

MBFSL/CS/2023-24

13<sup>th</sup> February, 2024

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

Dear Sir/Madam,

**SUBJECT: TRANSCRIPT OF EARNINGS CONFERENCE CALL – Q3 & 9M FY24 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 February 8, 2024 to discuss Q3 & 9M FY24 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**

**Mrs. Bectors Food Specialities Ltd.**

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Mrs Bectors Food Specialities Ltd



# “Mrs. Bector’s Food Specialties Limited Q3 & 9M FY24 Earnings Conference Call”

**February 08, 2024**

Mrs Bectors Food Specialities Ltd



**MANAGEMENT: MR. ANOOP BECTOR –MANAGING DIRECTOR  
MR. MANU TALWAR – CHIEF EXECUTIVE OFFICER  
MR. ARNAV JAIN – CHIEF FINANCIAL OFFICER  
MR. ISHAAN BECTOR – WHOLE-TIME DIRECTOR  
MR. SUVIR BECTOR – WHOLE-TIME DIRECTOR  
MR. PARVEEN KUMAR GOEL – WHOLE-TIME  
DIRECTOR**



*Mrs. Bector's Food Specialities Limited  
February 08, 2024*

**Moderator:** Ladies and gentlemen, good day and welcome to Mrs. Bector's Food Specialities Limited Q3 and Nine Months FY24 Earnings Conference Call.

As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. This call may contain some of forward-looking statements which are completely based upon our beliefs, opinions and expectation as of today. These statements are not a guarantee of our future performance and involve unforeseen risks and uncertainties.

I now hand the conference over to Mr. Anoop Bector – Managing Director. Thank you and over to you sir.

**Anoop Bector:** Thank you so much. Good afternoon, everyone. On behalf of Mrs. Bector Food Specialities Limited, I extend a very warm welcome to all participants on Q3 FY24 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. Ishaan Bector – Whole-time Director, Mr. Suvir Bector – Whole-time Director, 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 an opportunity to go through our "Investor Deck and Press Release" that we have uploaded on Exchanges and on the Company's website.

It gives me immense pleasure to announce that Q3 FY24 has been another strong quarter for us, on the revenue as well as on the margin front. Our revenues increased by 17% and PAT by 25% on YOY basis. Our continuous focus on premiumization of the portfolio by offering various premium and mid premium category of biscuits including cookies, creams, crackers and digestives as well as premium category of bakery products, including whole wheat, multigrain and footlong breads has helped us to improve our margins on a sustainable basis.

We remain committed to distribution and marketing led growth. We are on track to achieve direct distribution of over 3 lakh outlets by the end of FY24. General trade complemented with our efforts on expansion in modern trade and e-commerce channels has helped us to penetrate our presence across new and existing markets.

We have enhanced our advertising spends in media and digital with focus on building premium range. The company had its first ever media plan on top Hindi channels featuring Karina Kapoor Khan on Star Plus, Sony Entertainment and Zee. Introduction of new festival packs on occasions of Diwali supported by the Diwali print ads, Arch gates to enhance festivity spirit among consumers.



*Mrs. Bector's Food Specialities Limited  
February 08, 2024*

As category leaders we had an integrated marketing campaign on bun grade to burger grade with bus shelters, digital marketing and influencer marketing campaigns. Further we ran consumer offers on our English Oven bakery product. The company has launched new health products like Bake Fit, millet cookies and atta kulcha along with multigrain breads which contains 11 grains. This will further aid in driving premiumization.

Our export business has demonstrated robust growth because of increased demand in Canada, North America, South America, Europe and Australasia. This is fueled by premium range of cookies and cream categories. We are focusing on building Cremica as a brand and continue to remain a preferred partner in white label.

In the current quarter we have commissioned a bakery plant in NCR which will help us to cater to the demands of the national capital and the surrounding region where our products continue to witness significant demand. In Rajpura, two more lines are being added and estimated to be completed by Q2 '24-25. Along with that we will also be setting up a new bakery unit in Mumbai and a biscuit factory near Indore, Dhar in '24-25 to strengthen our supply chain in existing and emerging markets. Also, I am pleased to share that we have declared interim dividend of Rs. 1.25 per share.

