

MBFSL/CS/2024-25

06<sup>th</sup> June, 2024

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 – Q4 & 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 31<sup>st</sup> May, 2024 to discuss Q4 & 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. Bectors Food Specialities Limited  
Q4 FY’24 Earnings Conference Call”

May 31, 2024

Mrs Bectors Food Specialities Ltd



**MANAGEMENT: MR. ANOOP BECTOR – PROMOTER AND 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. ISHAAN BECTOR – WHOLE-TIME DIRECTOR – 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**

**Moderator:**

Ladies and gentlemen, good day and welcome to the Q4 FY '24 Earnings Conference Call of Mrs. Bectors Food Specialities Limited. 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 star, then zero on your touchtone telephone. Please note that this conference is being recorded.

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

**Anoop Bector:**

Good afternoon, everyone. On behalf of Mrs. Bectors Food Specialities Limited, I extend a very warm welcome to all participants on Q4 FY '24 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 the press release that we have uploaded on the exchanges and on the company's website.

Company reported a strong fourth quarter with revenues from operations increasing by 17.4% and PAT by 21.6% on Y-o-Y basis, reflecting on our annual performance for our year FY '24, company stands at the highest ever revenues as well as PAT with both our business segments registering growth in high teens.

Indian economy continues to demonstrate resilience amidst global slowdowns, India story continues to be domestic consumption-driven and now we are increasingly becoming a sourcing hub for the world as well. I'm glad to tell you that your company is well placed to make the most of both the opportunities. Our journey of driving multipronged business strategy continues with focus on spending both in domestic and international business with continuous investments in developing our brand, brand portfolio and building future ready supply chain with state-of-art manufacturing setup.

We all understand technology is key to any business success. The company has focused on selling and distribution side through SFA and DMS implementation in the past 2 years and now has taken an agenda of technology intervention in manufacturing and supply chain over the next 24 months. On the domestic front, I'm glad to inform you that we have achieved our stated objective of doubling direct coverage to 3 lakh plus outlets in 2 years.

On the export side, I'm happy to share with you that Cremica brand now has a footprint in over 65 countries. We will continue to follow our stated strategy of calibrated expansion in both domestic and international markets. On the brand portfolio, we continue to invest behind our brands, Cremica and English Oven. Campaign with Kareena Kapoor Khan, Apna Apna Cremica, Bun Great toh Burger Great and Goodness of Fiber aimed at driving awareness on the range of Cremica and English Oven products was received well and continued in Q4 '24. While we continue to expand our portfolio by offering the launch of preservative-free cake, cashew delight cookies, atta kulcha and a 12 piece pav amongst others.

I would like to share with you, in particular, our foray into frozen bakery. We have invested ahead of the curve and developed the capability on frozen premium bakery products like filled puffs, desserts



and artisan cookies. We believe as the disposable incomes rise, need for high-quality premium bakery products will increase and provide for an opportunity of future growth.

Updating on the capex plan on the biscuits front, we have commissioned two biscuit plants in Rajpura in FY '24 with two more additional lines to be added and estimated to be commissioned by H1 '24-'25. Commissioning of the MP Dhar plant is also expected in the current financial year. On the bakery front, we have commissioned Bhiwadi plant in FY '24. We have started construction of building for our Khopoli bakery in Maharashtra and we are putting another bakery unit in Calcutta, both with -- both will be commissioned by Q4 '25.

We have initiated Project Impact 1.0, a journey towards cost transformation throughout the organization. It is an initiative across multiple fronts, which includes procurement, packaging, optimizing manufacturing process, reducing wastages, streamlining logistics. The preliminary assessment work has started across these functions. We believe this will lay a strong foundation for a sustainable growth moving forward. Also, I'm pleased to share that we have declared interim dividend of INR1.25 per share and declared final dividend of INR2 per share.

Now I will discuss the financial performance. Starting with biscuits. Our biscuit segment reported a revenue growth of 18%, which stood at INR240 crores in Q4 FY '24 as compared to INR203 crores in Q4 FY '23. This segment has grown by 68% over Q4 FY '22. Our biscuit segment witnessed high teen growth in Q4 '24 as compared to Q4 FY '23.

Bakery. Our bakery segment revenue for Q4 '24 stood at INR151 crores against INR128 crores in Q4 FY '23, thus registering a growth of 18% Y-o-Y basis, including retail bakery and institutional segment. This segment has grown by 59% over Q4 FY '22. The consolidated revenues for the current quarter stood at INR406 crores versus INR346 crores in Q4 FY '23 thus registering a growth of 17% on a year-on-year basis.

