

13th February 2024

CMP – ₹1007/-
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Q3FY24 Performance

- Revenue from operations grew 17% YoY to ₹429crs led by premiumization, and volume growth is entirely led by the distribution.
- Biscuit segment revenue for Q3FY24 stood at ₹268crs against ₹219crs in Q3FY23, thus registered a growth of 22% compared to Q3FY23 including domestic & export biscuit segment. Biscuit segment has grown by 71% as compared to Q3FY22.
- Bakery segment revenue for Q3FY24 stood at ₹146crs against ₹127crs in Q3FY23, thus registered a growth of 15% compared to Q3FY23 including retail bakery and institutional segment. Bakery segment has grown by 58% as compared to Q3FY22.
- 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 strong distribution network, marketing and digitization expansion.
- EBITDA grew 19% YoY to ₹61.2crs and margin expanded to 14.3% (~30 bps) YoY. The company's continue focus on premiumisation of the portfolio by offering various premium and mid-premium products has helped to sustained margin.
- PAT grew 25% YoY to ₹34crs and margin expanded 60bps to 8% YoY.

Important Statistics

Nifty	21,616
Sensex	71,073
M.CAP (₹ crs)	₹5,921
52 Week H/L (₹)	₹1373/498
NSE Code	BECTORFOOD
BSE Code	543253
Bloomberg Code	BECTORS:IN

Shareholding pattern (%)	Dec'23
Promoter	51.18
FII	09.32
DII	17.98
Public & Others	21.53

Key takeaways from Q3FY24 result

- Mrs. Bectors continues to be on a robust revenue growth trajectory (17% YoY in Q3FY24) led by premiumisation and distribution expansion in existing and new markets with broad-based growth across biscuits and bakery segment
- **Margin:**
 - Gross Margin during the quarter was 45.4% vs 44.9% in Q3FY23 and contracted 130bps sequentially on account of little absurd on commodity side and competitiveness in domestic biscuit market. The management is confident about maintaining ~14-15% EBITDA margin for next few quarters
 - Employees and other expenses have increased by 29% and 10% YoY in Q3FY24
- **Expansion Project:**
 - Addition of 2 new Biscuits Lines at Rajpura has commissioned and two more lines are being added and estimated to be completed in H1FY25
 - Addition of Bakery Plant in NCR to meet the growing demand has also commissioned. Total Estimated cost is ₹32.7crs and 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
 - Company has purchased land in Khopoli, Mumbai adjacent to factory for expansion of Bakery business and have started construction of building in Khopoli and plant will be commissioned by FY24-25.
 - The capacity addition plans (at full capacity) could fetch revenues of ~₹2,400crs. This provides a strong growth visibility over the next 2-3 years.

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
BECTORFOOD	88	149	-
Nifty 50	22	42	103
Sensex	18	37	99

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➤ **Market Share:**

	Biscuits		Bakery Products	
	Domestic	Exports	Consumer Bakery	Institutional Bakery
Market Share	5.4% of the premium and mid-premium biscuits market in North India, in Q4FY23	~12% share of total exports of biscuits from India in CY19	5% market share in the Branded Breads Segment in India	11% market share in semi processed and dough-based offerings, in FY20