Now I will discuss the "Financial Performance" starting with biscuits:

Our biscuit segment reported a revenue growth of 22% which stood at INR 268 crores in Q3 FY24 as compared to INR 219 in Q3 FY23. This segment has grown by 71% over Q3 FY22. Our biscuits segment witnessed high double-digit growth in Q3 FY24 as compared to Q3 FY23. Bakery; our bakery segment grew for Q3 FY24 stood at INR 146 crores against INR 127 crore in Q3 FY23, thus registering a growth of 15% Y-o-Y basis including retail bakery and institutional segment. This segment has grown by 58% over Q3 FY22.

The consolidated revenues for the current quarter stood at INR 429 crores versus INR 368 crores in Q3 FY23, thus registering a growth of 16.6% on a year-on-year basis. EBITDA stood at INR 61 crores, resulting in a growth of 19.4% from the corresponding quarter on year-on-year basis. EBITDA margin for the quarter stood at 14.3%, that is a growth of 40 bps on a year-on-year basis. PAT stood at INR 35 crore and saw a growth of 25% on a year-on-year basis. Our PAT margins for Q3 FY24 was 8.1%, registering a growth of 60 bps on yearly basis.

Moving to nine months FY24 "Financial Performance":

The consolidated revenue for nine months FY24 stood at INR 1,218 crore versus 1,016 crores in nine months FY23, thus registering a growth of 19.8%. EBITDA for nine months FY24 stood at INR 184 crores versus INR 127 crores in nine months FY23 with margins of 15.1% as compared to 12.5% resulting in a growth of 260 bps year-on-year basis. PAT for nine months FY24 stood at INR 107 crores versus INR 62 crores in nine months FY23, with improvement in pad margins to the tune of 270 bps year-on-year basis.



*Mrs. Bector's Food Specialities Limited  
February 08, 2024*

Our focus remains on distribution and premiumization, supported by marketing to penetrate and capture new markets. This will assist our company to increase its footprints not only in north India but also penetrate in west and southern parts of the country where the product is equally liked by the consumers.

With this I would request to open the floor for question and answer. Thank you so much.

**Moderator:** Thank you very much sir. We will now begin with the question-and-answer session. We take our first question from the line of Percy Panthaki from IIFL Securities.

**Percy Panthaki:** My first question is on the gross margins. Your margins have contracted on a QOQ that is sequential basis Q2 versus Q3. I just wanted to know one is whether it is largely because of the biscuit business or because of the bakery business, I know it might be a combination of both but which is the larger factor here? And secondly what is the underlying reason for the same?

**Manu Talwar:** Our margins have contracted over the previous quarter, primarily on amount of two reasons. The first reason is in the Q3, there has been little upsurge in the commodity prices which is both on the bakery biscuit side. And second reason is that Q3 we have seen a higher amount of competitiveness specially in the domestic biscuit business where by the grammage offer of free grammage offers by the competition has kind of increased. So have we also participated in this, so these are the two primary reasons of seeing that contraction in the Quarter 3 over Quarter 2.

**Percy Panthaki:** Britannia mentioned in its result call that it has taken cut in its average selling price sequentially by about 3%. So, would we also have taken similar action? Also despite the price cut taken by them, their gross margin actually has sequentially increased and the reason they gave for them is that, the input costs have actually sequentially come down. They have come down a little more than the decline in the average selling price. That is what is driving the gross margin. Why such different kind of movement because you have the same commodity basket here?

**Anoop Bector:** Sometimes what happens, when we have done hedging on raw materials, there can be different policies on hedging. So, on wheat front our hedging was very different because the crop of wheat what we had anticipated was going short and government was not having much of stocks. But then the government's policies to contain inflation, giving stocks into the market and things like that. There are certain times that hedging might be different. Otherwise, there is no principal difference in the changes. So, if you look at our most impact which has come is mostly on the sugar pricing or a little bit on the wheat flour. So now what has really happened is that on the bread side we were able to take a price rise but on the biscuit side there was more competitiveness. We had to respond to the market needs. That was probably one of the reasons otherwise everything is normal. We do not feel that the inflation is high. Inflation is under control. They're better than what we had experienced earlier. I would say that it could be more because our probably hedging might be carried on for a longer period of time where we could see a better position coming up going forward.