EBITDA stood at INR 59 crores in Q4 FY '24 resulting in growth of 22% from the corresponding quarter on year-on-year basis. EBITDA margin for the quarter stood at 14.4%, a growth of 49 bps on a year-on-year basis. PAT stood at INR34 crores in Q4 FY '24 and saw a growth of 22% on a year-on-year basis. Our PAT margin for Q4 '24 was 8.3%, registering a growth of 28 bps year-on-year.

Moving to FY '24 financial performance. The consolidated revenues for FY '24 stood at INR1,624 crores versus INR1,362 crores in FY '23 thus registering a growth of 19%. EBITDA for the financial year '24 stood at INR242 crores versus INR175 crores in FY '23 with growth of 38%, resulting in improvement of EBITDA margin of 207 bps year-on-year basis. PAT for FY '24 stood at INR140 crores versus INR90 crores in FY '23 with a growth of 56%, resulting in improvement of PAT margin to the tune of 203 bps year-on-year. The company has reported highest ever PAT margin of 8.6% in FY '24.

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

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is on the line of Subh Labh that is from Arun Kumar. Please go ahead.



- Arun Kumar:** Yes. Congratulations for the good set of numbers. Sir, I would like to know about the current acquisition which we did for the Mrs. Bectors Cremica Enterprises that we said that it was in the manufacturing of the ice creams. So would like to know your views on it?
- Anoop Bector:** So this -- I mean this company was originally making bread. So we have acquired the bakery business from this company. So it's not ice cream. Although they also make ice creams, but we have acquired the Cremica brand with their manufacturing capabilities, whatever they have and the brand for all the bakery products. So we have acquired that. So this is a transaction, which should happen in the coming quarter or sometime -- the time lines are being worked out. So it is more about the bakery operations.
- Arun Kumar:** Okay. And sir, the amount of capex...
- Anoop Bector:** For Punjab, I think Cremica brand being very strong in the upper north. So we will have in the future when the deal happens there could be a possibility of a Cremica brand also getting launched in the bakery side of the business.
- Arun Kumar:** Okay. Okay. And just a follow-up on the same that what amount of capex we need to do for the upgradation of the plant? Or is it available to production?
- Anoop Bector:** Currently we have not worked on this. We will work on it once the deal happens. So currently, we are not working on it. It's more about getting the brand in hand and then evaluating what we should be doing in the North Indian market of Punjab, Haryana.
- Moderator:** **Thank you.** The next question is from the line of Janhavi Jain from Axia Asset Management Private Limited.
- Janhavi Jain:** Yes, so I have a few questions first one being largely on the working capital...
- Moderator:** Sorry to interpret Ms. Jain, you're sounding too low. Can you speak a bit louder please?
- Janhavi Jain:** Hello, is it better now?
- Moderator:** Yes, yes. Please continue.
- Janhavi Jain:** Yes, I have a few questions. The first one being largely on the working capital. We see the receivables to be quite inflated for FY '24. Any specific reason? Any change in credit cycle or anything to worry for the future? That's the first one.
- Anoop Bector:** So, would you like to tell us all the questions, then we can answer them.
- Janhavi Jain:** Sure. The second one largely on the contract manufacturing front. If I just calculate that, that was the contract manufacturing revenue has been declined. Like is there any reason for that? Third one being cakes like you've launched cakes right now. So what are the plans to actually grow? Do you have any plans to launch more variants in that? And any strategy or any number to further reach in that segment because that's a very big market as well. So these are the 3 -- last question.
- Manu Talwar:** Okay. So Manu this side, let me answer first 2 and then Ishaan will take up the bakery side, cake side. On the working capital side, our contribution of exports a, has been high. And because of the Red Sea



disturbances, the receivables are high but it has been taking more in transit time to reach to the destination. So that's actually one of the large reasons of that, that higher export contribution in this quarter and the Red Sea issue, which had led to the higher debts.

Second is we also had bought and booked the sugar for a long 8-month period. So that has also led to some increase in the working capital. So these are the 2 prime reasons largely being exports and the Red Sea issue, which has led to a temporary increase in working capital. Coming to the b) contract manufacturing. Just because of the demand cycle, there has been a bit of a contraction in the quarter 4 on the contract manufacturing side. But as for the company for which we are doing the contract manufacturing, this is more about temporary transit stage and it should come back in 1 or 2 quarters. So over to Ishaan for the cake part.

