

MBFSL/CS/2024-25

12th February, 2025

To, Department of Corporate Relations, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001	To, National Stock Exchange of India Ltd, Exchange Plaza, C- 1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai– 400051
Scrip Code: 543253	Scrip Symbol: BECTORFOOD

Dear Sir/Madam,

SUBJECT: TRANSCRIPT OF EARNINGS CONFERENCE CALL – Q3 & FY25 UNDER THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS 2015

Pursuant to the provisions of Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith transcript of the earnings conference call of the Company held on 06th February, 2025 to discuss Q3 & FY25 results.

We request you to kindly take the same on record.

Thanking You,

Yours faithfully,

For **Mrs. Bectors Food Specialities Limited**

Atul Sud
Company Secretary and Compliance Officer
M.No. F10412

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“Mrs. Bectors Food Specialities Limited Q3 & 9
Months FY25 Earnings Conference Call”

February 06, 2025



**MANAGEMENT: MR. ANOOP BECTOR – MANAGING DIRECTOR, MRS. BECTORS FOOD SPECIALITIES LIMITED
MR. MANU TALWAR - CHIEF EXECUTIVE OFFICER, MRS. BECTORS FOOD SPECIALITIES LIMITED
MR. ARNAV JAIN - CHIEF FINANCIAL OFFICER, MRS. BECTORS FOOD SPECIALITIES LIMITED
MR. SUVIR BECTOR - WHOLE TIME DIRECTOR, MRS. BECTORS FOOD SPECIALITIES LIMITED
MR. PARVEEN KUMAR GOEL - WHOLE TIME DIRECTOR, MRS. BECTORS FOOD SPECIALITIES LIMITED**



*Mrs. Bectors Food Specialities Limited
February 06, 2025*

Moderator: Ladies and gentlemen, good day and welcome to the Q3 9 months FY25 Earnings Conference Call of Mrs Bectors Food Specialities Limited.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anoop Bector – Managing Director of Mrs. Bectors Food Specialities Limited. Thank you and over to you, sir.

Anoop Bector: Thank you. Good evening, everyone. On behalf of Mrs. Bectors Food Specialities Limited, I extend a very warm welcome to all participants on Q3 FY25 Financial Results Discussion Call.

Today on this call, I have with me Mr. Manu Talwar – our Chief Executive Officer; Mr. Arnav Jain – Chief Financial Officer; Mr. Suvir Bector – Whole Time Director; and Mr. Parveen Kumar Goel – Whole Time Director.

We also have Orient Capital with us on the call who are our Investor Relations Advisor. I hope everyone had a chance to review our investor deck and press release, which was uploaded on the exchanges and the company website.

The company maintained its growth momentum in Q3 FY25, reporting a 14.8% year-on-year increase in revenue for the quarter. Both our businesses, Biscuits and Bakery exhibited steady growth amidst a challenging environment.

Coming to the Macroeconomic Environment:

While we witnessed slight uptick in the consumer sentiment driven by a buoyant festival season, as well as ever improving rural demand, the urban demand continued to remain largely muted. 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 we expect some moderation of the same moving forward, we have executed a mix of cost saving as well as strategic pricing measures to mitigate the same. The full impact of these measures is likely to flow through by the end of Quarter 4. Consequently, we anticipate fully absorbing and offsetting the impact by the 1st Quarter of the financial year 2025-26.

We welcome the recent announcements in the Union Budget presented by the honorable Finance Minister and firmly believe the proposals in direct tax code, like revision of tax slab, should boost disposable income and in turn help stimulate urban demand. This augurs well for both of our businesses. In line with evolving consumer trends, we have strengthened our product portfolio through product and packaging renovations across our crackers and cream range. We are pursuing a sub-brand strategy aiming to establish these sub-brands as drivers of sustainable



*Mrs. Bectors Food Specialities Limited
February 06, 2025*

and profitable growth. During the festive season, we introduced a slew of offerings in the gifting segment and for the first time, participated in the Christmas and New Year season with product offerings such as Danish Butter Cookies and Sugar Sprinkle Crackers.

On the Bakery side, taking our health focused campaign of “No Means No” forward, we executed a high impact outdoor campaign with the proposition of no maida, no palm oil and no added colors range to cater to the consumer's changing trends.

On our new product introductions, we augmented our 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, we continue to lead the burger bun segment with the latest introduction of Gourmet Burger Buns, promising a cafe-like burger experience at home. Our frozen portfolio under the Bakery segment continues to scale up well. We are working with the leading chains on the development of new and innovative products.

Our exports portfolio exhibited strong growth and we continue to be a trusted partner to larger international chains. We have an exciting product portfolio in the pipeline with the upcoming facility in Dhar, Madhya Pradesh and over the next few quarters we aim to participate in newer segments.

