Price to book value 13.3

ROCE 25.3 %

Debt to equity 0.37

Return on equity 23.2 %

EPS ₹ 23.9

Industry PE 50

Current ratio 1.67

Int Coverage 16.9

OPM 14.9 %

Profit after tax ₹ 140 Cr.

Mar Cap ₹ 8,828 Cr.

Qtr Sales Var 17.4 %

Qtr Profit Var 21.6 %

Quick ratio 1.25

Industry PBV 3.55

Conclusion:

Investors are recommended to buy MBFSL because company has tremendous growth opportunities in the regions outside northern India and is giving a cut throat competition to its peers, it can easily manage its short term as well as long term obligations. Its PE ratio is also justifiable. Company can easily repay it's debt and has a very high Interest Coverage ratio.