**Ishaan Bector:**

Yes. So on the cake part, what we are doing is we are building some capability for cakes both in the Delhi market and the Mumbai market. So the idea is to leverage our ability to do both B2B and B2C via cakes, B2B would largely be in the frozen front in which we are already operating. The idea is to become more competitive and reach a lot more customers.

On the B2C side, we have already launched a cake in the Delhi market, which is a small INR10 cake. We have seen a good success in that cake and the idea would be to get a range of competitive products on the B2C side, primarily right now via English Oven, which is short shelf life products, the current life of our cake is about 1 month as we progress and get more confidence, we can also look at higher shelf life products on the cake side. So I think it's going to be a journey. But it will definitely add a revenue stream for the business in the future.

**Janhavi Jain:**

Okay. Just follow up if I could squeeze in, on the capex front, if you could just stratify the capex for the next 2 years.

**Manu Talwar:**

So as of now, we -- at the last time also we gave the capex visibility for the year 2023-'24 and '24-'25 then over the 2-year period, we will be doing the capex of around INR550 crores and that's the current projection look like. In terms of our capex going forward beyond that is -- it's still under planning cycle in the next Board meeting -- the next investor call, we should be able to give you a visibility on a capex beyond this.

So as of now, around INR550 crore, INR560 crores is the capex between the last financial year and this financial year. Last financial year, what we have capex which we have spent and the balance would happen in this financial year.

**Janhavi Jain:**

One last question on the export contribution to the total biscuit if you could just justify. That's it from my side.

**Manu Talwar:**

Export contribution to our overall business?

**Janhavi Jain:**

Yes.

**Manu Talwar:**

So as of now, we normally don't share the contribution business-wise and we share on an overall basis as you are aware. But it is close to, we can say 30-odd percent is our exports.



- Moderator:** The next question is from the line of Amit Purohit from Elara. Please go ahead.
- Amit Purohit:** Yes. So I'm saying -- I just wanted to understand in terms of demand trends, how are you seeing the demand, one on the biscuit side, specifically from a competitive intensity perspective and otherwise, also in terms of growth trends.
- Manu Talwar:** Okay. So let me start first with the demand trend. The demand trend post Diwali as we are aware has been a little low. There has been a pressure on opex and that's what is even reflecting in all the reports of all the companies and the A.C. Nielsen so there's definitely a slowdown in offtake versus what it was in the first half of the '23-'24 financial year, right? So that's the case there. In terms of competitive index also starting, I think the quarter 3 of last financial year, there has been more competition from all the companies, especially the leader in the category has rolled out a lot of consumer offers kind of dropping the consumer price of the product. And we have also taken a respective action in quarter 3, quarter 4 in terms of being competitive in the market. So -- but we're very hopeful.
- We all know the good monsoons are projected for this year and the inflation is also coming in control. So we are also very confident that starting quarter 2 of this financial year, we should see the demand coming back and definitely post Diwali, it should be a good run. So that's our kind of outlook that good monsoons as well as inflation, which has been under control for the last 2 quarters and going forward also to remain in control should swing it back to a good demand and a better growth should be back starting from quarter 2, quarter 3 of this financial year.
- Amit Purohit:** And sir, in view of the FMCG companies have indicated that they have seen some uptake from April May. Have you also witnessed similar kind of a growth offtake improving from...
- Manu Talwar:** We are also witnessing a slight improvement in demand trends, right? But it's still not reached back to the significant level what it was pre-Diwali, I would say, in the last financial year. So yes, the trends have started looking minorly better now and we hope post monsoons, they should start improving it in a much better way.
- Amit Purohit:** And on the biscuit side, you don't share the breakup within biscuits on domestic and exports. But just to get a sense for the full year, the 23% kind of growth in the biscuit category. Are -- is it safe to assume that biscuit growth would be very close to mid-teens or high-teens? How do you see it?
- Manu Talwar:** Yes. So we are targeting it to be mid-teens, right? For the annualized growth.
- Amit Purohit:** FY '24.
- Manu Talwar:** Pardon?
- Amit Purohit:** FY '24 was also similar mid-teens.
- Manu Talwar:** Yes, FY '24, that's what I'm coming to -- that was also mid-teens growth in FY '24 also. And FY '25 also, we are targeting that on an annualized basis for the full year, we should be able to achieve a mid-teens kind of growth.



