

Q3FY25: Revenue Growth led by Biscuits and Bread category

- Revenue from operations grew 14.7% YoY to ₹492crs led by premiumization, and a better product mix.
- Biscuit segment revenue Q3FY25 stood at ₹308crs against ₹268crs in Q3FY24, registering a growth of 15% compared to Q3FY24 including domestic and export biscuit segment. The Biscuit segment has grown by 40% compared to Q3 FY23.
- Bakery segment revenue grew 20% to ₹175crs including retail bakery and institutional segment. The Bakery segment has grown by 37% compared to Q3 FY23.
- Management is confident of delivering positive results going forward, driven by a strong distribution network, marketing and digitization expansion.
- Gross profit grew 14% YoY and margin contracted by 30bps. Management expects gross margin to be in the range of 47-48% by Q4FY25/Q1FY26.
- EBITDA growth was flat at ₹61.43crs in Q3FY25 and margin contracted 180bps to 12.5% YoY. PAT grew 1% YoY ₹35crs and the margin contracted 100 bps to 7% YoY.

Important Statistics

Nifty	23,031
Sensex	76,139
LTP* (₹)	1,400
M.CAP (₹ crs)	₹8,595.74
52 Week H/L (₹)	₹2196/964
NSE Code	BECTORFOOD
BSE Code	543253
Bloomberg Code	BECTORS:IN

LTP* as on 13th February 2025

Shareholding pattern (%) Dec'24

Promoter	49.03
FII	15.63
DII	19.71
Public & Others	15.62

Key takeaways from Q3FY25 result

- The company witnessed a slight uptick in consumer sentiment driven by a buoyant festival season, as well as ever-improving rural demand, the urban demand continued to remain largely muted.
- **Expenses:**
 - On the input cost side, prices of key commodities such as palm oil, maida, and cocoa saw significant escalation and remained elevated in the current scenario. While management expects some moderation of the same moving forward, they have executed a mix of cost saving as well as strategic pricing measures to mitigate the same.
 - Employees and other expenses have increased by 21% and 19% YoY in Q2FY25 due to higher export contribution to revenue and higher freight cost. The company's branding and marketing initiatives have been well-positioned to create strong brand recognition among customers and continued to maintain ad sped 3-3.5% of revenue.
- **New Products:** augmented healthy snacking portfolio with the launch of bite-sized snacks under non-stop mini crackers with the promise of baked, not fried.
- Under English Oven, management continues to lead the burger bun segment with the latest introduction of Gourmet Burger Buns, promising a cafe-like burger to experience at home. The frozen portfolio under the Bakery segment continues to scale up well.
- The export portfolio exhibited strong growth and continues to be a trusted partner to larger international chains. Also have an exciting product portfolio in the pipeline with the upcoming facility in Dhar, Madhya Pradesh, and over the next few quarters, Bectors Food aims to participate in newer segments.
- With respect to the funds raised through the QIP, a portion of proceeds has been utilized for the repayment of borrowings, investment in subsidiaries, and financing of the project cost for the upcoming plant in Dhar, Madhya Pradesh.
- **Expansion Project:**
 - Biscuit Lines at Dhar (MP): The company has started construction of the building and is on course to get the plant ready by April 2025.

Relative Performance

Absolute Return (%)	1 Yr	3Yr	5 Yr
BECTORFOOD	37	318	137
Nifty 50	5	33	91
Sensex	6	32	85

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14th February 2025

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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 Q1FY26.
- 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 Q1FY26.
- The capacity addition plans (at full capacity) provide strong growth visibility over the next 2-3 years.

➤ **Distribution:**

- The company has achieved an outlet count of ~330000 in Q3FY25 and Bectors Food is among the Top 2/3 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 the 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 Q3FY25.
- New product launch is ~4-5%
- The company has strengthened product portfolio through product and packaging renovation across crackers and cream range.

Risks

- Inflation in raw material prices
- High competition

View

Revenue from operations grew ~15% YoY in Q3FY25. The company's continued focus on the premiumisation of the portfolio by offering various premium and mid-premium products and with expected price hikes and grammage reduction in Q1FY26, we expect the margins to improve.

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. Calibrated retail expansion and increasing throughput in high volume outlets driven by technology remain cornerstone of S&D strategy.

At its CMP, the stock trades at ~59.1 its TTM earnings of ₹23.7. We remain constructive about the company's long-term prospects. Hence, we recommend investors to Accumulate this stock.

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Quarterly Performance

(₹ crs)

Particulars	Q3FY25	Q3FY24	YoY	Q2FY25	QoQ	9MFY25	9MFY24	YoY
Revenue From Operations	492.12	428.9	15%	496.3	-0.8%	1427.82	1217.56	17%
Cost of Material Consumed	240.25	211		262.62		738.11	628.06	
Purchas of stock-in-trade	9.3	8.45		8.84		27.24	31.88	
Changes in inventories of finished goods& WIP	20.73	14.82		-10.1		-5.17	-6.28	
Gross Profit	221.84	194.63	14%	234.94	-5.6%	667.64	563.9	18%
Margin	45.1%	45.4%		47.3%		46.8%	46.3%	
Employee Benefits Exp	68.68	56.6	21%	66.5		198.96	160.47	24%
<i>Employee Benefits Exp % of sales</i>	<i>14%</i>	<i>13%</i>		<i>13%</i>		<i>14%</i>	<i>13%</i>	
Other Exp	91.73	76.8	19%	97.98		272.81	219.479	24%
<i>Other Exp % of sales</i>	<i>19%</i>	<i>18%</i>		<i>20%</i>		<i>19%</i>	<i>18%</i>	
EBITDA	61.43	61.23	0%	70.46	-12.8%	195.87	183.951	6%
EBITDA Margin	12.5%	14.3%	-1.8%	14.2%		13.7%	15.1%	-1.4%
Other Income	6.96	4.7		5.64		17.62	12.39	
Depreciation	19.4	16.15	20%	19.34		56.07	45.03	25%
<i>Depreciation as % of sales</i>	<i>4%</i>	<i>4%</i>		<i>4%</i>		<i>4%</i>	<i>4%</i>	
EBIT	48.99	49.78	-2%	56.76	-13.7%	157.42	151.311	4%
Finance Cost	2.51	3.39	-26%	4.27		10.98	8.09	36%
<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)	0.02	0.02		0.023		0.067	0.039	
Profit before Tax	46.5	46.4	0%	52.5	-11.5%	146.5	143.3	2%
Total Tax Exp	11.89	11.992		13.57		37.56	36.592	
<i>Tax Rate %</i>	<i>26%</i>	<i>26%</i>		<i>26%</i>		<i>26%</i>	<i>26%</i>	
Profit for the period	34.6	34.4	1%	38.9	-11.1%	108.9	106.7	2%
<i>PAT %</i>	<i>7.0%</i>	<i>8.0%</i>	<i>-1.0%</i>	<i>7.8%</i>		<i>7.6%</i>	<i>8.8%</i>	<i>-1.1%</i>
EPS	5.64	5.89	-4%	6.56	-14.0%	18.23	18.15	0%
	45.1%	45.4%	-0.3%	47.3%	-2.3%	46.8%	46.3%	0.4%

Source: Company Filing, Way2wealth Research

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Disclosure of Interest Statement Mrs. Bectors Food Specialities Ltd (BECTORFOOD) as on February 14, 2025

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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