

3R MATRIX

	+	=	-
Right Sector (RS)	Green	Grey with check	Orange
Right Quality (RQ)	Green	Grey	Orange
Right Valuation (RV)	Green	Grey	Orange

+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS	Grey	↔	Grey
RQ	Green	↔	Green
RV	Green	↔	Green

Company details

Market cap:	Rs. 8,818 cr
52-week high/low:	Rs. 2,196/1201
NSE volume: (No of shares)	0.9 lakh
BSE code:	543253
NSE code:	BECTORFOOD
Free float: (No of shares)	3.1 cr

Shareholding (%)

Promoters*	49.0
FII	16.8
DII	19.5
Others	14.6

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-1.1	8.7	-25.0	13.3
Relative to Sensex	-1.4	-2.3	-25.0	0.9

Source: Mirae Asset Sharekhan Research, Bloomberg

Mrs. Bectors Food Specialities Ltd

In-line Q4; outlook to brighten from H2

Consumer Goods	Sharekhan code: BECTORFOOD	
Reco/View: Positive	↔	CMP: Rs. 1,436 Upside potential: 23% ↔
↑ Upgrade	↔ Maintain	↓ Downgrade

Summary

- Mrs. Bectors Food Specialities Limited's (MBFSL's) Q4FY25 performance was largely in line with expectations, with revenue growing by ~10% y-o-y and OPM falling ~200 bps y-o-y leading to a muted 2% y-o-y growth in PAT.
- Revenues and margins are likely to recover from H2FY26, led by a pick-up in demand, strong innovation pipeline, completion of major capex and cooling of input costs. Management has guided for low-mid teens y-o-y revenue growth in B2C business in both biscuits and bakery segments in FY26.
- We expect revenues and PAT to clock a 16% and 22% CAGR over FY25-27 driven by a focus on widening of product portfolio, expanding its manufacturing and distribution footprint and improving operational efficiency.
- Stock trades at 52x/41x its FY26E/FY27E earnings, respectively. We stay Positive and expect an upside of 23% in the next 12 months.

MBFSL's Q4FY25 performance was largely in line with expectations, with steady revenue growth and a decline in margins, leading to muted PAT growth. Consolidated revenues grew 9.8% y-o-y to Rs. 446 crore, against our expectation of Rs. 458 crore. The biscuits segment (~58% of revenues) grew by 7.1% y-o-y to Rs. 257 crore, while the bakery segment (~40% of revenue) registered a robust growth of 18.5% y-o-y to Rs. 179 crore. Gross margin and OPM fell by 345 bps and 198 bps y-o-y to 44.3% and 12.5%, respectively, largely due to higher input costs. OPM came in largely in line with our expectation of 12.8%. Operating profit fell 5.3% y-o-y to Rs. 55.6 crore. However, higher other income (up 71% y-o-y) and lower interest expenses (down 49% y-o-y) led to a 2% y-o-y growth in PAT to Rs. 34 crore, largely in line with our expectation of 32 crore. In FY25, revenues grew by 15.4% y-o-y to Rs. 1,874 crore, OPM fell by 151 bps y-o-y to 13.4% and PAT rose 2.0% y-o-y to Rs. 143 crore. The board recommended a final dividend of Rs. 3 per share for FY25.

Key positives

- Bakery segment clocked a 19% y-o-y growth.

Key negatives

- Consolidated OPM fell by 200 bps y-o-y to 12.5%.