On the domestic front, we are aggressively pursuing fast growing quick commerce and aiming to strengthen our portfolio with new age offerings. Calibrated retail expansion and increasing throughput in high volume outlets driven by technology remain cornerstone of our S&D strategy. 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 the project cost for our upcoming plant in Dhar, Madhya Pradesh. The unutilized funds have been temporarily placed in bank deposits. We remain on track with our capital expenditure plans. The commissioning of our new Biscuits facility at Dhar, Madhya Pradesh is scheduled for April 2025 while our state-of-art facility in Khopoli is expected to be operational by the 2nd Quarter of the next financial year. Additionally, our Kolkata plant is set to commence operations in the 1st Quarter of the financial year 2025-26. These additions enhance our ability to serve the diverse regions across the country and provide us with a competitive edge over other players.

Before we move to our Financial Performance for the quarter; I am pleased to share that we have declared an interim dividend of INR 3 per equity share.

Starting with Biscuits, our Biscuits segment reported revenue growth of 15%, which stood at INR 308 crores in Q3 FY25, as compared to INR 268 crores in Q3 FY24. This segment has grown by 40% over Q3 FY23. Our Bakery segment revenue for Q3 FY25 stood at INR 175 crores against INR 146 crores in Q3 FY24, thus registering a growth of 20% on year-on-year basis, including retail bakery and institutional segment. This segment has grown by 37% over Q3 FY23. The consolidated revenues for the current year stood at INR 492 crores versus INR



*Mrs. Bectors Food Specialities Limited
February 06, 2025*

429 crores in Q3 FY24, thus registering a growth of 15% on a year-on-year basis. EBITDA stood at INR 61.4 crores, resulting in a growth of 0.4% on a year-on-year basis. The EBITDA margin for the quarter stood at 12.5%. PAT stood at INR 34.6 crore for the quarter. And PAT margins for Q3 FY25 stood at 7%.

Moving to nine months FY25 Financial Performance:

The consolidated revenues for nine months FY25 stood at INR 1,427.8 crores versus INR 1,217.6 crores in 9 months FY24, thus registering a growth of 17.3%. EBITDA for 9 months FY25 stood at INR 195.9 crores versus INR 183.8 crores in 9 months FY24, thus registering a growth of 6.6% with an EBITDA margin of 13.7%. PAT for 9 months FY25 stood at INR 109 crore as compared to INR 106.7 crore with a PAT margin of 7.6%.

With this, I request you to open the floor for questions and answers. Thank you so much.

Moderator: Thank you. We will now begin the question and answer session. Anyone who wishes to ask a question may press '*' and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press '*' and 2. Participants are requested to use only handsets while asking a question. Ladies and gentlemen, we'll wait for a moment while the question queue assembles. Once again, I would like to remind participants to press '*' and 1 if you wish to ask a question. The first question is from the line of Disha Giria from Ashika Institutional Equities. Please go ahead.

Disha Giria: Yes, hi. So, I have a few accounting related questions. Like, I understand that the increase in raw material cost might have impacted our gross profits, but there is around 20% increase in our other expenses. So, is there a particular expense that's within it that has increased for us? And also, can you mention what is the ad expenses as a percentage of revenue for us?

Anoop Bector: So, good evening, Disha.

Disha Giria: Good evening, sir.

Manu Talwar: So, this other expenses which have gone up is largely on account of our exports, where the logistic costs are higher. So, primarily is on account of freight and forwarding, and that too on account of logistic costs. That's why this cost is higher. This cost increases a little higher, but what got mitigated by lesser expenses on power and fuel and some bit of lesser expenses. Our marketing expenses for B2C business are around 3%. That's the reason for some expenses go up there.

Anoop Bector: So, Manu, another thing I think you missed out is the Red Sea impact because of the Red Sea, there has been an impact on us.



*Mrs. Bectors Food Specialities Limited
February 06, 2025*

Manu Talwar: Yes, that's what I said, the Red Sea impact, which is largely on account of freight and forwarding of the export side. And that impact has been there for almost 9, 10 months. So, that's one of the large reasons why our other expenses are higher than the same quarter previous year.

Disha Giria: Okay. And the advertising expenses?

Anoop Bector: Advertising expenses for our B2C businesses has been close to 3%. So, we have two B2C businesses, which is Cremica Domestic Biscuits and English Oven. So, they have been approximately close to 3% in this financial year.

Disha Giria: So, yes. Coming down to my second question, the palm oil, maida, all these raw materials have seen the pain of inflation in the last quarter and going forward also, we are not yet sure whether it is going to decline or not. So, what do you think, what steps are you taking for our gross margin or our profitability to expand further?

Manu Talwar: Disha, we have – there has been a steep inflation primarily in the palm oil side and then also added by some in the maida, flour side. So, we have taken action from the two sides, right? And differently for Bakery and Biscuits side of segment. What we have done is that we worked on both cost side to bring in more efficiency and also on the price side, either through the actual price increase and de-grammage. Just to brief you on the Bakery side, we have more or less taken the price increase to mitigate the cost increase, which is obviously lesser on the Bakery side. And we have done that action in this last quarter. Now, in case of the Biscuits side, we started the action in the previous quarter on the correction of the prices. And this action will spill over into the Quarter 4 of the financial year. And we will be in terms of realizing and covering a cost, which should be done by March of 2025. So, this is a brief about that. And on a Bakery side, as I said, we have covered the cost impact through the price increase and the cost efficiency. On the Biscuits side, we started taking action on both cost efficiency side, as well as the price correction side. And both these actions are in motion. They started in Quarter 3 of this financial year. Quarter 4, we continue the Quarter 4 - the January, February, March period. And by March, we would reach a situation where we would have covered our impact of the raw material price increases.