Mrs. Bector's Food Specialities Limited  
February 08, 2024

- Percy Panthaki:** So basically, you are saying that your consumption cost this quarter was higher than the spot prices of the commodities? Is that understanding correct?
- Anoop Bector:** You could also see one thing, see when till Diwali we are also doing a lot of exports of biscuits which are feeding the Christmas market in the export side. And those cookies are very highly priced cookies, like Diwali gift packs are highly priced. Christmas orders are executed by the month of September because they have to reach their destinations before November and they have to be lying on the shelves at that time actually. So, in our case because of exports our NSR in exports in the second quarter will always tend to be higher than the 3rd Quarter. You will also see gross margins reflecting adversely like this. But overall, there is nothing which is substantially anything wrong. That's what I'm saying.
- Percy Panthaki:** So basically, the current quarter gross margins that you have, should that be an indicator of what we can expect over the next three-four quarters?
- Anoop Bector:** I think you will have to compare it vis-à-vis the quarter last year. I think they should be okay.
- Percy Panthaki:** I'm just trying to understand how I build my estimates. I understand on a YOY basis for this quarter it is okay. But going ahead, should we take this quarter's delivery as a representative of what can be achieved going ahead as well or can it be higher than that?
- Manu Talwar:** On an indicative trend side, yes you can take that.
- Moderator:** The next question is from the line of Harit Kapoor from Investec.
- Harit Kapoor:** I just wanted to get your sense on the volume growth trend for the quarter. So again, going back to what market leader said 3% cut, would this indicate that biscuit volume growth would have been 25% odd for the quarter? Is that a right way to think about it?
- Manu Talwar:** So, our prime growth this year on the biscuit side has been led by the volume growth. We haven't taken any big changes in the prices, both on the domestic and export side. The revenue growth which you are seeing in Quarter 3 and the YTD side is primarily led by the volumes.
- Harit Kapoor:** And incrementally is there a need in your view to change the price table or you already adjusted that through higher promotions grammages etc.?
- Manu Talwar:** As of now as I said in the previous question also, especially on a domestic biscuit side we and the competition are both offering free grammage. From a per gram perspective consumer is getting a better price. Quarter 3 as well as in the current scenario a lot of free grammage offers are being given by us and the competition and that should be true for this quarter, also Quarter 4.



*Mrs. Bector's Food Specialities Limited  
February 08, 2024*

**Harit Kapoor:** On the bread side, Anoopji mentioned that some price increases you've been able to kind of manage. Is that the one you got at the beginning of the year or is there an incremental price increase you've seen in breads?

**Manu Talwar:** No. So, we had a selective price increase in the northern India in the month of December. So, it was not all across but there were selective SKUs. We were able to take some price increase and that too in this quarter, primarily in the month of December.

**Harit Kapoor:** You see the benefit of that for English Oven to come in more so in Q4, it was not for Q3?

**Manu Talwar:** Yes, we should some marginal improvement on account of these price increase and in the overall bakery business, primarily the price increase we have been able to take is only in the north India on certain extent. There'll be some marginal improvement, not very significant improvement on account of price in Quarter 4.

**Harit Kapoor:** And the last thing from my end was on the distribution side, you've done a phenomenal job in the last 18 to 24 months on driving distribution expansion and you're going to get to that 3.2 lakh output number by the end of this fiscal. I was just wondering whether you've kind of charted out plans for next year if they are shareable right now in terms of what kind of outreach you want next year and going forward.