Management Commentary

- In Q4FY25, demand was hit by high input costs were passed to consumers through calibrated price increases from November 2024. However, MBFSL expects easing interest rates and tax relief to aid recovery in next few months.
- In FY25, volume growth in the biscuits segment was in high single digits. In the bakery segment, the QSR business grew in low double digits in FY25.
- Softening of input cost inflation, calibrated price hikes and the company's focus on improving operational efficiency in manufacturing and supply chain to optimise costs will aid margins in the near term. Management expects margins to normalise from H2FY26 and return to earlier levels. It aims to achieve 13-14% OPM for FY26.
- Scale-up of recently launched products 1) Cremica Shortbread (premium butter cookies), 2) animal shaped cracker biscuits under the brand Teddies, 3) Zero Maida Pav, 4) health brand - Nature Baked, 5) Ready-to-eat muffins, brownie, Choco Lava cake and 6) Frozen dessert range coupled with upcoming launches in 3-6 months are likely to generate significant revenues from FY27.
- Indore plant (biscuits) became operational in May 2025, while bakery plant at Kolkata will start contributing volumes from Q2FY26 and the Khopoli plant (bakery) is expected to get commissioned in FY26. The potential peak revenue from the combined new facilities at full utilisation is expected to be at ~Rs. 3,500 crore.

Revision in earnings estimates - We have reduced our estimates for FY26 and FY27 as we expect recovery in demand and margins to be gradual and any material uptick in performance will take time.

Our Call

View - Stay Positive; expect upside of 23%: MBFSL plans to grow its biscuit business with a focus on transforming itself into a pan-India biscuits player and gain market share in key markets, while the bakery business will focus on expanding its retail as well as B2B presence. MBFSL aims to sustain its double-digit revenue growth trajectory through its multi-pronged strategy and capacity additions across businesses, while Project Impact 1.0 will aid margins rise in the coming years. The stock has corrected by 12% from its recent high and is currently trading at 52x/41x its FY26E/FY27E earnings, respectively. We maintain our Positive view on the stock with a potential upside of 23% over the next 12 months.

Key Risks

Stiffer competition from top players or new entrants in the space and a significant rise in raw-material prices would be key risks to MBFSL's earnings estimates in the coming years.

Valuation (Consolidated)

Particulars	FY23	FY24	FY25	FY26E	FY27E
Revenue	1,362	1,624	1,874	2,150	2,534
OPM (%)	12.9	14.9	13.4	13.9	14.7
Adjusted PAT	90	140	143	169	214
% YoY growth	58.3	55.2	2.0	18.1	26.4
Adjusted EPS (Rs.)	15.4	23.9	23.3	27.6	34.8
P/E (x)	93.7	60.3	61.7	52.3	41.4
P/B (x)	15.6	12.8	7.6	6.8	5.9
EV/EBIDTA (x)	48.4	35.4	34.7	29.1	22.9
RoNW (%)	17.8	23.2	15.7	13.7	15.3
RoCE (%)	20.4	24.7	17.8	16.3	18.2

Source: Company; Mirae Asset Sharekhan estimates

Key conference call highlights

- ◆ In Q4FY25, demand was impacted as high input costs were passed on to consumers through calibrated price increases from November 2024. However, MBFSL expects easing interest rates and tax relief to aid a recovery in next few months.
- ◆ In FY25, volume growth in the biscuit segment was in the high single digits. In the bakery segment, the QSR business grew in low double digits in FY25.
- ◆ Softening of input cost inflation, calibrated price increases and the company's focus on improving operational efficiency in manufacturing and supply chain to optimize costs will aid margins in the near term. Management expects margins to normalize from H2FY26 and return to earlier levels. It aims to achieve 13-14% OPM for FY26.
- ◆ The company continues to focus on driving premiumisation through differentiated offerings that deliver great value addition and align with evolving consumer preferences. In line with this strategy, under biscuits, new shortbread cookies made with 25% butter and no palm oil cater to the premium indulgence segment. In kids snacking category, MBFSL introduced animal-shaped crackers under the brand Teddies, with no cholesterol and no trans fat. The initial response has been encouraging, and the company is planning product extension under this platform. Under English Oven, MBFSL is piloting under ready-to-eat segments with the launch of muffins, brownie, and Choco Lava cakes. Launched to meet rising demand for healthier options, the company launched Zero Maida Pav, appealing to wellness-focused consumer and strengthening its health-centric portfolio. Further on building a premium health-focused portfolio, MBFSL launched Nature Baked, a clean label, health-forward range in Q1FY26. Further, brand innovation initiatives are underway for select legacy products to align with contemporary taste and packaging trends and the company has a robust innovation pipeline with several exciting launches planned in the coming 3-6 months.
- ◆ Innovative products which will be launched in FY26 are expected to generate significant revenues from FY27.
- ◆ The Indore plant (biscuits) with annual capacity of 21,000 tonnes to service western and central India is operational since May 2025 and is expected to reach 50-70% utilization within 50-60 days. The facility is strategically located near ports, which will help to enhance exports, reduce logistics costs, and improve domestic service.
- ◆ Management indicated that the Kolkata plant will start contributing volumes from Q2FY26 and the Khopoli plant is expected to get commissioned in FY26.
- ◆ The potential peak revenue from the combined new facilities (Indore, Kolkata and Khopoli) at full utilisation is expected to be at ~Rs. 3,500 crore.