- Amit Purohit:** And sir, just continuing on the overall growth plan you've been indicating growth rate around mid-teens. But I mean, when I look at the overall -- that is for the overall company as well? Or you're just referring to branded biscuit, domestic business?
- Manu Talwar:** No, I have answered as of now mid-teens for the domestic biscuits. I think your question was specific to domestic biscuits and that's what I've indicated.
- Amit Purohit:** So effectively, the overall company growth could be higher, right, because one, we have a bakery capacity which is coming and...
- Manu Talwar:** So we have been consistently saying that we want to maintain at a company level mid-to-high teens kind of growth, right? And that's what we have achieved this year also. So that's what we are striving for to achieve on a consistent basis on an annualized basis, mid-to-high teens kind of growth.
- Amit Purohit:** Okay. And sir, on the margin side, 2 things you have indicated 14% to 15% margin, but you also have initiated a cost-cutting initiative, any estimated saving benefits that would probably come and which can able to have at least stable or increased margins from here on?
- Manu Talwar:** So that program has just started and it's more on a study and scoping stage. So in terms of benefits to start coming in from this program, it would start reflecting in some manner in quarter 4 of this financial year and then in the subsequent quarters of the next financial year.
- Moderator:** The next question is from the line of Rushabh Doshi from Nirmiti Investment Advisors.
- Rushabh Doshi:** Congrats on a great set of numbers. So my first question was related to the acquisition, like could you just share where the plant was located and what the capacity does it have?
- Manu Talwar:** Sorry, we are not able to hear you properly. I think voice a little echoing.
- Rushabh Doshi:** Yes. So my first question was related to the acquisition, like what is the capacity and where is this plant located?
- Anoop Bector:** So the capacity is -- actually, this is an old plant. And so once we take over. So this has been an agreement with the company that we will take over this brand, Mrs. Bectors Cremica for the bakery purposes because this brand enjoys a lot of equity in the North Indian market, especially Punjab and Haryana. So, on the investment side, they are holding old plants. Our teams will be evaluating what is going to be the status of these lines, how can we use these lines. And the location of this plant is right next to our biscuit plant in Phillaur. So it is at an adjacent wall to the biscuit plant.
- Rushabh Doshi:** Okay and like, have we thought like how we would be operating 2 brands in the bakery division, right? Because we've built English Oven and it's projected to be...
- Anoop Bector:** As you understand that we've always looked at premiumization. So it's also about -- we will look at this strategy, but Cremica as a name enjoys a lot of equity, right? We hold a 15% to 16% market share in the biscuit side and our coverage in the outlets is extremely high. So when we are doing rusk, we do rusk under the brand English Oven. So when we were getting into the market, which are Delhi, Bombay, people understand what is English Oven.





But when you move out of these markets, then you have to create presence, you have to make people know what is English Oven now? So being also in the urban and rural segment, so I think Cremica with its coverage of 320,000 outlets will have a better acceptability. So the rusk or our other products, which were coming under the English Oven brand could also have the possibility to come under Cremica brand.

**Rushabh Doshi:** Okay and also, like this quarter, can you just break up the revenue growth between volume and value?

**Manu Talwar:** Which quarter? You're talking of current quarter?

**Rushabh Doshi:** Yes, by 18% growth.

**Manu Talwar:** The quarter 4, you said.

**Rushabh Doshi:** Yes.

**Manu Talwar:** In the quarter 4 growth, we had a mid-teens kind of growth in volume on overall and our revenue growth, you're aware, it was around 17%.

**Rushabh Doshi:** Yes. And then my last question is in FY '25, like what do we expect like a price growth of around 2%, 3% that would -- are we expecting that? Or it would be mostly flattish.

**Manu Talwar:** In terms of price growth?

**Rushabh Doshi:** Yes.

**Manu Talwar:** See, I tell you the -- what are the levers of revenue growth management in our company, right? And in our -- the very key factor of revenue growth management is the premiumization, there company focuses a lot. And we have considerable journey of premiumization over the last 2 years, right? And our premiumization percentage even starting from a part of this year, to quarter 4, we have reached 37%. So there is a 20% jump in the premiumization percent. And if I take a 2-year period, it has rather considerable so that is one of the large levers of revenue growth.