**Manu Talwar:** I just want to kind of brief that on selling and distribution side, we continue to progress well and as we had committed in the starting of last financial year April of '22 that our direct reach outlets from 1,60,000 outlets at that point of time should almost double by March of '24. So, we have reached as you saw 2,80,000 outlets by December and as our Managing Director said and we're very confident that we'll be getting crossing 300,000 outlets by March and almost getting close to our target of doing 3,10,000-3,20,000 outlets in terms of driving a direct reach of outlets. In terms of next year plan, definitely there's a plan to continue increasing our reach and we are in the process of finalization of that plan rather we have meeting over the next 10 days to two weeks to finalize that and we should be very happy to share our plans for the next year and next 2 years in our next call.

**Harit Kapoor:** And the last thing if I may, was in the context of the competitive environment that you're seeing right now especially in domestic biscuits, is there a risk to your kind of 14.5%-15% kind of margin range holding up over the next two quarters? You feel that is a range that a band that you will continue to hold going forward as well?

**Manu Talwar:** We have always kind of maintained that we will be maintaining and doing our best to deliver EBITDA margin in the range of anything between 14% to 15%. Our endeavor and confidence as of now is that we should continue to deliver 14% and upward kind of EBITDA over the next few quarters.

**Moderator:** The next question is from the line of Amit Purohit from Elara Capital.



Mrs. Bector's Food Specialities Limited  
February 08, 2024

**Amit Purohit:** Just wanted to get your sense on how does one look at the growth environment over the next one year or so, especially on the domestic biscuit side and also on bakery what has driven the bakery growth? If you could qualitatively highlight for both the segments what has been the key growth driver?

**Manu Talwar:** So, on the overall side of the company, I would say that we have been maintaining that our endeavor to get closer to mid-teens kind of growth and that's how we are driving and delivering and that is broadly our plan to stay close to mid-teen kind of growth as an organization to deliver that kind of growth. Coming on the domestic biscuit side, where two trends are very clear in the market and you have also seen the results of various companies coming out. But definitely on the food FMCG side, we've seen clearly a pressure on the consumption, and we think pressure on the demand side. So, there is a bit of slowdown which is clearly being seen across the food FMCG category. Alongside what we also seen in domestic biscuit side which I mentioned earlier, there's a fair amount of increase in competition intensity and better offering to the consumers. But we are very sure that this trend is not here to stay. Another quarter or two we should see a correction in this trend and getting back to the better growth for the industry and for us also. Our endeavor to drive the growth which we have been maintaining has been on the two key actions, which is distribution and second is supporting that with the brand marketing which again MD had elaborated in their call and we started our marketing advertising also on the television media alongside digital media as well as on the print side. These are the two input activities which we will continue to invest in and focus, to keep building our infrastructure which is necessary for the growth and although there is a bit of a stress on a food FMCG growth, especially on the biscuit side. But our premiumization and our new product introduction is clearly helping us to continue our journey of growth on the domestic. On a English Oven bakery side I would request Ishaan to step in and also share how that part of the business is performing and how growth is coming in there.

**Ishaan Bector:** On the domestic bakery side, we are standing very well in the north market where we are focusing on upcountry territories. In fact, we are also now with the Bhiwadi plant coming up putting a lot of focus on the Punjab market as the next lever of growth. As for us at the moment, this is a virgin market. So that's where our focus is going to be is to sort of expand distribution, expand our reach, number of routes and number of outlets and that is what is going to bring new outlets and new volume to the system. As far as our existing markets of Delhi, Bombay and Bangalore are concerned, we are focusing on increasing our distribution in Delhi market. At the moment we are still covering about 55% of the market and we still have a long way to go. So, the focus is going to be on building the right infrastructure.

**Amit Purohit:** For the quarter, would it be safe to assume that the branded English Oven would have done better than the QSR because we are seeing some slowdown in the QSR category?

**Ishaan Bector:** No, actually both have done similar. You are right that the institutional business has seen a slowdown. But as we were always mentioning that we are focusing on adding new products,



*Mrs. Bector's Food Specialities Limited  
February 08, 2024*

new product innovations to new customers and new products to existing customers. I think we are doing that also very successfully which is why even though the QSR industry is a little muted in the moment, we have also still grown higher than the market.

**Amit Purohit:** Just on the ad spend, what would be probably our ad spend to sales ratio and how do we see it for the next year with the now increased media spends that we are doing?

