

Q2FY25: Revenue Growth led by Biscuits and Bread category

- Revenue from operations grew 20% YoY to ₹496crs led by premiumization, and a better product mix.
- The biscuit segment revenue Q2FY25 stood at ₹320crs against ₹259crs in Q2FY24, thus registering a growth of 24% compared to Q2FY24 including the domestic & export biscuit segment. The Biscuit segment has grown by 55% as compared to Q2FY23.
- The bakery segment revenue grew 19% to ₹167crs against ₹140crs in Q2FY24 including retail bakery and institutional segment. The Bakery segment has grown by 33% as compared to Q2FY23.
- Management is confident it will deliver positive results, driven by a strong distribution network, marketing and digitization expansion.
- EBITDA grew 9% YoY to ₹70.5crs. Margin contracted 140bps to 14.2% YoY. PAT grew 4% YoY ₹39crs and the margin contracted 120 bps to 7.8% YoY.

Important Statistics

Nifty	23,883
Sensex	78,675
M.CAP (₹ Cr)	₹9,866.68
52 Week H/L (₹)	₹2,200/964
NSE Code	BECTORFOOD
BSE Code	543253
Bloomberg Code	BECTORS:IN

Shareholding pattern (%) Sep'24

Promoter	49.03
FII	13.12
DII	20.92
Public &Others	16.91

Key takeaways from Q2FY25 result

- In Q2FY25, the company demonstrated resilience despite facing a subdued consumption pattern in the June quarter, driven by the impact of a heatwave, heavy rainfall in the northern regions, and rising inflation. Despite these challenges, the company successfully posted a robust year-over-year revenue growth of 20%.
- In Biscuits, the company saw continuous traction in its export business however it witnessed some slowdown in the domestic side mainly due to heavy monsoon and low demand in the modern trade.

Margin:

- Gross Margin during the quarter was 47.3% vs 46.7% in Q2FY24 expanded by 60bps and contracted by 70bps QoQ due to higher commodity inflationary pressure. The management is confident about maintaining a ~14-15% EBITDA margin for the next few quarters.
- EBITDA grew 9% YoY to ₹~71crs with margin contracted 140bps to 14.2%
- Employees and other expenses have increased by 22% and 32% YoY in Q2FY25 due to higher export contribution to revenue and higher freight costs due to the Red Sea crisis. The company's branding and marketing initiatives have been well-positioned to create strong brand recognition among customers and continued to maintain ad spend 3-3.5% of revenue.

Expansion Project:

- The addition of 2 new Biscuits Lines at Rajpura Punjab was commissioned in FY24 and 2 more lines have been commissioned in Rajpura in H1FY25.
- **Biscuit Lines at Dhar (MP):** The company has started construction of the building and is on course to get the plant ready by FY25.
- 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 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 FY25.

Relative Performance

Absolute Return (%)	1 Yr	3Yr	5 Yr
BECTORFOOD	22	301	170
Nifty 50	20	33	99
Sensex	19	31	93

	Biscuits (Metric Tonnes)	Bakery (Metric Tonnes)
Current Capacity	1,48,344	94,984
Additional Planned	38,760	24,741
Total	1,87,104	1,19,725

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CMP – ₹1607/-

View – Accumulate

- The capacity addition plans (at full capacity) provide strong growth visibility over the next 2-3 years.
- Additionally, the company completed 400crs capital raise in Sept'24, to execute strategic initiatives for the next leg of growth. The proceeds will primarily go towards reducing outstanding debt, with ₹160crs already repaid. The remaining funds are earmarked for expanding production capabilities, including investments in the biscuit plant in Dhar, Madhya Pradesh, and further capital allocation to its subsidiary, Bakebest Foods Private Limited, for establishing a new bakery facility in Khopoli, Maharashtra.
- Premiumization, innovation and export growth remain key initiatives to meet evolving consumer needs and strengthen international presence, positioning Mrs. Bectors for sustainable, long-term success.

➤ **Distribution:**

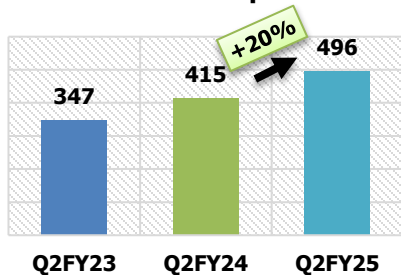
- As mentioned in the Q3FY24 earning conference call, the company has achieved an outlet count of ~320000 in FY24 and Bectors Food is among the Top 2 in the premium and mid-premium biscuits segment in Punjab, HP, Ladakh, and J&K.
- The competitive intensity increased with higher consumer promotions during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

➤ **Other:**

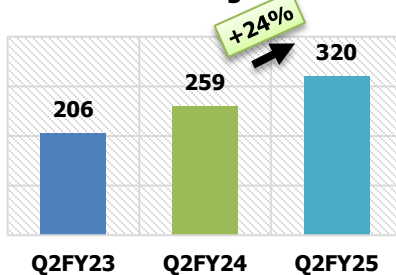
- Management continues to focus on premiumisation of products and increasing its footprint in both existing and new territories by enhancing retail touchpoints (partnered with Walmart for private label) and expanding distribution reach and expects to see overall growth in the high teens over the next few years.
- The company is also prioritizing its health-oriented product line, featuring items without Maida and palm oil, to attract greater customer attention. Meanwhile, the frozen foods category continued to perform strongly in Q2FY25.
- New product launch stood at ~4-5% of total revenue
- The credit rating agencies CRISIL & ICRA upgraded the company's long-term rating outlook to CRISIL AA-/Positive (from 'Stable') and ICRA AA (Stable) from ICRA AA- (Positive), respectively.