Disha Giria: So, on the Bakery side, there's no additional inflation impact that we are bearing. So, 100% of it is passed on to the customers as of now, correct?

Manu Talwar: Yes, so some, as I told you, some part got covered through the cost efficiency side. And yes, the balance has been covered through the price increase. And on our overall Bakery segment wise, on our English Oven side, we have covered it through the price increase to passing on to the consumer.

Anoop Bector: Another thing is on the Bakery side being a shorter shelf life product, the price rises can happen much faster. We are having lesser raw materials and in Biscuits there are more SKUs, we are



*Mrs. Bectors Food Specialities Limited
February 06, 2025*

carrying stocks, market stocks are lying. So, it takes a bit more time. So, we already started the exercise, like Manu has said, we will be able to execute this by the end of March.

Disha Giria:

Alright, sure, thank you. That's it.

Moderator:

Thank you. The next question is from the line of Rishi Mody from Marcellus Investment Managers. Please go ahead.

Rishi Mody:

Hi folks, can you hear me?

Moderator:

Yes, you are.

Rishi Mody:

So, Anoopji mentioned in his opening remark, and you commented on the same, the cost initiatives that we have taken on the opex front. How much of that would be structural cost reduction and like once the freight normalizes, where do we see this other opexline as a percentage of revenue coming down to?

Manu Talwar:

So, we had taken up a cost efficiency project in this financial year and this project was overweight. It was in the manufacturing side, it was on the supply chain side, it was on other areas too, right? And most of these projects are getting concluded by March. There's some of the projects which continue even in the next financial year. And we are also further listing down in our annual operating plan, over as of now, what will be the further cost efficiency program which will be there. In terms of saying that what would be the impact of these cost efficiency programs in terms of on the margin side, I would say that over the next 12 months, our target should be kind of have an impact of close to half a percent on an annualized basis on our margins through this cost efficiency program.

Rishi Mody:

Okay, so half percent per year you're talking about like over the next several years. Is that correct?

Manu Talwar:

Yes, over the next 12 months, over the next Financial Year.

Rishi Mody:

Okay. And on a normalized freight, like if I look at your last year's freight cost would be around 8% of your revenue. But if this cost structure normalizes, if I am looking at the freight cost, they have doubled YoY. I am assuming like 200 bps savings would come from the freight cost normalizing and plus this 50 bps. Is that correct or you were saying?

Manu Talwar:

No. So, Rishi, what I am saying is that these are entirely efficiency based program. The Red Sea or the higher freight cost on account of exports, which is higher that I am not expecting any immediate change there, right? We haven't seen that change over the last 12 months. So, for any, there is no indication that these things are going to change immediately international in terms of sea routes and scenario is going to change immediately. We have no indication of that as of now. As and when it happens, we will be planning on the logistic cost side on the export side, but I



*Mrs. Bectors Food Specialities Limited
February 06, 2025*

am not considering any of those, we are not seeing any of those coming on us immediate basis or there is no need for indication on that account.

Rishi Mody: Okay, got it. Second, I saw that your capex plans have been delayed by a quarter like things which were supposed to come operational in Q4 have been shifted to Q1. Is that like just a one quarter delay or if you could just give some color on that?

Manu Talwar: You see our capex side, we had scheduled our Indore Dhar plant coming up in Q4. So, it is still, it can come anytime between 15th March to 15th April, right? And that's what we have mentioned that will come in April 15. So, such a large project, you can understand it. 30 to 40 days kind of spillover is something very, very normal kind of stuff there. In case of our Kolkata project, again, Kolkata project was also scheduled around March-April of the financial year, which is likely to come up by first fortnight of May. So, that's kind of another minor kind of delay there. In case of Khopoli Bakery, definitely we were looking at around quarter one, around quarter one end of 25-26, which we now see as a quarter two of 25-26. It's a fairly large product with imported machines and other stuff so that there is a bit of a kind of a spillover there. So, and our Rajpura lines in this financial year came up well in time as planned. They were fully commissioned in the first two quarters of the financial year. So, this is a kind of a brief about our project. There were some improvement projects on the Noida site. They also kind of happened in time and they also have been kind of implemented. So, these are especially Indore and Khopoli are very, very large projects which are being done in totally Greenfield plants. So, yes, so there's a kind of a minor shift now, but no major shift there.

Rishi Mody: Finally, the price hikes, you said Biscuits is where the channel will thing happens where it takes time. So, Q4, do we expect the margins to come back to the 47%-48% range or Q1 like, just trying to get an understanding on where the channel is extending?

Manu Talwar: We will see the full impact coming to us in the 1st Quarter. By March, we would have taken all the actions to neutralize.

Rishi Mody: Okay, got it.

Moderator: Thank you. The next question is from the line of Harit Kapoor from Investec. Please go ahead.