**Manu Talwar:** On the B2C businesses which is domestic biscuits and English Oven bakery business—we have now almost gone close to on our advertising side—we have almost gone close to 3.5% of the spends on above the line and then we do obviously close to 5% to 6% below the line. But we have been scaling up our investments on the ATS side which on these two businesses are now standing close to 3.5%.

**Amit Purohit:** The last one if I can ask on the capacity expansion. I saw two things which is adding two more lines in second half of FY25 in Rajpura and Kolkata new bakery unit. Could you share some details in terms of the amount of CAPEX which it would entail for FY25 additional of these and also what would be the capacity like?

**Manu Talwar:** In terms of investing in the manufacturing line where we are investing, we have always updated you that we are building up a plant Indore which is a biscuit plant. And that's under a full swing of construction, moving very well. This will be commissioned in the next financial year. Second large investment which we are doing is on the bakery side which is in the Mumbai Khopoli region. There again the work has started there and that also will be ready towards the end of the Quarter 4 of the next financial year. We are adding two more lines as you mentioned, in Rajpura and these two lines will be ready in the H1 of the next financial year and Calcutta we are on the verge of closing and starting. And that itself will again will be ready by Quarter 3 of next financial year. So, these are you can say that some of our large project investments. The NCR was shared in the speech that NCR plant has been commissioned in the Quarter 3 and that is up and running.

**Anoop Bector:** Basically, also Manu I think Calcutta investment is a very small investment. It's just a plant that we are trying to feed the QSR business because they are showing very aggressive movements in the northeastern side. So, it's a very small investment what we are doing, it's not a material investment.

**Manu Talwar:** So, our overall investment in the two financial years including the lines which you already commissioned in Rajpura in the month of July and August, the total investment over the two financial years will be close to 500 crores. So, little over 500 crores. So that's the kind of investment we are doing to augment our capacities and to be ready for the supply chain to feed into our growth plans over next few years.

**Amit Purohit:** This 500 crores will also be there in FY25, it's '24-25 combined?



- Manu Talwar:** Combined, '23-24 and '24-25.
- Amit Purohit:** '23-24, '24-25?
- Manu Talwar:** Yes, 2 years combined.
- Moderator:** The next question is from the line of Abhishek Maheshwari from SkyRidge Wealth Management.
- Abhishek Maheshwari:** You spoke about margin sustainability through premiumization. Can we also expect some margin improvement to come in through the benefits of scale because as we understand we would have hoped, that 'okay' gross margins will stabilize at maybe 45% levels? But as you scale, as you improve your volumes there would be a benefit of lower other expenses compared to overall revenue. Can we expect the merchants to go to maybe 16% level coming few years?
- Manu Talwar:** So, I'm sure you would kind of appreciate that we as a company are growing well and that's what our aspiration. We said we want to continue growing at close to mid-teens level whereas we have grown so far over the last 18 months much better than that. While we are getting the benefits of scale and the volume increases, definitely we are getting. But you must appreciate as I briefed in the previous call, we are also upping our investment to drive this growth. Whether it's an S&D side or on the marketing side. It is very important for us to also continuously invest in the brand and in the distribution, if we need to keep progressing fast. I'm sure you'll be very appreciative for any company to literally double the direct reach outlet in 24 months. But yes, that takes investment on the area distributors. Alongside we also briefed on every call, that last year we implemented the SFA, Sales Force Automation with a partner. This year we are in the journey of implementing distributor management system with our partner Bottree which is a leader in that category. We have already done the first two modules with over 500 distributors and by March we would have covered distributors covering almost 75% of our revenue. So, there are a lot of work happening on that side in terms of digitization, so that we can also integrate with distributors on account of tracking secondary sales, schemes, promotions, claim management and order management. So, keeping all that in mind and that's why maintaining our endeavor is to at least for next few quarters to deliver EBITDA margins of (+14%).
- Abhishek Maheshwari:** My second question is, now that we are focusing on scaling and setting up new plants, in the key geographies that we plan to enter that is south and Maharashtra. So in this area are we taking enough land to accommodate future expansion in the facility also? So today if we start small but tomorrow if the market picks up will we have enough land to accommodate future debottlenecking in the same facility?
- Manu Talwar:** Yes, we are doing that. Anoop, would you like to answer that regarding Indore plant?
- Anoop Bector:** Yes, I'll take this. What we currently do is in fact if you look at there are two Greenfield projects which have come up. One is Indore for the biscuit side and there is a greenfield bakery project