Results (Consolidated)

Particulars	Rs cr				
	Q4FY25	Q4FY24	y-o-y (%)	Q3FY25	q-o-q (%)
Net revenue	446.1	406.4	9.8	492.1	-9.4
Raw materials	248.5	212.3	17.0	270.3	-8.1
Employee costs	59.8	57.7	3.7	68.7	-12.9
Other expenditure	82.2	77.7	5.8	91.7	-10.4
Total expenditure	390.5	347.8	12.3	430.7	-9.3
Operating profit	55.6	58.6	-5.3	61.4	-9.6
Other income	11.3	6.6	71.2	7.0	62.9
Interest expenses	1.9	3.7	-49.2	2.5	-24.4
Depreciation	19.8	16.4	20.9	19.4	1.9
Profit Before Tax	45.2	45.2	0.1	46.5	-2.7
Tax	11.0	11.6	-5.3	11.9	-7.8
Adjusted PAT	34.3	33.6	2.0	34.6	-0.9
Share of profit from associates	0.0	0.0	-21.9	0.0	25.0
Reported PAT	34.3	33.6	2.0	34.6	-0.9
Adjusted EPS (Rs)	5.6	5.7	-2.2	5.6	-0.9
			Bps		bps
GPM (%)	44.3	47.7	-345	45.1	-78
OPM (%)	12.5	14.4	-198	12.5	-3
NPM (%)	7.7	8.3	-59	7.0	65
Tax rate (%)	24.3	25.7	-140	25.6	-134

Source: Company; Mirae Asset Sharekhan Research

Segment-wise revenue

Particulars	Rs cr				
	Q4FY25	Q4FY24	y-o-y (%)	Q3FY25	q-o-q (%)
Biscuit segment	257.0	240.0	7.1	308.0	-16.6
Bakery segment	179.0	151.0	18.5	175.0	2.3
Others	10.1	15.4	-34.6	9.1	10.5
Total revenue	446.1	406.4	9.8	492.1	-9.4

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Volumes and margins to recover gradually

Q4FY25 was yet another muted quarter for consumer goods companies. We expect gradual uptick in volume growth on low base from Q1FY26/Q2FY26 driven by expectations of good monsoon, moderation in urban inflation and government impetus to aid a volume recovery. With sustained input cost inflation, most companies are likely to take further price hikes in Q1FY26. Hence, we believe large improvement in volume growth could be seen in H2FY26 amid stable demand. Margins are likely to remain lower in the coming quarters and if input prices stabilise in the coming months, we might see margin expansion from H2FY26.