Harit Kapoor: Yes, good evening. So, I just had two or three questions. One was on the pricing. So, on Biscuits and Bakery, just give a constant range of price increases that you have had to or you are going to take. Just wanted to get a sense of what that quantum is?

Manu Talwar: So, in terms of, Harit in terms of price increase, which we are kind of taking, would anything range between approximately as of now what looks like is go to 4% to 5% kind of price increase as of now, because it's a mix of price increase, it's a mix of de-grammage and some part of the cost element. So, if you're asking pure price, price increase should kind of range around that.



*Mrs. Bectors Food Specialities Limited
February 06, 2025*

- Harit Kapoor:** And sir how much is that similar quantum in bread?
- Manu Talwar:** Pardon? Sorry?
- Harit Kapoor:** In bread as well, it's a similar quantum?
- Manu Talwar:** Bread, yes. Bread, if I remember right, is around 3% to 4% kind of price increase. We have taken and the price increase is 3 to 4, I am saying, is more primarily on the North India side and it is much lesser on the West and the South side.
- Harit Kapoor:** Got it. The second question is on Biscuits. So, there is a 15% revenue growth is still exceptional in this current context. The growth is going a bit slower compared to Q2. So, if you can just elaborate a little bit on the moving parts of export and domestic. I know you don't give quantum growths in each of them, but what's happening in each of those markets where the growth is a little bit slower, where it is a bit higher. Just some color on both the sub segments within Biscuits?
- Manu Talwar:** So, export has been growing extremely well over the last 2 years' time. And export has obviously grown fairly aggressive over a 2-year period. And as we all know, the domestic Biscuits size, because of the hyper competition starting somewhere in November of 23, and then carrying on, which led to dipping of the pricing and offering extra grammage to the consumers by the leaders of the industry. And then we also had to follow up with our kind of action there. So, domestic Biscuits has been under kind of growth pressure, starting from Quarter 3 of last financial year and continue till now. But only the good signs which we are seeing now, at least in our part of the business is that from Quarter 3 of this financial year, we have seen for us the revenue growth, the volume growth has started looking up and we expect a similar trend to continue in the Quarter 4 of the financial year. Yes, so export which has been kind of growing very, very aggressively over the last 2-2.5 years, obviously we can't expect a similar growth to come in export because they're sitting on a very, very high base. And so that kind of growth we expect to kind of mellow down but continue to grow well in mid-teens. But on a domestic side, which has been kind of on a flat-paced low growth side over the last four quarters, starting on Quarter 3 of the last financial year, the last quarter we started seeing movement up and we expect the same trend in this quarter. So, that's a good part of the news.
- Harit Kapoor:** Fantastic. And one last point. So, the bulk of this new capacity comes in the first half of next year, almost everything. How do we think about the distribution expansion drive in that context? Do you wait for some of these things to happen over the next six months and then turbocharge it towards the second half of next year? And what are the kind of numbers you are working with in Biscuits and breads in terms of expansion on distribution?
- Manu Talwar:** So, we are in the process of making an annual operating plan just to give you a flavor of that. We were running, we had a constraint on our capacities in Bombay, Maharashtra on the Bakery



*Mrs. Bectors Food Specialities Limited
February 06, 2025*

side, English Oven side especially. And there we have started building our distribution. We started kind of expanding our distribution. And there will be even before the capacity comes, there'll be a lot of work happening over the next three quarters, including this quarter, right? From January to, you can say, January to September is the time when we will be working a lot on distribution and in terms of distribution expansion on that side. Similarly, on the South side, we have started working on our distribution expansion aggressively in terms of taking it forward and building the distribution there. On the North India side, we have been consistently working and improving on our distribution side. And we are moving well on North side. North side, we are able to add a number of routes also, if I look back, they have gone up by almost 7%, 8%. In terms of build outlet, if I look at over the two-year period, they have also kind of jumped up by close to 20% odd. And if I look at over the last one year, Quarter 3 25 or Quarter 4 25, we have a jump of more than 11% in the outlets on the English Oven Bakery side. You see, as I always say that, and I will quote you one more number, let me come to the Biscuits side. On the Biscuits side, also the Quarter 3 last year, we stood at a build outlet of around 280,000 and our Quarter 3 exit we stood around 330,000. So, fair amount of jump there also in terms of, the build outlet of last year Quarter 3 and this year Quarter 3 and that's happened. We had put a lot of focus in our distribution because when we revised our Cremica preferred outlet about 3 years back, there's a good amount of work which has happened there. And these are high throughput outlet, high stores, well-merchandised, and they are giving us very, very good results, right? And so a lot of focus as a part of our strategy went in this financial year on Cremica preferred outlet and we have kind of grown over 22% of growth in the Cremica preferred outlet. And their contribution to sales has also increased. Their premiumization of these outlets has touched almost 57, 58% now. And also, while I am talking about distribution, I must mention to you that our overall premiumization, which has improved very sharply over two years, from some 26%-27% and we were at Quarter 3 last year at 37% and now we sit over 40%. So, a fair amount of work also in terms of execution and premiumization has happened on the Biscuits side. So, I always say that distribution and selling excellence is something is excellent we have built over the last few years and we continue to invest behind it. And alongside also that something on the commercial side we brought in control very well about two and a half, three years back in terms of NOD on stocks and distributors and we continue to maintain that discipline, right? So, our NOD continues, the number of days of outstanding in stock, they continue to be very well in control. So, we were three years back when we started with very high, then we brought it down to 27, 28 days and the stock level continues to be in that range. So, this is just a brief to you and I thought for the benefit of the audience, let me cover all these items while you ask this question.