Mrs. Bector's Food Specialities Limited  
February 08, 2024

which is in Khopoli. All these places in fact the infrastructure can handle double the amount of volumes for the biscuit side and around 35% to 40% additional on the bakery side around 40%. So basically, these facilities, the buildings which we have constructed are for much larger capacities. So, the cost of project has become higher because the complete infrastructure around it has been created for a bigger capacity. In Indore we do have land available and in case in Khopoli we need land we have surrounding land available for growth. In fact, there will not be a problem.

**Moderator:** The next question is from the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas.

**Kaustubh Pawaskar:** My question is on bakery business. Correct me if I'm wrong, capacity was the constraint for us in this business and now we have come up with a new capacity in NCR. So, considering the demand what we are getting in this region, should we expect bakery business performance to improve from the quarters ahead?

**Ishaan Bector:** So even on the bakery side, we are targeting to grow in mid to high teens and we have been guiding on this growth for some time now. Definitely, I will not deny that there is an opportunity as we have a lot of room for expansion. Like I mentioned that now that we have capacity available, we are opening Punjab. We have already appointed people. Our teams were in Punjab just a couple of days ago appointing distributors. And in fact, Punjab is going to be a territory where we are from day one going into a new way of working which is through complete automation and visibility onto secondary performances. As we are stepping in our back-end infrastructure on the IT side is set up to track secondary sales. So, we are very excited about this opportunity. What we are also seeing as feedback which comes from territories outside of our core market which is Delhi NCR is that our product is very well accepted. Some of the new products that we have launched, some products being like atta kulcha and another variant of pav have been very well accepted in outstation markets. So, I think we have the kitty, we have the strong backend. We have built a team to expand into new territories. So yes, we are excited about the growth but as a management guidance, we would still say mid-teens to high-teens growth.

**Kaustubh Pawaskar:** My second question is on your premiumization. As sir mentioned in his initial comment that premiumization is also helping us to drive growth, also helping us to have a better competition. So, in that I just wanted to understand what is the contribution of premium products to your biscuit and bakery portfolio.

**Manu Talwar:** So, on the premiumization side we have improved both on the biscuit and bakery side in terms of premiumization. In case of our premiumization on the biscuit side over last year is further improved by 15%. So, it was 100% last year. It has gone to 115% and so is the case in bakery. There is an improvement in the premiumization percentage over the last financial year. So premiumization continues to be a key focus area for our consumer businesses both on the biscuit and bakery side.



- Moderator:** The next question is from the line of Manasi Tatal from Bodh Capital.
- Manasi Tatal:** I had two questions. Just to extend the previous question as far as ad spends are concerned if you can just help me with the number or a percentage of what will be the planned percentage of the ad and digital media spends for the next 2 years as a percentage of revenue?
- Anoop Bector:** Over the last 2 years we've literally come up to the level of 3.5% on the consumer businesses and literally grown these spends at a pretty quick speed. Our aim over the next, I won't say over the three years' time, would be to scale these spends up close to 5% odd. So, aim of the company that we know we need to invest in our brand. So gradually take this to 4% and then 4% to 5%. But over the next three years' time our aim is to take investment in the brands through the ATL route to close to 5%.
- Moderator:** The next question is relating to the bakery segment. If you could just help us or throw some light upon what will be the percentage of products returned or unsold considering the perishable nature. I mean any number or a percentage if I can get through.
- Anoop Bector:** These returns because of short shelf life across the industry this number varies between 7% to 9%. And we are also within this range in that. But yes, definitely we are putting continuous effort and we have seen some good results to keep bringing this down over a period of time.
- Moderator:** The next question is from the line of Priyank Chheda from Vallum Capital.
- Priyank Chheda:** I'm repeating a question again from the previous participant. You did mention the contribution. So, the premium biscuits portfolio has grown at 15%. If you can help me what is the contribution in your total sales of this premium portfolio? That is question number one.
- Anoop Bector:** Our overall current premium contribution on our domestic biscuit side is approximately around 34% to 35%.
- Priyank Chheda:** What was this two years ago, say last year or whatever number you think.
- Anoop Bector:** Exactly a year back we were close to 30% to 31%. So basically, we have moved from 30% to 31% to close to 34% to 35%. That's a journey we have done.
- Priyank Chheda:** Second question is on the current growth which is volume driven. If you could help us dissect it further whether this growth is, of course it is driven by distribution, but what could be the growth contributor from the existing markets or maybe a repeat sales growth or maybe an SSG growth within your current stores, that would be great.
- Anoop Bector:** As we are opening aggressively new outlets and new trajectories, so approximately the source of growth you can say around 65% to 70%, two third is from the existing outlets and then one third is from the new outlets the new territories.