Story in charts

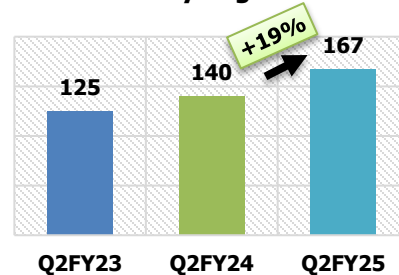
Revenue from Operations



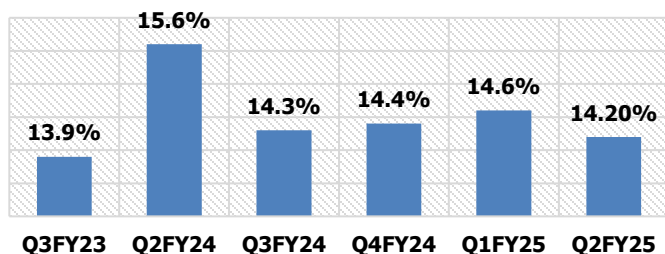
Biscuit Segment



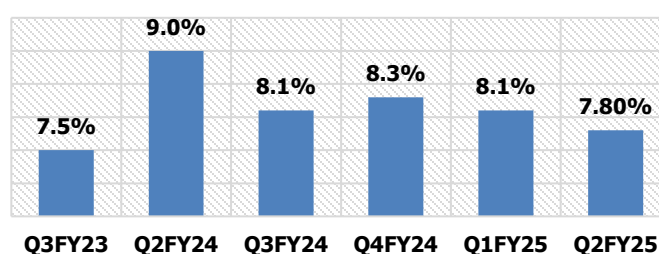
Bakery Segment



EBITDA Margin



PAT Margin



Source: Company, Way2Wealth Research

Risks

- Inflation in raw material prices
- High competition

View

Revenue from operations grew 20% YoY in Q2FY25. The company's continued focus on the premiumisation of the portfolio by offering various premium and mid-premium products has helped maintain double digit margin in Q2FY25. Despite inflationary commodity prices, management is confident about maintaining a ~14-15% EBITDA margin for the next few quarters

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 ₹1607/-, the stock trades at ~63.4 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.

Quarterly Performance

(₹ Cr)

Particulars	Q2FY25	Q2FY24	YoY	Q1FY25	QoQ	H1FY25	H1FY24	YoY
Revenue From Operations	496.3	414.5	20%	439.4	12.9%	935.7	788.66	19%
Cost of Material Consumed	262.62	217.7		235.24		497.86	417.06	
Purchas of stock-in-trade	8.84	15.69		9.1		17.94	23.43	
Changes in inventories of finished goods & WIP	-10.1	-12.5		-15.8		-25.9	-21.1	
Gross Profit	234.94	193.61	21%	210.86	11.4%	445.8	369.27	21%
Margin	47.3%	46.7%		48.0%		47.6%	46.8%	
Employee Benefits Exp	66.5	54.6	22%	63.78		130.28	103.87	25%
<i>Employee Benefits Exp % of sales</i>	<i>13%</i>	<i>13%</i>		<i>15%</i>		<i>14%</i>	<i>13%</i>	
Other Exp	97.98	74.289	32%	83.1		181.08	142.679	27%
<i>Other Exp % of sales</i>	<i>20%</i>	<i>18%</i>		<i>19%</i>		<i>19%</i>	<i>18%</i>	
EBITDA	70.46	64.721	9%	63.98	10.1%	134.44	122.721	10%
EBITDA Margin	14.2%	15.6%	-1.4%	14.6%		14.4%	15.6%	-1.2%
Other Income	5.64	3.15		5.02		10.66	7.69	
Depreciation	19.34	14.99	29%	17.33		36.67	28.88	27%
<i>Depreciation as % of sales</i>	<i>4%</i>	<i>4%</i>		<i>4%</i>		<i>4%</i>	<i>4%</i>	
EBIT	56.76	52.881	7%	51.67	9.9%	108.43	101.531	7%
Finance Cost	4.27	2.87	49%	4.2		8.47	4.7	80%
<i>Finance Cost as % of sales</i>	<i>1%</i>	<i>1%</i>		<i>1%</i>		<i>1%</i>	<i>1%</i>	
Share of net profit/(loss) of associate (net of tax)	0.023	0.018		0.024		0.047	0.019	
Profit before Tax	52.5	50.0	5%	47.5	10.6%	100.0	96.9	3%
Total Tax Exp	13.57	12.68		12.1		25.67	24.6	
<i>Tax Rate %</i>	<i>26%</i>	<i>25%</i>		<i>25%</i>		<i>26%</i>	<i>25%</i>	
Profit for the period	38.9	37.3	4%	35.4	10.0%	74.3	72.3	3%
PAT %	7.8%	9.0%		8.1%		7.9%	9.2%	
EPS	6.56	6.33	4%	6.03	8.8%	12.59	12.26	3%

Source: Company Filing, Way2wealth Research

13th November 2024

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Disclosure of Interest Statement Mrs. Bectors Food Specialities Ltd (BECTORFOOD) as on November 13, 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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