Harit Kapoor:

That's excellent. Thank you very much for this. I will come back for more questions. Wish you all the best.

Moderator:

Thank you. The next question is from the line of Amit Purohit from Elara. Please go ahead.



*Mrs. Bectors Food Specialities Limited
February 06, 2025*

Amit Purohit: Yes sir, thank you for the opportunity. Sir, just on the domestic business itself, you highlighted volume growth recovery. But is it fair to assume that we would be, if not double digit, high single digit? Is that a right assumption for domestic business for the quarter?

Manu Talwar: Yes, so we kind of started growing in single digits in volumes, to be honest. And we are kind of confident that we will continue to build this trend over in this quarter and the next quarter. So, I said that, I mean that good news is that after being very low kind of flattish once this intense hypercompetition started in Quarter 3 of 23-24, remaining on that kind of trend for four quarters now, this is Quarter 3 of 24-25, we have started seeing the growth coming back. And especially in the general trade, we have seen a good growth. And again, within the general trade, the CPO outlet strategy is working well for us.

Amit Purohit: And sir, on the new launches which you highlighted on non-stop mini, especially the packing, is that a pack similar to something like a potato chips or a, and what is the price point at which it has been launched?

Manu Talwar: So, it's in the cracker category and we are, as MD kind of in his speech has briefed on it, we are strengthening entire, kind of renovating entire cracker in the green category and also introducing new products and that as we move into the future, you will see that kind of coming in. So, yes, so non-stop category expansion, product improvement getting closer to the snacking category and offering those products to the consumer. So, we can kind of build that category over the next few years.

Amit Purohit: Yes, but just to understand this better, what I understand from a packaging perspective, this looks like a pouch. Is there a breakage issue more or just like in potato chips, there would be some bit of air to ensure that there is less of breakage and it's more crispy?

Manu Talwar: So, packaging is robust enough. We don't expect any major... we have done our logistic test, but we just launched about two months back. So, we haven't heard any kind of complaint about extra breakages and all that as of now. And there were robust kind of logistic tests were done to ensure that we have a good packaging to ensure the product reaches in consumer hands and in the right condition.

Amit Purohit: But it is just filled with air as well, just like in chips we have?

Anoop Bector: Yes, there is nitrogen.

Amit Purohit: Okay. Just to mean, just a curious to understand from our distribution, we already have kind of, what was the thought process in launching this product is what I wanted to understand?

Manu Talwar: We're launching with cracker products you're talking about?



*Mrs. Bectors Food Specialities Limited
February 06, 2025*

Amit Purohit:

Yes, so non-stop mini cracker in pouches. The whole idea to understand is basically we already have a pretty high distribution cost. And what we understand is that whenever you launch products which have nitrogen, typically the distribution cost kind of increases further. So, just wanted to know in terms of this kind of packaging versus a normal Biscuits kind of package, how does this helps in terms of offtakes or is that a new consumer feedback that you would have got post this launch that would help us to understand?

Manu Talwar:

So, Amit, first thing is that you know that over the last two years when we doubled our direct reach outlets and also in doubling our direct reach outlets, we have kept a very stiff definition for ourselves. We have kept a minimum billing of Rs. 200 to count that as a build outlet. And that's a definition kept by the biggest player in the industry. So, we kept a very strict definition. And as per the AC Nielsen, we are presenting over 700,000 outlets right now. So, it is the rightful of the strategy when you build a highway, right to get as much traffic on the highway, correct, that's the reason to build a highway. And that's what our transport minister is also doing. So, now, as a part of the strategy, we're very clear that that entire cracker strategy, which is very adjacent to the entire namkeens and all that, and it is what consumers would like to consume, we need to kind of strengthen that. And so this product is definitely in line of that to kind of strengthen the entire cracker category and build it. In terms of distribution cost increase, rather as we keep adding more product and executing well, our distribution costs are throughput per salesman, right? They'll keep increasing and the cost as a percentage to revenue will keep reducing. And that's a reason that we are now speeding up the launch of some new products, especially in the cracker and other categories to build a more traffic on the highway of 700,000 and more we are building it.

Amit Purohit:

And sir, on the margin side, the second point, it was to understand your comments that probably by March and you would be able to cover up the price increase with the cost inflation. So, if I look at this quarter also, our gross margins have not declined significantly, it's just down by 30 bps. And if I look at, when we look from price increases. So, maybe by Q1, one way to look at is that are you saying that normalized margins somewhere in the range of 14% to 15% is a fair estimates to look at as we look for FY26 post or you think that the new capacities will come in and hence there could be kind of a margin profile slightly lower than this as you to build utilization levels in those facilities?

