

4th June 2024

CMP – ₹1276/-

View – Accumulate

Q4FY24: Robust Performance led by Biscuits and Bread category

Important Statistics

- Revenue from operations grew 17% YoY to ₹406crs led by premiumization, and a better product mix.
- Biscuit segment revenue Q4FY24 stood at ₹240crs against ₹203crs in Q4FY23, thus registering a growth of 18% compared to Q4FY23 including the domestic & export biscuit segment. The biscuit segment has grown by 68% as compared to Q4FY22.
- Bakery segment revenue Q4FY24 stood at ₹151crs against ₹128crs in Q4FY23, thus registering a growth of 18% compared to Q4FY23 including retail bakery and institutional segment. The bakery segment has grown by 59% as compared to Q4FY22.
- The company has registered strong and profitable growth from all business verticals i.e. Biscuits – Domestic & Exports, Bakery Institutional & Retail. Management is confident of delivering positive results going forward, driven by a strong distribution network, marketing, and digitization expansion.
- EBITDA grew 21% YoY to ₹59crs and the margin expanded to 14.4% (~50 bps) YoY. The company's continue to focus on premiumization of the portfolio by offering various premium and mid-premium products has helped to sustain the margin.
- PAT grew 21% YoY to ₹34crs and the margin expanded 30 bps to 8.3% YoY.

Nifty	22,531
Sensex	73,961
M.CAP (₹ Cr)	₹7,248
52 Week H/L (₹)	₹1374/757
NSE Code	BECTORFOOD
BSE Code	543253
Bloomberg Code	BECTORS:IN

Shareholding pattern (%)	Mar'24
Promoter	51.18
FII	08.39
DII	21.13
Public &Others	19.30

Key takeaways from Q4FY24 result

Relative Performance

- Bectors Food continues to be on a robust revenue growth trajectory (17% YoY in Q4FY24) led by premiumisation and distribution expansion in existing and new markets with broad-based growth across the biscuits and bakery segment.
- **Margin:**
 - Gross Margin during the quarter was 47.7% vs 45.2% in Q4FY23 expanded 250bps on account of better business mix, premiumisation, and benign raw material prices. The management is confident about maintaining ~14-15% EBITDA margin for the next few quarters.
 - EBITDA grew 21% YoY to ₹~59crs with margin expanding 50bps to 14.4%.
 - Employees and other expenses have increased by 36% and 18% YoY in Q4FY24 due to ESOP to employees and high marketing spends. The company's branding and marketing initiatives have been well-positioned to create strong brand recognition among customers.
- **FY24 Performance:**
 - Revenue grew 19% YoY to ₹1624crs led by 23% growth in the Biscuit segment and 17% growth in the Bakery segment. EBITDA for FY24 grew 21% YoY to ₹242crs with margin expanding to 14.9% (210bps).
- **Expansion Project:**
 - The addition of 2 new Biscuits Lines at Rajpura has been commissioned and 2 more lines are being added and estimated to be completed in H1FY25.

Absolute Return (%)	1 Yr	3Yr	5 Yr
BECTORFOOD	61%	205%	-
Nifty 50	18%	39%	84%
Sensex	14%	36%	80%

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- The addition of a Bakery Plant in NCR to meet the growing demand has also been commissioned. The total Estimated cost is ₹32.7crs and the company will also be setting up a new bakery unit in Kolkata in FY25.
- The company has started construction of biscuit lines at Dhar (MP) and the plant will be ready by FY24-25.
- The company has purchased land in Khopoli, Mumbai adjacent to the factory for expansion of Bakery business and has started construction of the building in Khopoli, and the plant will be commissioned by FY24-25.
- The capacity addition plans (at full capacity) provide strong growth visibility over the next 2-3 years.

➤ **Distribution:**

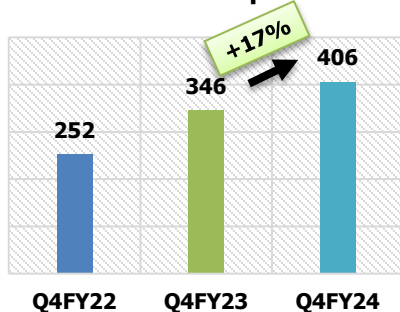
- As mentioned in the Q3FY24 earning conference call, the company has achieved an outlet count of ~320000 in FY24, and the company is among the top 2 in the premium and mid premium biscuits segment in Punjab, HP, Ladakh and J&K.
- English Oven is amongst the fastest growing brands with a strong presence in Delhi NCR, Mumbai, Pune, and Bengaluru.

➤ **Other:**

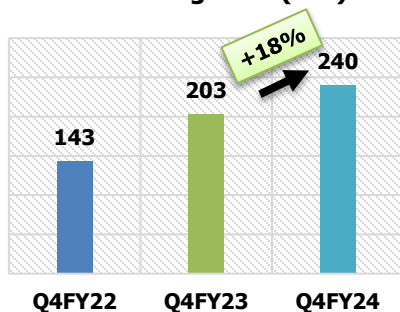
- Management continues to focus on the premiumisation of products and increasing its footprint in both existing and new territories by enhancing retail touchpoints (partnered with Walmart for private labels) and expanding distribution reach.

