

# Mrs Bectors has a taste for expansion

With capital from a record IPO, this home-grown bakery goods company is betting big on the biscuits market at home and abroad

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When it comes to stock market records, it's mega-companies with armies of professional managers that come to mind. But Mrs Bectors Food Specialities, a Ludhiana-based entity promoted by a woman entrepreneur, Rajni Bector, has shown that even well-run small and medium companies can attract investor interests. Its ₹541-crore initial public offering (IPO), which was launched in December, remains the most subscribed issue in over three years by any company.

The firm, whose FY20 turnover was ₹762 crore, listed on December 24 at a 74 per cent premium to its issue price, putting a smile on investors' faces even as the Covid-19 pandemic has dragged on for months. Though the stock price has since corrected, analysts said there is still some upside left as branded food players such as Mrs Bectors benefit from the shift in consumer appetites to organised players.

"The pandemic has turned consumers' attention to organised food players as the need for hygienic food prepared in a safe environment grows," said Kaustubh Pawaskar, associate vice president, research, at Mumbai-based brokerage Sharekhan.

This trend is unlikely to change even as India moves towards vaccinating its population this week. The government will begin administering doses to health workers and frontline responders from January 16.

Mrs Bectors is the largest supplier of buns to quick-service restaurant (QSR) chains such as McDonald's and Burger King in India. The company is also a manufacturer of biscuit and bakery products under its Cremica and English Oven brands, respectively.

The firm exports its biscuits to over 60 countries and plans to utilise some of its IPO proceeds to set up a new biscuit line at its plant in Rajpura, Punjab.

While the QSR side of the business, which contributed 18 per cent to its FY20 revenue, will continue to chug along as out-of-home eating gradually improves, it is the biscuits side of the business that shows maximum potential, experts tracking the market said.

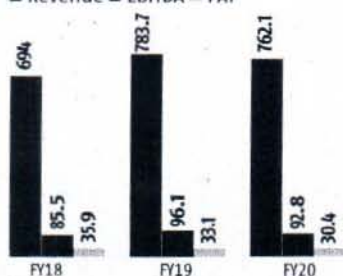
In a conversation with *Business Standard*, Anoop Bector, son of Rajni Bector and managing director of the company, admitted that there was scope to take its Cremica brand of biscuits pan-India from the northern markets, where it is currently present.

"We hold a 4.5 per cent market share in north India in the premium and mid-premium biscuit segment. This can certainly expand given that biscuits as a category has grown in the wake of the pandemic. Consumers are seeking convenient food products made by strong organised players," he said.



## GROWING APPETITE

■ Revenue ■ EBITDA ■ PAT



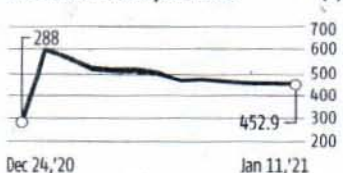
EBITDA is earnings before interest tax depreciation and amortisation

PAT is profit after tax; consolidated results

Source: Company financials

## SHARE PRICE SINCE THE LISTING

Mrs Bectors Food Specialities



Mrs Bectors derives 37 per cent of its revenue selling biscuits under the Cremica brand, its FY20 numbers show. Biscuit exports account for 22 per cent of revenue, pointing to its potential in international markets. "We have a share of 12 per cent in the Indian biscuit exports market. This wouldn't have been possible if we weren't meeting international yardsticks," Anoop Bector said.

How did the four-decade old, largely family-managed company become a stock-market star? Rajni Bector, now 80, is an affluent home-maker who didn't allow her free time to kill her. She had a passion for cooking and baking in particular, producing ice-creams, cakes and cookies for guests and neighbours. She honed these skills at her home and at Punjab Agricultural University in the 1970s by tak-

ing up a baking course. Orders began pouring in as she began churning up her goodies for local events and festivals.

Her husband, Dharamvir, chipped in with an initial investment of ₹20,000, when she needed to organise herself in the late 1970s. Her orders got bigger as she catered to large events, parties and gatherings, keeping a firm eye on quality and production standards.

Cremica, Bector's first brand, was derived from the fluffy ice-creams she would dish out in her backyard. English Oven came later as Bector began making bread and buns as part of her expansion plans.

By the mid-1990s, Bector took her next leap when she began supplying buns and liquid condiments to McDonald's. This business grew as more QSRs turned to her for supplying buns and other condiments.

Mrs Bectors Food no longer makes ice creams, but the name has stuck and has become synonymous with biscuits, which include cookies, creams and digestives. The company is also a contract manufacturer in the biscuit category for companies such as Mondelez and ITC Foods, though the share of revenue from this segment is small at six per cent.

A recent report by brokerage Anand Rathi estimated that the company could touch ₹1,000 crore in terms of revenue in FY21, led by growth in organised food categories such as biscuits and bakery. The company has the potential to enter new food categories as the organised food market in India evolves, the report added.

Mrs Bector, who is the chairman of her firm, remains out of day-to-day activities and is now mostly a mentor to her employees that number over 4,000 and are spread across six facilities in Phillaur and Rajpura in Punjab, Tahlwal in Himachal Pradesh, Greater Noida in Uttar Pradesh, Khopoli in Maharashtra and Bengaluru in Karnataka.

At a time when start-ups and online businesses are hogging the limelight for their rich valuations, Mrs Bector's story provides comfort that traditional businesses too can attract investor attention.