Manu Talwar:

So, first thing, Amit, you are probably comparing our margins with respect to last year same quarter, but if you look at last quarter, our margin is down almost kind of 2%, which is finally led by the commodity prices, right? So, what we are talking about, we need to work on these commodity prices to start getting closer to those kind of margins by March as a run rate of the month. In terms of overall margins, yes, we expect by quarter one, we should be back in the range of 14, 15, which has been our guidance and which has been what we haven't delivered. So, yes, our endeavor definitely is that to take back by quarter one to that range of 14% to 15% margins to be delivered and then build on the top of that, both in terms of investing in the business and improving our margins.



*Mrs. Bectors Food Specialities Limited
February 06, 2025*

- Amit Purohit:** Sure. Thank you so much. Thanks.
- Moderator:** Thank you. The next question is from the line of Soham Samanta from Centrum Broking. Please go ahead.
- Soham Samanta:** Hello. Can you hear me?
- Moderator:** Yes, you are audible. Go ahead.
- Soham Samanta:** Yes. So, a couple of questions from my side. As you've guided rightly, I get the margin guidance. So, earlier, we had a guidance of 14 to 15. But if I look, the numbers of nine months is 13 and 7 till now. So, this year, it's probably, so how will it be in Q4? It will be a sequential improvement from Q3. How do you look at it right now?
- Manu Talwar:** So, Samanta, we definitely, as we briefed you about the action we have taken, both in the cost and the pricing side, we definitely expect Quarter 4 to be better than Quarter 3 in terms of our margins. And we should get back to our margin range again, by quarter 1 of the next financial year.
- Soham Samanta:** Thank you. And the second question is related to, in the opening remarks, Mr. Anoop sir has mentioned some other categories we are planning to launch or looking. What are the other categories we are looking? What are the other adjacent categories we are looking if you can elaborate?
- Manu Talwar:** Anoop, you would like to answer that?
- Anoop Bector:** No, it was not other categories, but these are extensions of our businesses, right? Like, rightfully, there was a question on this new, different type of packaging, what we are doing. So, our strategy for Mrs. Bector is very clear that we want to be innovative, we want to be different, we want to give consumer experiences. So, those sort of things, whether it is on the health range or on the snacking range or on the taste front or a cream. So, it's more about extension of categories, what we're currently doing. So, if it's breads, we will have different experiences in breads. If it is Biscuits, they'd have to be different. We would be, Mrs. Bector would definitely aim through its NPD to be a big differentiator in our categories here.
- Manu Talwar:** I will add further to this and just to brief, it's exactly like what Anoop said, but you would know that we made a very significant progress on the frozen food side over the last 1.5 years' time and we were primarily supplying in B2B segment and it's kind of done extremely well in B2B segment and we continue to add new products to that. So, by quarter one of the coming financial year, we will start introducing some of those product lines in our B2C segment, which is English Oven and start kind of building that. So, finally, we will have both sweet and savory range coming in there. So, that will add. And yes, just to further add, we have line of products, both on the health side, we have introduced, as Anoop has mentioned in his speech, but there is no



*Mrs. Bectors Food Specialities Limited
February 06, 2025*

palm, clean labor, no maida. So, a lot of products have been launched on the Bakery side, on the health side. And similarly, we have some products lined up on the health side, on the Biscuits side, which you will see coming in the next few months' time, along with some of the innovative products, which we would not like to share at this point of time. Let the surprise unveil when you buy it in the market.

Soham Samanta: So, if you can point some highlight on this institutional Bakery business for this quarter, is it a high single-digit growth or a mixed single-digit growth?

Manu Talwar: Can you come again, sorry. Samanta?

Soham Samanta: For the institutional Bakery, so what kind of growth for this quarter have we seen, is it a mixed single-digit, high single-digit growth?

Manu Talwar: So, it's a very good question and good you asked me. And all of us know that QSR segment has been kind of on a slow run for the last few quarters. But as I was just briefing before this to you, that we kind of invested on developing the entire frozen range. And that frozen range has given a very good fillip to us, and it has been kind of growing quarter over the quarter over the last 6 quarters, last 4 to 6 quarters. And we had a good B2B business in terms of revenue growth in the Quarter 3 over the previous year Quarter 3. So, it was a very, very good, impressive run we had in Quarter 3, and which is continuing for 2 quarters in terms of driving the B2B growth. And we want to start introducing this product, as I said, one after the other, and also B2C in this one sign, which would also further give a momentum there.

Soham Samanta: And sir last question from my side for international Biscuits. So, if I am not wrong, our contribution is 50-50, like 50 for our own brands and 50 for private label. So, how do you look for next couple of years for this international business, like kind of growth and how do we improve our own brand contribution in this particular segment?

Manu Talwar: I will just say one line and hand it over to Suvir to do the filler. So, our international business, definitely, as I said earlier, has been growing much sharper and higher over the past 2 years. And that's the contribution obviously is better within the Biscuits is higher than 50% for exports, right? And over how we want to take it forward over the next few years, Suvir is the right person to kind of elaborate on that.

