MIRAE ASSET Sharekhan

Mrs. Bectors Food Specialities Ltd

Steady Q2

Consumer Goods		Sharekhan code: BECTORFOOD	
Reco/View: Positive	⇔	CMP: Rs. 1,339 (as on Nov 17, 2025)	Price Target: Rs. 1,700 ↓

3R MATRIX	+	=	-
Right Sector (RS)	✓		
Right Quality (RQ)	✓		
Right Valuation (RV)	✓		

+ Positive = Neutral – Negative

What has changed in 3R MATRIX

	Old		New
RS		↑	
RQ		↔	
RV		↔	

Summary

- Mrs. Bectors Food Specialities Limited's (MBFSL's) revenues grew 11% y-o-y, while OPM fell 165 bps y-o-y, dragging PAT by 6% y-o-y.
- Domestic biscuit business to improve sequentially in Q3, with GST rate cuts boosting growth. Management eyes sustainable double-digit growth from H2. Bakery is the key growth driver, led by expansion of the B2B portfolio.
- Margins to recover from Q3, with company eyeing a ~14% OPM in FY27 and a further rise led by a better product mix and operational efficiencies.
- Stock trades at 51x/40x/32x its FY26E/FY27E/FY28E earnings, respectively. We stay Positive and expect an upside of 27% in the next 12 months.

Consolidated revenues grew by 11.1% y-o-y to Rs. 551 crore, in line with our expectation of Rs. 552 crore. The biscuits segment (~63% of revenue) grew by 9.4% y-o-y to Rs. 350 crore with domestic business slightly hit by GST 2.0, while exports achieved double-digit growth even amid challenging macros. Bakery segment (~35% of revenues) grew 16.2% y-o-y to Rs. 194 crore, driven by strong performance of English Oven and steady demand for the newly launched health-focused range, though the B2B business experienced some slowdown. Gross margin and OPM fell 318 bps and 165 bps y-o-y to 44.2% and 12.6%, respectively mainly on lower freight recoveries included in revenue (as per accounting policy), an unfavourable mix and temporary suspension of DGFT incentives, pending government review. OPM lagged our expectation of 14%. Operating profit fell by 1.8% y-o-y to Rs. 69 crore. This coupled with higher depreciation charges led to a 6.3% y-o-y decline in the adjusted PAT to Rs. 37 crore, lagging our expectation of Rs. 46 crore. H1FY26 revenues grew 9.5% y-o-y to Rs. 1,024 crore, OPM fell by 191 bps y-o-y to 12.4% and PAT declined by 9.2% y-o-y to Rs. 67 crore.

Key positives

- Bakery segment's revenue grew by 16% y-o-y.

Key negatives

- Consolidated OPM fell 165 bps y-o-y to 12.6%, missing our expectation of 14%.

Management Commentary

- Recent GST cuts from 18% to 5% would significantly boost biscuit industry's growth and aid shift of consumer preference toward branded products.
- GST implementation affected revenue by ~1% in Q2, with the impact seen in September and extending slightly into October. With GST stabilisation and potential resolution of trade issues, domestic biscuit growth is expected to rebound to double digits in H2FY26.
- Cremica has been performing strongly in international markets, now contributing over 50% of the export revenue. In the biscuits exports business, buyer confidence in MBFSL continues to strengthen, with several large global retailers engaging the company. Multiple new business opportunities are expected to materialize in the coming months. MBFSL is actively developing products for international customers, reinforcing its position as a reliable biscuits' supplier from India.
- English Oven brand continues to deliver high double-digit growth, driven by strong brand equity, a robust pipeline of new products and a continued distribution expansion. Quick commerce has emerged as a key growth catalyst, significantly enhancing both reach and visibility for the brand.
- Bakery B2B business saw a temporary slowdown in Q2 but a recovery is eyed in Q3. MBFSL's frozen product range, which piloted select SKUs in North India via quick-commerce platforms is showing encouraging results. The frozen range is expected to strengthen both domestic and international business, supported by ongoing capacity expansion.
- Kolkata bakery unit is expected to be commissioned in Q3FY26, marking expansion into East India. Khopoli (Maharashtra) bakery plant is expected to be operational by Q4FY26, enhancing reach across Western India.