Second, on overall basis, the second lever of revenue growth is always our business mix. And third is definitely price. So we are in a very competitive industry world. It is entirely -- and we are not the market leaders in especially biscuits in India. So it will be more about keeping a high on the competition and how the leaders are taking it forward. And then accordingly, we will act at that point of time.

**Moderator:** The next question is from the line of Harsh Shah from Bandhan Mutual Fund.

**Harsh Shah:** First one is on the employee cost for the quarter, it's up 36%. Now I think you mentioned in one of the footnotes that we have an ESOP trust, which we kind of set up in October 2023. Is there an element of one-off in these employee costs because of any ESOP expenses...

**Manu Talwar:** Let me just come again, our employee cost in the quarter 4 of last financial year is 14.2%. The percentage you referred was very high. So it is 14.2%, right?



**Harsh Shah:**

So it's 14.2%, yes, that's what 14.2% Q-on-Q and 36% Y-o-Y growth.

**Manu Talwar:**

Okay. That is, yes. So the reason of this higher growth, there are 2 particular reasons. A, because we are also starting new lines in Rajpura and new plant in Bhiwadi, so we had to -- we have to pre-hire some of the staff and where as line doesn't become suddenly fully productive. So as you know, we have made operational our Bhiwadi plant and we also made our 2 lines operational in Rajpura, so that entire line manning has to be put in place. And this challenge will remain for a while, while we are investing in new plants and new lines.

Second, we kind of also did our leadership hiring, the 2 specific senior leaders who joined us was on the project head and the HR head, but yes, there was some other leadership hiring done. So this -- in terms of -- these are the 2 prime reasons of increase. Third reason of increase is there's a reclassification of some bit of employee cost from other expenses to the employee cost. That was being reflected last year into the other expenses and now it's being reflected in others. That itself is about 0.75%. So out of 14.2%, the 0.75% is on account of the reclassification of employee costs from other expenses to the employee cost.

**Harsh Shah:**

What is the nature of that reclassification? What is the nature of that expenditure versus the reclassified, sir?

**Manu Talwar:**

So those were some bit of employee expenses which were classified in the other expenses for last many, many quarters. And then on the advice of the auditor, they have been reclassified rightfully into the employee cost side.

**Harsh Shah:**

Okay. So basically, this employee cost will remain elevated. That is what the gist is right?

**Manu Talwar:**

Yes. So because if you look at other expenses, so other expenses, I'll tell you on an annualized basis, if you add other expenses and employee expenses, then for the both financial year, it is 31.7%. So a bit of a reclassification and definitely employee expense has gone up for the reasons I told you too. But for the full year basis, our employee expense and other expenses if you add both these 2, they are both at 31.7% for year '23-'24 and '22-'23.

**Harsh Shah:**

The reason why I was asking is because we had a good quarter in terms of top line growth. We've had very good gross margins. I think it's at a multi-quarter high. And despite that, we could not see any benefit of leverage going through. So that is the reason why I wanted to understand this. But I...

**Manu Talwar:**

Yes. Yes, definitely, in this particular quarter, I would agree that our employee plus other expenses, which last year was around 31%, they are 33%. So there is a 2% increase there. And the 2 reasons I told you is on account of employee expenses and there a bit of a higher marketing spend, as I was briefing in one of the previous question, that competition on the biscuit side, the intensity of competition has really gone up from quarter 3 of the last year.

There's a -- by the biggest player in the market, all kind of consumer offers have been rolled out and we had to match it to protect our shares in the market. And that's more of a temporary, may last for another 1 more quarter. But that's the bigger reason that we had to spend more on the marketing side in this particular quarter.