Suvir Bector: Hi. So, I think our strategy is basically that we want to position our brand all across the world. Our first step is that we have opened up an office in the Middle East. We have two people based out of Dubai, one person based out of Ghana who is looking after the West Africa. And their sole responsibility is on building a brand, looking into distribution, work alongside distributors and importers to strategically place our brand on the retailer shelves and the mom & pop shops all across the country, right. So, we are now present in because of the Middle East team, we are present in all of the 6 GCC countries and a lot of the countries within Africa with the Cremica



*Mrs. Bectors Food Specialities Limited
February 06, 2025*

brand. So, what now we're trying to do is any country that we enter, we always study what the local competition is, make similar products, and always try to position our brand at the forefront. So, I think that's going to be the strategy going forward. Yes, like you said, right now, it's a 50-50 contribution between white label and the Cremica brand. I think it will always year-to-year differ a bit because we are also investing a lot in our relation with global retailers such as Walmart, HEB, Walgreens, CVS in the US. So, we are going to build the white label business simultaneously alongside the branded. So, it will always be a dual focused approach on what we want to build on. I hope that answers your question.

Soham Samanta:

Got it sir. Thank you very much.

Moderator:

Thank you. Participants who have a question may press '*' and 1 on the touchtone phone. The next question is from the line of Rajit Aggarwal from Nilgiri Investment Managers Private Limited. Please go ahead.

Rajit Aggarwal:

Hi, good evening. My question is related, just a follow up from the previous participant's question related to the B2B business. While the revenue growth is noted, I just want to check have the margins been impacted similarly in B2B business as well? Or have the margins improved? So, between B2C and B2B, how have the margin movements been? And I am talking about comparison from Q2 to Q3.

Anoop Bector:

Normally in the B2B businesses, we have a hedging policy where we get predictability to our buyers. So, unless and until there is completely a distressing situation, things remain in whatever the annual business plan is. So, which has been discussed in the month of 1st Quarter of the year and it works towards the closure of that. I think Manu, you can detail it further.

Manu Talwar:

I mean, you answered because we hedged it, we block our commodities for a year. And that's, we are kind of a ring fenced in case of pricing and the costing side. And based on the cost, we have an annual price revision every year around, maybe April, May, depending on how the hedging happen, how the cost with our partners. So, that's a process running well. So, we are kind of fair on; the stable on the margins.

Rajit Aggarwal:

So, then we are saying is B2C business would have suffered higher margin loss as compared to the overall margin reduction that we have seen. Will that understanding be correct?

Manu Talwar:

That understanding will be perfectly correct. And that in the Bakery side also to add to that, I said that on the Bakery side, because as Anoop was explaining, it is a short shelf-life product, and the industry gets quick into the action of correcting the prices. So, we also did the price correction and we kind of covered much faster and we covered ourselves in Quarter 3 in terms of margins on the Bakery side.



*Mrs. Bectors Food Specialities Limited
February 06, 2025*

Rajit Aggarwal: Right, so that's very helpful. So, the second question is related to the sequential decline in the turnover. We have been taking a lot of initiatives, be it in terms of increasing visibility through new advertisement initiatives or increasing our distribution or introducing new products. So, in light of that, I mean, do you think this volume decline is a particular concern in this quarter or we talking about decline?

Manu Talwar: So, our revenue growth on a YTD basis as a company is around 17%. This quarter we are at 15%, right? And yes, I think that everybody's very well aware of the way the consumer industry has been under extreme pressure. And most of the results, which I have seen over the past few weeks, have been a mid or low single digit kind of growth. And our guidance has always been, we will maintain on an annualized basis, a growth of around mid-teen. Second thing is that 2nd Quarter for us, as both on the domestic side, and also international side is a peak quarter, right? It is a peak quarter because the international side is all about readiness of the, getting ready for the Christmas. And so there is a large amount of shipments that will go out for the international customer to get ready on the Christmas side and also on a domestic Biscuits side, it's a peak quarter which we have. So, yes, the consumer slowdown and the slowdown in a consumer trend is certainly a concern. And we do expect, and obviously the actions taken by the honorable Finance Minister and the government should come handy in terms of reviving these consumer trends over the next 2 quarters time. But yes, that's the real situation. And that's the reason. But I will say that always see how we are performing versus the industry. And we continue to be over 2x versus the industry trends, right? And that's what we endeavor to maintain, but you will have to look at us on an annualized basis. So, we have maintained a clear-cut guidance on mid-teens on an annualized basis and that I think we are on the right path.

Rajit Aggarwal: Great, thank you.

Moderator: Thank you. The next question is from the line of CA Arun Kumar Maroti from Subh Labh Research. Please go ahead. I believe the line for the participant has dropped. We move onto the next question. The next question is from the line of Pawan Kumar Roy, an individual investor. Please go ahead.

Pawan Kumar Roy: My questions pertain to both Bakery and this CSD section. I want to know what is your revenue in CSD and other institutions compared to the total revenue as percentage. Similarly in the QSR, what is the revenue in the QSR share is there? And I want to know what is the growth you are seeing in both segment in future and what are the margins in these segments? First question.

