

Q1FY25: Robust Performance led by Biscuits and Bread category

- Revenue from operations grew 17% YoY to ₹439crs led by premiumization, and a better product mix.
- Biscuit segment revenue Q1FY25 stood at ₹273crs against ₹223crs in Q1FY24, thus registering a growth of 23% compared to Q1FY24 including the domestic & export biscuit segment. The Biscuit segment has grown by 53% as compared to Q1FY23.
- Bakery segment revenue grew 14% to ₹154crs against ₹135crs in Q1FY24 including retail bakery and institutional segment. The Bakery segment has grown by 44% as compared to Q1FY23.
- 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 10.5% YoY to ₹64crs. Margin contracted 90bps to 14.6% YoY. The company's continued focus on premiumisation of the portfolio by offering various premium and mid-premium products has helped to sustain margin.
- PAT grew marginally at 1% YoY ₹35.4crs and the margin contracted 20 bps to 8.1% YoY.

Important Statistics

Nifty	24,298
Sensex	79,468
M.CAP (₹ Cr)	₹7,922.71
52 Week H/L (₹)	₹1566/918
NSE Code	BECTORFOOD
BSE Code	543253
Bloomberg Code	BECTORS:IN

Shareholding pattern (%) Jun'24

Promoter	51.18
FII	08.22
DII	20.08
Public &Others	19.79

Key takeaways from Q1FY25 result

- Mrs. Bectors continues to be on a robust revenue growth trajectory (17% YoY in Q1FY25) 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 48% vs 46.9% in Q1FY24 expanded 110bps 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 10.5% YoY to ₹~64crs with margin contracted 90bps to 14.4%
 - Employees and other expenses have increased by 29% and 22% YoY in Q1FY25 due to ESOP to employees and high marketing spending. The company's branding and marketing initiatives have been well-positioned to create strong brand recognition among customers.
 - The company continues to invest in ad-spends in its brands with its first-ever TVC campaign, distribution expansion, and digitisation (manufacturing/supply chain).
- **Expansion Project:**
 - Addition of 2 new Biscuits Lines at Rajpura Punjab was commissioned in FY24 and 2 more lines are being added and estimated to be completed in H1FY25.
 - The addition of a Bakery Plant in NCR to meet the growing demand has also seen 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.

Relative Performance

Absolute Return (%)	1 Yr	3Yr	5 Yr
BECTORFOOD	28	233	127
Nifty 50	23	46	119
Sensex	20	43	112

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View – Accumulate

- The company has purchased land in Khopoli, Mumbai adjacent to the factory for expansion of the Bakery business and has started construction of the building in Khopoli and 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:**

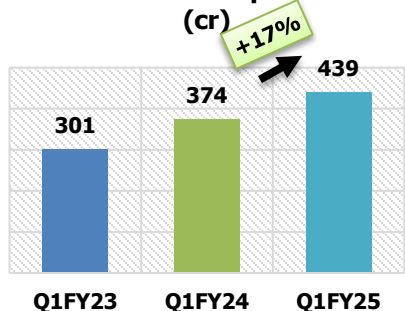
- As mentioned in the Q3FY24 earning conference call, the company has achieved an outlet count of ~320000 in FY24 and Bectors Food is among the Top 2 in the premium and mid-premium biscuits segment in Punjab, HP, Ladakh, and J&K.
- The competitive intensity increased with higher consumer promotions during the quarter.
- English Oven is amongst the fastest growing brands with a strong presence in Delhi NCR, Mumbai, Pune, and Bengaluru.

➤ **Other:**

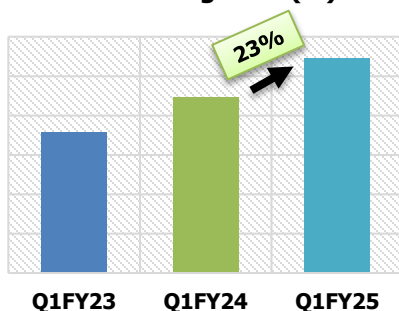
- Management continues to focus on premiumisation of products and increasing its footprint in both existing and new territories by enhancing retail touchpoints (partnered with Walmart for private label) and expanding distribution reach and expects to see overall growth in the high-teens over the next few years.