- Harsh Shah:** Okay. And gross margin primarily being higher because of higher contribution from exports and bakeries, would that be the right understanding?
- Manu Talwar:** One is the business mix, yes. Export has a much higher mix in this quarter. That's one reason. Second reason is definitely, as I said, premiumization right? That is definitely kind of a major difference to the higher realization, higher margin. And our commodity costs compared to the last year same quarter, were better, which is our material and packing material costs. So these are the 3 reasons, which have led to the better margins.
- Harsh Shah:** Okay. But will it sustain at this level, I mean, going into, let's say, the first I think the near term going into first half? Or do you expect it to kind of taper down a bit?
- Manu Talwar:** So yes. It may remain around the same level, right, at this point of time. But yes, the higher contribution of export, we don't expect to continue at the same pace. So there could be some moderation on account of that. But our own endeavor is to always endeavor is to try and maintain our margins. If we have improved, we should try and maintain around the same level. There could be slight moderation on that in the first quarter or the coming quarter.
- Harsh Shah:** Got it. And sir, I on exports just wanted to understand let's say from FY '23 to FY '24, has the growth come more from adding new customers or it's come more from increasing the value of sales to an existing customer?
- Manu Talwar:** So we have added more customers. We have added more countries. So both have happened. So as you would have heard in our Managing Director speech also that in terms of expansion, both domestic and export, we continue to do that journey. So we have definitely -- we added more countries and as well as we added more customers.
- Harsh Shah:** Got it.
- Manu Talwar:** And also one more thing, which is a specific -- Suvir would you like to take this?
- Suvir Bector:** Yes, sure. This is Suvir here. So like Manu-ji was saying that we've added couple of customers as well. We've started opening new territories. Recently, the last time you would have also heard that we partnered up with Walmart to supply some of their private label white label to them. And we've continuously growing our focus in North America and the Middle East and more developed economies. I'm trying to tie up with retailers to supply them with our brand and also tie up with a couple of retailers to supply them their own brand. So the strategy is that keep acquiring new customers and also keep expanding our current customers by offering them our existing product portfolio. and also developing new innovative ideas to pitch to them.
- Harsh Shah:** Got it. Got it. And then one last question on cash flows, right? And in last quarter, if I remember correctly, our target capex for F '24 and F '25 put together was INR500 crores. And I think this quarter, I think we've revised that to INR550 crores, if I'm not wrong, right?
- Manu Talwar:** Yes. So these are large capexes. And where I said it will be -- the word I used in the last call that it will be over INR500 crores. And so as we are getting closer to more elastic numbers on the capex. So



yes, it should be around INR550 crores to INR570 crores kind of amount. That's what it looks like as of now.

**Harsh Shah:** Correct. So INR215 crores, if I look at your cash flows, is something which you spent in FY '24. So balance basically INR250-odd crores or, let's say, I think -- I mean the balance will be spent in FY '25. So in terms of cash generation and payment of debt, we'll not be able to repay any part of debt this year. Is there a possibility of us that you might have to take some more additional debt to kind of fund our capex?

**Manu Talwar:** So the first thing is that -- I'll let Arnav answer you this question. He is our CFO.

**Arnav Jain:** So basically, there will be a funding which will be there and there is moratorium period that you get as part of the investment. So it will never come to a situation where we are kind of taking funds to kind of a refinancing is something that is not there on the cards. That's question that you have asked.

**Harsh Shah:** Basically, if you look at the current year's cash flow, probably our operating cash flows were not enough to meet our capex requirement, right? So -- and then that's the reason why we also see increase in debt, right? So my question was that, similarly, I mean, compared to F '24 INR215 crores capex, our F '25 number, if you were to compute INR550 crores minus INR215 crores. It is basically on the higher side compared to FY '24, right? So will our operating cash flow will be enough to sustain that? Or do we need to kind of incrementally take some more debt in FY '25 as well?

**Arnav Jain:** There will be more debt. So the whole idea is to keep it in the range of one third- two third kind of a scenario. The two third will come through borrowings and one third will be coming from our own resources. And additionally, if you look at this year, our working capital has also kind of gone up because of certain strategic calls that we have taken and received back and stuff. So we expect a certain amount of release coming in from that as well.

**Harsh Shah:** Okay. And what -- by when do you -- when do we expect to be debt free? Or do we have a target in mind for net debt to EBITDA or something of that sort, which we want to be in?

**Arnav Jain:** So once the debts will come on board, it will be for a certain amount of time for a few years. And if you look at it from an overall perspective, our debt-equity ratio is at 0.34. So it may kind of go up certain decimal places, but it will not be kind of coming to an alarming level or anything of that sort.

**Moderator:** The next question is from the line of Rajit Aggarwal from Atharva Investment Managers. Please go ahead.

**Rajit Aggarwal:** Congratulations for a good set of results. Would you be able to throw some light on Bakebest. I think in the third quarter, we had committed close to INR30 crores of investments for Bakebest. How much has already been invested and what's the plan of investing the rest? And if you could just help us with certain business details of that venture?

**Manu Talwar:** Arnav?

**Arnav Jain:** So Bakebest is our company which is kind of operating the West market for the bakery business. And this investment is part of the total outlay of the investment that the company is kind of planning, which



we have been discussing about like INR500 crores, INR550 crores over the period of '24-'25. So it's a subset of that. And so out of this INR30 crores, INR10 crores has been kind of invested at this point of time and balance as the time progresses and as a capex take shape, there will be investments, which will come.