Manu Talwar: Pawanji, first thing to share, we kind of don't share the channel-wise revenues or volumes in this call, but just to give you a brief glimpse on that, that canteen store department, we as a company are the leaders, the entire armed forces love our Biscuits and they kind of acknowledge that by buying our Biscuits in the canteen store department and we continue to kind of lead in that. So, we have a healthy contribution, and we continue to do well. The content is new to introduce new products every year in this segment to service our armed forces and other staff in the segment.



*Mrs. Bectors Food Specialities Limited
February 06, 2025*

Coming to QSR, in a Bakery segment, the QSR accounts for, we would say close to one third of the total revenue, right? That's what probably contribution is. And we continue to be the leaders in this segment, on the QSR segment. And we continue to maintain our dominance. And this dominance got further enhanced by us introducing frozen range over the last 2 years back and that we building that frozen range to continue to maintain our strength and continue to maintain and improve our share in this B2B and the QSR sector.

Pawan Kumar Roy: That is great. My next question is regarding this. How much is our market share, whether the total market in both Bakery and the other bread and bun sectors?

Manu Talwar: So, market share in case of Bakery is not so well public, but we do conduct our retail audits. And in our retail audits, we have been concerned in the NCR region, which is Delhi region, NCR region, we have improved our market share year after year, and we're getting closer to 20% market share and a strong #2 player in this area. We have expanded very well in the upcountry of North India also over the last 2 years, and which has started contributing well. And we will be focusing in the coming financial year a lot on upper North, which is Punjab side because that's another big part of the Bakery consumption market, where we started the journey this year, a lot of focus will go on that. And another flavor, and this was more about general trade I was talking about, but I would take this opportunity to brief you and other audience which are on the call, that we took the lead in English Oven Bakery on the quick commerce side. And the quick commerce side over the past 2 years, we have built our huge strength. Rather 2 years back, Blinkit gave us as a "#1 FMCG Award", and we continue to lead on that segment, right? And today, quick commerce on a Bakery side is contributing over 23%-24% of our revenue, and we continue to build that category build. And we all know that quick commerce is a channel which is kind of growing and will grow multiple times in the coming years to come. On the Biscuits side, our market share in North India is about 4.5% and in upper part of the North, especially Punjab, we are touching around 14.5%. We continue to maintain our dominance in upper part of the North and continue to hold the share while we are improving our share in a lower part of the North. So, this is a briefly about our shares both in the Bakery and the Biscuits segment. In case of a, what I call it is, in case of QSR, you very well know we are by far the market leaders. We have a lion share there in terms with the QSR segments there.

Pawan Kumar Roy: Thank you.

Moderator: Thank you. In the interest of time, we will be taking our last question. Next question is from the line of CA Arun Kumar from Subh Lab Research, please go ahead.

CA Arun Kumar: Thanks for the opportunity. I have a couple of questions. My first question is with regard to the tie-ups we have with the Walmart and Lulu. So, whether they have started to supply them or what is the status of that?

Manu Talwar: Suvir?



*Mrs. Bectors Food Specialities Limited
February 06, 2025*

Suvir Bector: So, we are already supplying to Walmart and Lulu both. We have been a partner with Walmart for the past 2 years, and we are continuing to build our relation with the Walmart team in a very strong manner. And we'll continue to hopefully add newer and newer SKUs and get into the everyday category with them as well within this year. And Lulu, we have been working with them since I would say the past 5 years or so. And we are still a very promising partner for them. And we are continuing to add new categories and build our volumes with them.

CA Arun Kumar: And on the Bakewalk side, if you can share some updates, what is the current status?

Manu Talwar: So, on the Bakewalk side, as we have said earlier also, Bakewalk, we had opened the 4, you can say outlets to start offering, especially the frozen range to our consumer because that was our way of testing out the consumers, taking feedback from that. And before we start building our B2B business. And I think that feedback has been extremely helpful for us because this gave us a direct interaction with the consumer. And that's what has enabled us to grow this frozen part of the business in B2B very, very well over the last 2 years' time. And that is there. In terms of Bakewalk, how do we want to take it forward is something which we are evaluating now, in what shape and manner we will evaluate. And I think in another 3-4 months, we will be clear whether we want to take it forward or we want to leave it at this stage, how do we expand, what will be the way forward for that? I think in the next investor call, surely I think we should be able to update better on that. But I think with the objective, we had opened these 4 stores, done the Bakewalk has really helped us in terms of interacting with consumers and building a B2B business. Now, as we take it to B2C, we will be offering the similar products in the retail chains, right? And so that's how this will interact, how should we take our stores forward is something we're working on that now and in the next investor call, we should be in a better position to update you.

CA Arun Kumar: Thank you.

Moderator: Do you have any further questions?

CA Arun Kumar: No. I have done with my question.

Moderator: Thank you. That was the last question. I would now like to hand the conference over to Mr. Anoop Bector for closing comments. Please go ahead, sir.

Anoop Bector: Thank you everyone for joining us. I hope we have been able to answer all your queries. In case you require any further details, you may please contact us or Orient Capital, our Investor Relations Partner. Thank you so much.

Moderator: Thank you. On behalf of Mrs. Bectors Food Specialities Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.