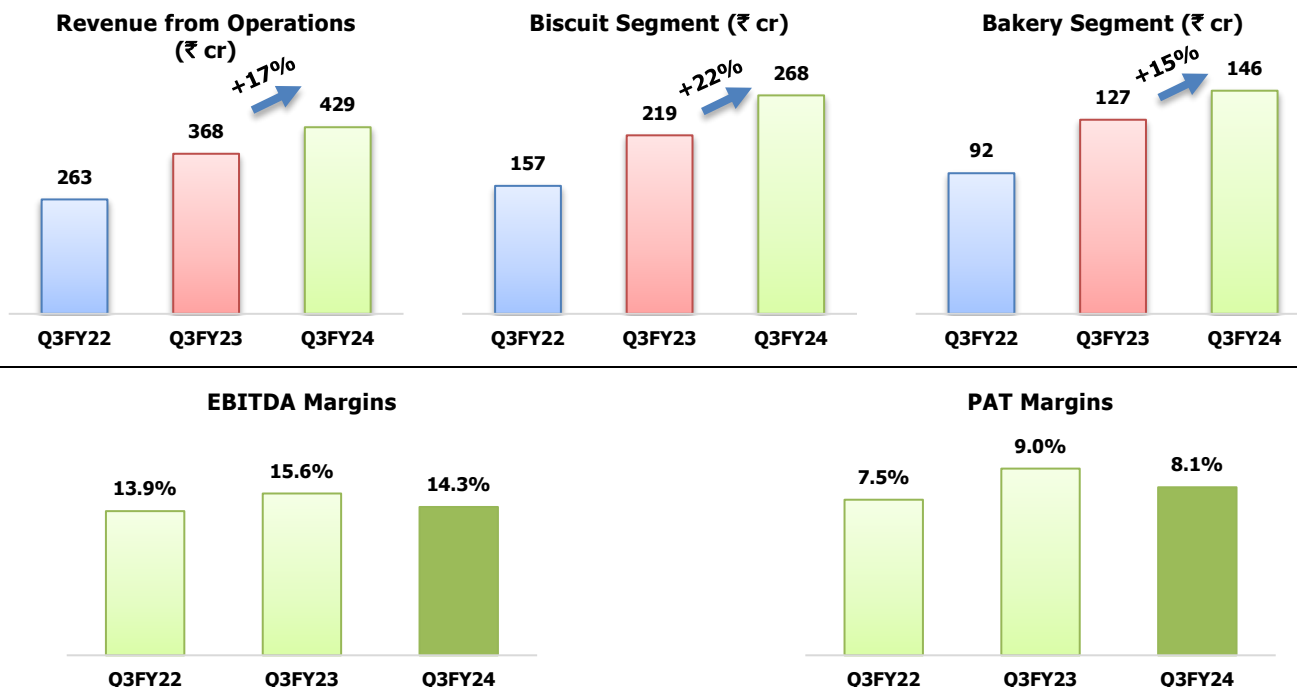
➤ **Distribution:**

- The company is on right track to achieve direct distribution of ~3lakh outlets by FY24
- The plans to expand distribution has been strategic, as outlined in April 2022 when the company targeted doubling their outlet count from 160,000 to around 320,000 by March 2024. By March 2023, they had already reached 216,000 outlets and anticipate achieving the goal of 310,000-320,000 outlets by March 2024.

➤ **Market Share:**

- Not only is MBFSL expanding presence in its strongholds, like north India (where it holds market share of about 4.6%), but also in the recently entered markets in the south and the west. MBFSL, with a current market share of about 1.4% in the biscuit space, pan-India, has the potential for sustained market share gains.
- In the bakery category, MBFSL is enhancing distribution reach in Delhi, Bengaluru and Mumbai and has indicated that it has a huge potential. In the institutional category, MBFSL has been able to induct new customers, such as Subway, and is also in talks with new café chains for initiating supplies.
- We believe the company is well on track to reach its guidance of mid-teen growth in FY24 entirely led by volume, distribution and marketing strategies while margins are expected to move closer to 15% with RMAT prices softening and continuing premiumization.

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Story in charts


Source: Company, Way2Wealth Research

Risks

- Inflation in raw material prices

View

Revenue from operations grew 17% YoY in Q3FY24. The company's continue focus on premiumisation of the portfolio by offering various premium and mid-premium products has helped to sustained margin. FY23 was a remarkable year for Mrs. Bectors Food led by product portfolio optimization & premiumization efforts coupled with strengthening brand equity, increase in distribution touch points, enhanced direct reach and responsible pricing actions aided in offsetting the ongoing pressure from consistent inflation during the year. The capacity addition plans could fetch revenues of ~₹2,400crs. This provides a strong growth visibility over the next 2-3 years.

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

At its CMP of ₹1007/-, the stock trades at ~50.6 its TTMearnings of ₹19.9. The Mrs. Bectors Food Specialities Ltd. stock has doubled since our lighthouse report dated 5thApr'23. The company has strong growth prospects and we remain positive on the stock. We recommend investors to Add this stock on corrections.

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Quarterly Performance

(₹ Cr)

Particulars	Q3FY24	Q3FY23	YoY	Q2FY24	QoQ	9MFY24	9MFY23	YoY
Revenue From Operations	428.86	367.9	17%	414.5	3.5%	1217.55	1016.06	20%
Cost of Material Consumed	211	200.9		217.7		628.1	565.09	
Purchas of stock-in-trade	8.5	7.3		15.69		31.9	16.57	
Changes in inventories of finished goods& WIP	14.8	-5.5		-12.48		-6.24	-17.17	
Gross Profit	194.56	165.2	18%	193.59	0.5%	563.79	451.57	25%
Margin	45.4%	44.9%		46.7%		46.3%	44.4%	
Employee Benefits Expenses	56.6	43.9	29%	54.64		160.5	120.56	33%
Employee Benefits Exp % of sales	13%	12%		13%		13%	12%	
Other Expenses	76.8	70.1	10%	74.29		219.48	204.07	8%
Other Exp % of sales	18%	19%		18%		18%	20%	
EBITDA	61.16	51.2	19%	64.66	-5.4%	183.81	126.94	45%
EBITDA Margin	14.3%	13.9%	0.3%	15.6%		15.1%	12.5%	2.6%
Other Income	4.7	3.1		3.2		12.39	7.58	
Depreciation	16.2	13.7	18%	14.99		45.09	39.81	13%
Depreciation as % of sales	4%	4%		4%		4%	4%	
EBIT	49.66	40.6	22%	52.87	-6.1%	151.11	94.71	60%
Finance Cost	3.4	3.6	-6%	2.9		8.1	10.64	-24%
Finance Cost as % of sales	1%	1%		1%		1%	1%	
Share of net profit/(loss) of associate (net of tax)	0.018	0.005		0.018		0.037	-0.035	
Profit before Tax	46.3	37.0	25%	50.0	-7.4%	143.0	84.0	70%
Total Tax Expenses	11.98	9.65		12.58		36.554	22.176	
Tax Rate %	26%	26%		25%		26%	26%	
Profit for the period	34.3	27.4	25%	37.4	-8.3%	106.5	61.9	72%
PAT %	8.0%	7.4%		9.0%		8.7%	6.1%	
EPS	5.89	4.72	25%	6.33	-7.0%	18.15	10.61	71%

Source: Company, Way2wealth Research

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Disclosure of Interest Statement: Mrs. Bectors Food Specialities Ltd. (BECTORFOOD) as on February 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	Yes
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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Broking relationship with company covered	NIL
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