Story in charts

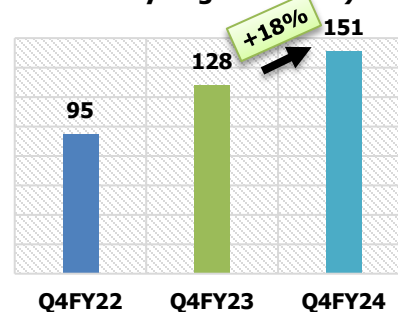
Revenue from Operations



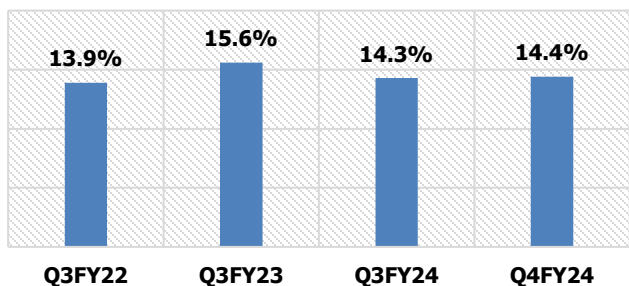
Biscuit Segment (₹ cr)



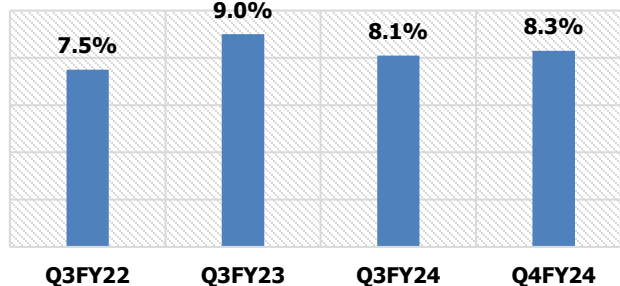
Bakery Segment (₹ cr)



EBITDA Margins



PAT Margins



Source: Company, Way2Wealth Research

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Risks

- Inflation in raw material prices

View

Revenue from operations grew 17% YoY in Q4FY24. The company's continued focus on premiumisation of the portfolio by offering various premium and mid-premium products has helped to achieve a robust margin in F24.

We continue to believe in the company's long-term growth prospects. The company's focus on expanding its reach in its existing markets and gradually exploring newer markets bodes well. The company is confident of delivering positive results going forward, driven by a strong distribution network, premiumisation, and marketing and digitization expansion.

At its CMP of ₹1276/-, the stock trades at ~53.3 its FY24 earnings of ₹23.9. The Mrs. Bectors Food Specialities Ltd stock has doubled since our lighthouse report dated 5th Apr'23. The company has strong growth prospects and we remain positive on the stock. We recommend investors to Accumulate this stock on corrections.

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Quarterly Performance

(₹ Cr)									
Particulars	Q4FY24	Q4FY23	YoY	Q3FY24	QoQ	FY24	FY23	YoY	Q3FY24
Revenue From Operations	406.39	346.1	17%	428.86	-5.2%	1623.94	1362.16	19%	428.86
Cost of Material Consumed	205.5	172.6		211		833.6	737.69		211
Purchas of stock-in-trade	8.7	7.2		8.5		40.6	23.77		8.5
Changes in inventories of finished goods& WIP	-1.8	9.8		14.8		-8.04	-7.37		14.8
Gross Profit	193.99	156.5	24%	194.56	-0.3%	757.78	608.07	25%	194.56
Margin	47.7%	45.2%		45.4%		46.7%	44.6%		45.4%
Employee Benefits Exp	57.7	42.4	36%	56.6		218.2	162.96	34%	56.6
Employee Benefits Exp % of sales	14%	12%		13%		13%	12%		13%
Other Exp	77.7	65.8	18%	76.8		297.18	269.87	10%	76.8
Other Exp % of sales	19%	19%		18%		18%	20%		18%
EBITDA	58.59	48.3	21%	61.16	-4.2%	242.4	175.24	38%	61.16
EBITDA Margin	14.4%	14.0%	0.5%	14.3%		14.9%	12.9%	2.1%	14.3%
Other Income	6.6	4.5		4.7		18.99	12.08		4.7
Depreciation	16.4	13.4	22%	16.2		61.49	53.21	16%	16.2
Depreciation as % of sales	4%	4%		4%		4%	4%		4%
EBIT	48.79	39.4	24%	49.66	-1.8%	199.9	134.11	49%	49.66
Finance Cost	3.7	2.3	61%	3.4		11.8	12.94	-9%	3.4
Finance Cost as % of sales	1%	1%		1%		1%	1%		1%
Share of net profit/(loss) of associate (net of tax)	0.032	0.019		0.018		0.069	-0.016		0.018
Profit before Tax	45.1	37.1	22%	46.3	-2.5%	188.2	121.2	55%	46.3
Total Tax Exp	11.512	9.37		11.98		48.066	31.546		11.98
Tax Rate %	26%	25%		26%		26%	26%		26%
Profit for the period	33.6	27.7	21%	34.3	-2.0%	140.1	89.6	56%	34.3
PAT %	8.3%	8.0%		8.0%		8.6%	6.6%		8.0%
EPS	5.7	4.7	21%	5.89	-3.2%	23.85	15.31	56%	5.89

Source: Company Filing, Way2wealth Research

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Disclosure of Interest Statement: Mrs. Bectors Food Specialities Ltd (BECTORFOOD) as on June 04, 2024

Name of the Security	Mrs. Bectors Food Specialities Ltd (BECTORFOOD)
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
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