Story in charts

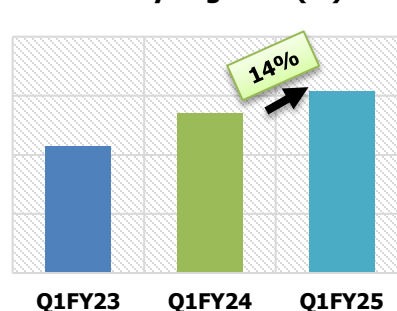
Revenue from Operations



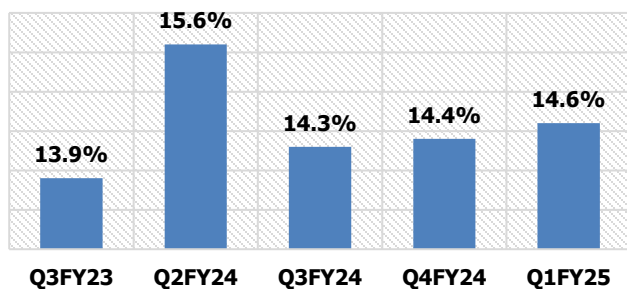
Biscuit Segment (cr)



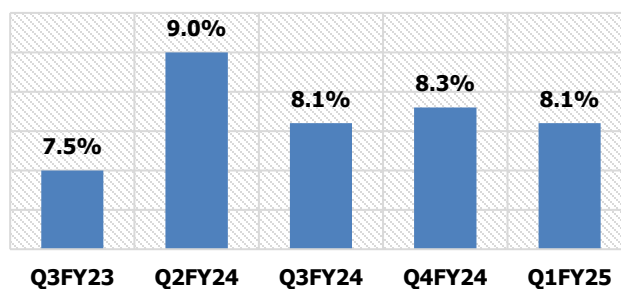
Bakery Segment (cr)



EBITDA Margin



PAT Margin



Source: Company, Way2Wealth Research

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Risks

- Inflation in raw material prices

View

Revenue from operations grew 17% YoY in Q1FY25. The company's continued focus on the premiumisation of the portfolio by offering various premium and mid-premium products has helped to achieve a robust margin in FY24 and Q1FY25.

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 ₹1347/-, the stock trades at ~52.7 its FY24 earnings of ₹25.3. The company has a strong growth prospects and we remain positive on the stock. Hence we recommend investors to accumulate this stock.

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Quarterly Performance

(₹ Cr)

Particulars	Q1FY25	Q1FY24	YoY	Q4FY24	QoQ	FY24
Revenue From Operations	439.4	374.16	17%	406.39	8.1%	1623.94
Cost of Material Consumed	235.24	199.36		205.5		833.6
Purchas of stock-in-trade	9.1	7.74		8.7		40.6
Changes in inventories of finished goods& WIP	-15.8	-8.6		-1.8		-8.04
Gross Profit	210.86	175.66	20%	193.99	8.7%	757.78
Margin	48.0%	46.9%		47.7%		46.7%
Employee Benefits Exp	63.78	49.27	29%	57.7		218.2
<i>Employee Benefits Exp % of sales</i>	<i>15%</i>	<i>13%</i>		<i>14%</i>		<i>13%</i>
Other Expenses	83.1	68.39	22%	77.7		297.18
<i>Other Exp % of sales</i>	<i>19%</i>	<i>18%</i>		<i>19%</i>		<i>18%</i>
EBITDA	63.98	58	10%	58.59	9.2%	242.4
EBITDA Margin	14.6%	15.5%	-0.9%	14.4%		14.9%
Other Income	5.02	4.54		6.6		18.99
Depreciation	17.33	13.89	25%	16.4		61.49
<i>Depreciation as % of sales</i>	<i>4%</i>	<i>4%</i>		<i>4%</i>		<i>4%</i>
EBIT	51.67	48.65	6%	48.79	5.9%	199.9
Finance Cost	4.2	1.83	130%	3.7		11.8
<i>Finance Cost as % of sales</i>	<i>1%</i>	<i>0%</i>		<i>1%</i>		<i>1%</i>
Share of net profit/(loss) of associate (net of tax)	0.024	0.001		0.032		0.069
Profit before Tax	47.5	46.8	1%	45.1	5.3%	188.2
Total Tax Expenses	12.1	11.92		11.512		48.066
<i>Tax Rate %</i>	<i>25%</i>	<i>25%</i>		<i>26%</i>		<i>26%</i>
Profit for the period	35.4	34.9	1%	33.6	5.3%	140.1
<i>PAT %</i>	<i>8.1%</i>	<i>9.3%</i>		<i>8.3%</i>		<i>8.6%</i>
EPS	6.03	5.93	2%	5.7	5.8%	23.85

Source: Company Filing, Way2wealth Research

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Disclosure of Interest Statement Mrs. Bectors Food Specialities Ltd (BECTORFOOD) as on August 08, 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
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