- Moderator:** We move on to the next question from the line of Chirag Shah from White Pine Investment Management.
- Chirag Shah:** There are two questions. One, how do you define premiumization or premium portfolio and how frequently do you revisit the definition? That is the first.
- Anoop Bector:** The definition of premium, so premium cream, premium cookies, premium health. These are very well defined, and we follow the AC Nielsen in that to stay uniform for the industry. So, we made this change about two years back and we are now following the premium segment as it is defined in the AC Nielsen.
- Chirag Shah:** If one has to assess the impact of the rising premiumization, what is the right metrics we should look at? Because your revenue growth will be a function of volume plus pricing plus premiumization.
- Anoop Bector:** Correct.
- Chirag Shah:** Gross margin is a far better reflection of your premiumization strategy. So how should one assess the premiumization strategy that you are adopting. Internally what is the metrics that you use to assess whether the strategy is working to your desired level?
- Anoop Bector:** Internally how do we track, because these categories are well defined as said and we follow AC Nielsen in that on all the three categories of premium. And we put a target of improvement in premiumization in these three categories and the growth which has to be higher than value and other segments. And that's how we measure whether we are progressing well on that or not. So, this journey of 30%-31% to 34%-35% which I said is close to 15% improvement over the last year, is a reflection of that journey whether we're moving in the right direction or not.
- Chirag Shah:** So, it's assessed on your gross margins or gross contribution, is not that important a function for you? That is the right way to look at it?
- Anoop Bector:** It is.
- Chirag Shah:** Given you are in the growth phase. I'm more referring to that part because your ambition is to grow at a reasonable fast pace. Gross contribution from the premium or premiumizing portfolio, let me use that word, is not a primary area of focus. It's more about how much that share is going up. Is this the right way to look at it?
- Manu Talwar:** No that's not. You see, first thing fundamentally the premium segment gross margins are better than value and the mass segment, that's a step A. And step B is that through the AC Nielsen data we all know the premium segments in the industry is growing better than value and the mass



segment, that's B. And that's the reason based on this and we as a company as you know we are a more premium and value-led market and we are not so much in the mass segment which is glucose. So based on this we set up our growth targets of higher growth on premium segments and as well as growth in the old premiumization percentage which helps in our revenue growth and as well as helps in our margin growth.

**Moderator:** The next question is from the line of Saket Saurav from Sagari Capitals.

**Saket Saurav:** This is a question pertaining to a gourmet chip that I've come across at say some kiosk at Delhi airport. So, it is under Opera brand and it had Bector or Cremica printed on it. So, is it part of this listed entity?

**Anoop Bector:** No, there is no relationship between that company and this company. This does not belong to our group. That belongs to my brother. So, there is no linkages between Mrs. Bector Foods and Opera.

**Moderator:** The next question is from the line of Bhavesh Jain from Devi Investment Advisors.

**Bhavesh Jain:** We mentioned that premium biscuits contribution to the overall revenue has been around 35% and hence registered around 15% growth year-on-year. But if I can recall the contribution remained around 36% in Q1. So, on a sequential basis if I see are we seeing some factors that is hindering the growth of premium biscuit contribution to the overall sales?