■ Company Outlook – Strong growth outlook

In FY25, MBFSL's revenues grew by 15% y-o-y, OPM fell by 151 bps y-o-y to 13.4%, and PAT increased by 2.0% y-o-y. The company's strategies hinge towards achieving consistent double-digit earnings growth, focusing on multiple factors such as enhancing capacities to prepare the company for future growth opportunities, transforming its selling and distribution infrastructure to extend its presence to more regions and geographies, building a diversified portfolio by participating in all key segments across all key price points, and strengthening its leadership and management team to recharge the organisation and take it to the next leg of growth. This should help MBFSL to achieve consistent mid-to-high teens revenue growth (largely volume-led), while OPM is expected to improve consistently. This along with stable working capital will help cash flows to consistently improve.

■ Valuation – Retain Positive stance with a potential upside of 23%

MBFSL plans to grow its biscuit business with a focus on transforming itself into a pan-India biscuits player and gain market share in key markets, while the bakery business will focus on expanding its retail as well as B2B presence. MBFSL aims to sustain its double-digit revenue growth trajectory through its multi-pronged strategy and capacity additions across businesses, while Project Impact 1.0 will aid margins rise in the coming years. The stock has corrected by 12% from its recent high and is currently trading at 52x/41x its FY26E/FY27E earnings, respectively. We maintain our Positive view on the stock with a potential upside of 23% over the next 12 months.

Peer valuation

Companies	P/E (x)			EV/EBIDTA (x)			RoCE (%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Nestle India	75.1	67.0	59.1	48.9	43.8	38.9	90.3	86.6	106.3
Britannia Industries	60.6	53.5	47.6	42.0	37.4	33.4	36.4	39.1	38.3
Mrs. Bectors Food Specialities	61.7	52.3	41.4	34.7	29.1	22.9	17.8	16.3	18.2

Source: Company; Mirae Asset Sharekhan Research

About company

MBFSL manufactures and markets a wide range of biscuits, such as cookies, creams, crackers, digestives, and glucose, under the flagship brand 'Mrs. Bector's Cremica.' The company is one of the strong players in the northern part of India. The company also manufactures and markets bakery products in the savoury and sweet categories, which include breads, buns, pizza bases, and cakes under the English Oven brand. All products are manufactured in-house at the company's seven manufacturing facilities and supplied to retail consumers in 28 states and 3 union territories within India, to reputed institutional customers with pan-India presence and to 70+ countries across six continents. MBFSL is the largest supplier of buns to major QSR chains in India.

Investment theme

MBFSL is one of the leading companies in the premium and mid-premium biscuits segment and the premium bakery segment in North India. The company's strategies hinge towards achieving consistent double-digit earnings growth, focusing on multiple levers such as enhancing capacities to prepare the company for future growth opportunities, transforming its selling and distribution infrastructure to extend its geographic presence, expanding its distribution reach, and strengthening its leadership team to recharge the organisation and take it to the next level of growth in the coming years. This should help MBFSL to achieve consistent double-digit revenue growth. The company's earnings are expected to post a CAGR of 22% over FY25-FY27E. This along with stable working capital will help cash flows to consistently improve.

Key Risks

- Supply chain disruptions and commodity inflation will lead to increased input costs, which may impact MBFSL's profitability.
- Inability to ramp up distribution as per plans might impact revenue growth.
- Any inflationary environment might lead to a slowdown in demand or downtrading to low-price products and the sales volume of MBFSL.

Additional Data

Key management personnel

Name	Designation
Anoop Bector	Managing Director
Ishaan Bector	Whole Time Director
Manu Talwar	Chief Executive Officer
Parveen Kumar Goel	Chief Financial Officer
Atul Sud	Company Secretary and Compliance Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	SBI Fixed Maturity	5.38
2	Axis AMC Ltd	4.06
3	SBI Funds Management Ltd	3.66
4	Invesco Asset Management India Pvt Ltd	3.07
5	Vanguard Group Inc.	1.86
6	Invesco Ltd.	1.71
7	Emirate of Abu Dhabi United Arab Emirates	1.56
8	Baroda Mutual Fund Ltd	1.51
9	Arisaig Asia Fund Ltd	1.51
10	Canara Robeco AMC Ltd	1.44

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE - 748, NSE - 10733, MCX - 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

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