**Rajit Aggarwal:** Sorry, I couldn't understand. So INR20 crores will be invested in FY '24-'25?

**Arnav Jain:** Right.

**Rajit Aggarwal:** And anything on the business side, how many outlets have been opened? Or what's the plan of opening outlets in this quarter or next quarter, something like that. I mean, just a little colour on how it is shaping up. Since INR30 crores is not exactly a small amount, whether you will be able to share it now or maybe a quarter down the line?

**Anoop Bector:** He is not understanding the question.

**Rajit Aggarwal:** No, I just want to understand something on the business side as in by when can we see the revenues.

**Anoop Bector:** Bakebest -- I'm Anoop Bector here. It is an investment which we are doing in putting up a state-of-art bun line and bread line, right? and that investments are happening right now and they will -- only the lines will come up in the end of this quarter this year, '24-'25. So you will only see sales after that. you understand. So what probably you are seeing is a part investment of the total project cost.

**Rajit Aggarwal:** Right, sir. So got it. I was under the impression that there will be bakeries set up under that venture.

**Manu Talwar:** Let me give a perspective. So in the west Bombay market, our bakery is already growing at a very good, high double-digit percentage, right? We had started facing challenges in terms of capacity and that's why we plan and we see the Bombay and the West market to be a very high potential market. And we are confident that we will be able to kind of grow there just like our NCR and North business, right? And so this growth engine will further get stronger once this plant comes up as a Managing Director Anoop has said, in the quarter 4 of this financial year, right?

So we have today taken help of a contract manufacturer to strengthen our supply chain to feed in markets but our work in terms of expanding distribution, adding more outlets and adding more feet on street in terms of expanding business that continues, right? So that's not on a kind of hold. But yes, with the state-of-the-art facility coming, we will be more stronger on our supply chain and we'll be able to offer the best product, quality product, the state-of-the-art plant to the market and expand the market much faster and cover the entire Bombay probably in the coming year, which will be the year '25-'26 financial year.

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

**Amit Purohit:** Yes, sir, on the working capital, you indicated, one, was the debtor days which had gone up and second, basically, is towards some advanced payment, right, you indicated for buying sugar. Is that what -- was that?

**Manu Talwar:** Yes. Yes.



- Amit Purohit:** Yes. Okay. So that would -- so because the other current assets have gone up significantly. So how do we think about this? I mean, this is a kind of onetime which gets reversed or this is -- there is a change in the way we are doing business.
- Manu Talwar:** Obviously, as far as sugar stocking is concerned, it will obviously come down because we'll keep consuming it. But the Red Sea impact is something which can take another 1 or 2 quarters to come down because this is a force majeure kind of situation for us or for anybody. So hopefully, it should also kind of come down over the next 2 quarters.
- Amit Purohit:** Okay. And sir, the facility -- the acquisition that you've done for the bakery and the bread for that -- and last call, you indicated that you are looking to now expand the bread business in the Punjab and strong markets where already Cremica is there. So is that the thought process that Cremica brand would be more in these markets of north whereas English Oven could be in rest of the -- that's not we need to think.
- Manu Talwar:** As Anoop briefed earlier also that Cremica in Punjab is a very, very strong brand and we have very high market share on Cremica biscuits. We have a very high distribution of Cremica biscuits in Punjab and the upper side of the north. With this acquisition, we also will have Cremica brand available for the bakery side. And so that's -- once this acquisition gets completed, that's a go-forward business strategy and the brand strategy we would finalize and definitely, that will further strengthen our foray into the upper north on the bakery side.
- Moderator:** The next question is from the line of Mahendra Mundra from Simba Investments.
- Mahendra Mundra:** Okay. Actually, I just want to know, you mentioned there is a dedicated subsidiary in U.A.E. in the slide number 21. So can you just throw more light on that, more details on that?
- Manu Talwar:** Okay. This is regarding our subsidiary, which is out of Dubai. And this was to focus on the GCC region and I would request Suvir who is heading the international and export business can brief you about the entire GCC region opportunity and strategy with which we are going forward.
- Suvir Bector:** Yes. Hi. So basically, the Dubai subsidiary has -- we are going to start dispatching our containers and billing it through the Dubai route from the coming quarter. And this time, the subsidiary will be fully active. The purpose of this subsidiary is that we want to start routing the containers into different countries through the subsidiary and also start billing locally to fuel our expansion into the Middle East. The Middle East for us is going to be for the export department, our next foray into trying to build a distribution network with our importers on the ground.
- We have 2 people located out of Dubai itself and 1 person out of Ghana. So their Visa allocation has been done from the subsidiary and they are the people who are going to be helping us build our Cremica brand into the market and start supplying our products locally and build a very good presence over there.
- Also, in addition to this, what I would like to say is that those are the current individuals who are working to find importers in different countries altogether, supply our products in the market and also what we're trying to do is that we are working alongside our importers to build a branding presence by leveraging our brand ambassador, Mrs. Kareena. So we are utilizing the same strategy, what we are