**Anoop Bector:** No, I don't think it was 36%. We can check it again because our last year premium.

**Bhavesh Jain:** I'm talking about Q1.

**Anoop Bector:** I am also talking about Q1. You'll have to give me the opportunity to get back after checking the number because on a YTD basis and on a quarter-on-quarter basis we will be around now 34%-35% on a premium percentage which for the last year same quarter was around 31%. So Bhavesh, we will check and get back to you on that but that should not be the case.

**Bhavesh Jain:** My second question is like in our previous calls we mentioned around expanding into the lower part of north and seeing high growth opportunities in Mumbai and Bangalore market. So, can you touch upon what is the status and how it is shaping out.

**Anoop Bector:** Journey of south and west is shaping up well. As you know we launched in the last financial year in the three cities of Bombay, Pune and Bangalore. And this year we have added another twelve cities, and we are now in 15 cities of south and west markets. In terms of outlets also, our unique build outlets for the south and west have touched about 20000 outlets and that also has kind of grown well in terms of journey on the south and west side. In terms of journey on the north side districts we have kind of moved from last year, we have now moved to coverage to almost 208 districts now. And on an all-India basis last year exit last quarter were around 269



*Mrs. Bector's Food Specialities Limited  
February 08, 2024*

districts and now in this quarter three exit we are close to 340 districts. So, our district coverage also on overall basis has improved on the last year basis. So, both on south and west moving from three cities which we launched last year, now we are in 15 cities. Outlet coverage, the build outlet coverage on a month-on-month basis around 20000 outlets. On an overall district coverage, we move from 269 to close to 350 district coverage now on overall basis compared to last year.

**Moderator:** The next question is from the line of CA Arun Maroti from Shubh Labh Research.

**Arun Maroti:** My question is with regard to Walmart. I would like to know the status with the Walmart currently.

**Anoop Bector:** We are currently working with Walmart in their one specific SKU which happens for Christmas. But we are aggressively working with them to extend this relationship to daily usage products also which will be sold on their shelves. So rather than just working on supplementing Christmas requirements for them we are trying to work with them on daily consumption products. So currently this is a relationship which is happening. But we are very confident to take this relationship forward not only with Walmart but also with other large retailers in US.

**Arun Maroti:** If you can share some more light on the Bake Walk concept that will be quite helpful.

**Ishaan Bector:** As we've always mentioned that Bake Walk is completely on the freezer to oven model. And it's in line with our strategy of getting into a complete bakery format which is ambient products frozen products of all nature whether sweet or savory. What insights we generally get from Bake Walk is what we also execute in the market and has also helped us bring a lot of new products into the market for our B2B customers. So that is one big positive that we see. Other than that, we are still currently operating four stores. The focus is to improve the model, to work on improving sales per store and getting the right mix before we think about expanding this or scaling this business. For us the key focus is going to be how to grow as a bakery brand both on the B2B and the B2C.

**Arun Maroti:** On the Bakebest we are willing to invest around 30 crores. So that will be on the Khopoli plant or something else.

**Arnav Jain:** This is basically a subsidiary company which is based out of Bombay. The entire bread business is managed from the western part of the country so that is managed through Bakebest.

**Arun Maroti:** It will be for the Khopoli or something else.

**Arnav Jain:** Only Khopoli.

**Moderator:** Ladies and gentlemen, in the interest of time we will take that as the last question. And I would now like to hand the conference over to Mr. Anoop Bector for closing comments.



*Mrs. Bector's Food Specialities Limited  
February 08, 2024*

**Anoop Bector:**

Thank you everyone. I hope we have been able to answer all your queries. If any further questions are there, please feel free to contact our investor relationship partner, Orient Capital. Thank you and best wishes to you.

**Moderator:**

Thank you. In case of any further query, you may write to [parth.patel@linkintime.co.in](mailto:parth.patel@linkintime.co.in). And on behalf of Mrs. Bector's Food Specialities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.