employing in India as well as in the Middle East. So the purpose of the Dubai office, the subsidiary is for that purpose.

**Mahendra Mundra:** Okay. I appreciate that. One more thing, have you entered any agreement with Lulu supermarket in Middle East because recently I saw Cremica brand with Lulu cover on that. So it was not a Cremica cover, it was Lulu cover, which we mentioned, manufacturer of our Bector foods. So that's what I got notice.

**Suvir Bector:** So we have been partners to Lulu in the Middle East for quite some time now. It has been a couple of years since we've been associated with them. So we are manufacturing not just a single product but a couple of their SKUs. We are manufacturing them from India and supplying to them in all the 6 GCC countries and also to their stores locally in India. And what we are also planning to do is from this year, we are already present in Lulu in India with our Cremica brand. Also, this year, we will start being present in Dubai, Lulu with our own brand and that should be happening from Q3 or Q4. The negotiations are currently ongoing and we will be bearing the listing cost and investing in the market.

**Mahendra Mundra:** Okay. Appreciate that. And one more feedback is our comparison of Good Day cookies are really very good and value-wise also and weight-wise also. So that's what I want to mention, you feedback on that.

**Manu Talwar:** Thank you.

**Moderator:** The next question is from the line of Abhishek Kumar from Sanctum Wealth.

**Abhishek Kumar:** Congratulations on a good set of numbers. Just wanted to touch upon -- just wanted to know your view on the bakery segment, especially the QSR bit. So how exactly the demand trends over there are as we have seen over the past year now that demand has been somewhat subdued. So what is the picture you guys are getting to if so then.

**Ishaan Bector:** So Ishaan this side. Yes, there is a demand pressure on the QSR definitely. But as you have seen, we are continuing to build capacity because this is a very solid business model. We feel it's a very short-term thing. We do have visibility to new stores opening, which is definitely going to drive growth. There are newer enterprises, which are also entering the market, so which are also potential customers for us. If you have seen, we have posted mid-to-high teens growth, even in the bakery segment, also including the institutional the QSR business and I would say that is a reflection towards our plan and our strategy to grow this business as we are adding more customers, we are adding newer products and I've always been saying the opportunity for us is not only on burger buns, right?

The opportunity for us is definitely on burger buns but also expanding into the frozen side where we are getting into the desserts. It is also on other value-added products. So without naming a customer, even we have started now working on a very major project with a very large QSR chain for new products, which are non-core to burger buns. So definitely, value addition will keep happening in terms of other products, new customers. But also, we remain very bullish on the buns market, where we will add capacities as India still has a very long runway in terms of number of those growth.

**Abhishek Kumar:** Okay. Got it. Thanks for that. And just the last bit on the QSR thing. So I just wanted to understand. So you guys are exclusive partners for, say, ABC, say McDonald's/ Burger King in any other QSR in



your business as you guys become exclusive partners for supplying buns across the region or is it you guys also face competition from say unorganized -- maybe some others.

**Ishaan Bector:** No. See, it's not an exclusive -- there's no exclusivity here. Yes, we do hold a large share of business for most of our partners. For some of them, it's exclusive; for some of them, it's a large share . I think it's more about the value that we are giving to our customers. So there is no exclusivity here. It is a very competitive and dynamic business environment, but we do hold a very strong market share and we are further strengthening it by adding new products.

**Abhishek Kumar:** And the contract agreements are with the main franchisee's parent or the franchise operators?

**Ishaan Bector:** No, there are no agreements.

**Moderator:** **Thank you.** In the interest of time, this would be our last question. And I now hand the conference over to Mr. Anoop Bector for closing remarks.

**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 partners. Thank you. Thank you so much.

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