Revision in earnings estimates – We have reduced our estimates for FY26 and FY27 to factor in lower-than-expected margins. We have introduced FY28 estimates through this note.

Our Call

View – Stay Positive; expect upside of 27%: 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 domestic and global markets, while 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 is trading at 51x/40x/32x its FY26E/FY27E/FY28E earnings, respectively. We maintain our Positive view on the stock with a potential upside of 27% in 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) Rs cr

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	1,624	1,874	2,121	2,510	2,944
OPM (%)	14.9	13.4	13.5	14.4	14.9
Adjusted PAT	140	143	161	204	258
% YoY growth	55.2	2.0	12.2	27.3	26.4
Adjusted EPS (Rs.)	23.9	23.3	26.2	33.3	42.1
P/E (x)	56.1	57.4	51.2	40.2	31.8
P/B (x)	11.9	7.0	6.3	5.6	4.8
EV/EBIDTA (x)	32.9	32.2	28.2	22.1	17.7
RoNW (%)	23.2	15.7	13.0	14.8	16.3
RoCE (%)	24.7	17.8	15.6	17.6	19.6

Source: Company; Mirae Asset Sharekhan estimates

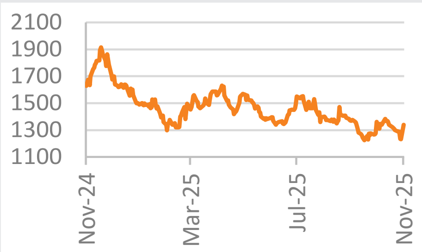
Company details

Market cap:	Rs. 8,224 cr
52-week high/low:	Rs. 1,975 / 1,201
NSE volume: (No of shares)	1.2 lakh
BSE code:	543253
NSE code:	BECTORFOOD
Free float: (No of shares)	3.1 cr

Shareholding (%)

Promoters*	49.0
FII	15.0
DII	22.1
Others	13.9

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-1.7	-4.3	-14.7	-17.8
Relative to Sensex	-2.9	-8.9	-17.8	-27.6

Source: Mirae Asset Sharekhan Research, Bloomberg

Results (Consolidated) Rs cr

Particulars	Q2FY26	Q2FY25	y-o-y (%)	Q1FY26	q-o-q (%)
Net revenue	**551.4**	**496.3**	**11.1**	**473.0**	**16.6**
Raw materials	307.8	261.2	17.8	257.2	19.7
Employee costs	76.9	66.5	15.7	71.4	7.7
Other expenditure	97.4	98.0	-0.6	86.2	13.1
Total expenditure	482.1	425.7	13.2	414.7	16.3
Operating profit	**69.3**	**70.6**	**-1.8**	**58.2**	**19.0**
Other income	6.6	5.6	17.1	7.4	-11.3
Interest expenses	3.3	4.3	-22.4	3.1	7.6
Depreciation	23.7	19.3	22.5	21.3	11.3
Profit Before Tax	**48.9**	**52.6**	**-7.0**	**41.3**	**18.3**
Tax	12.3	13.6	-9.1	10.5	18.0
Reported PAT	**36.6**	**39.0**	**-6.3**	**30.9**	**18.4**
Adjusted EPS (Rs)	6.0	6.4	-6.3	5.0	18.5
			BPS		**BPS**
GPM (%)	44.2	47.4	-318	45.6	-145
OPM (%)	12.6	14.2	-165	12.3	25
NPM (%)	6.6	7.9	-123	6.5	11
Tax rate (%)	25.2	25.8	-58	25.3	-8

Source: Company; Mirae Asset Sharekhan Research

Segment-wise revenue Rs cr

Particulars	Q2FY26	Q2FY25	y-o-y (%)	Q1FY26	q-o-q (%)
Biscuit segment	350.0	320.0	9.4	281.0	24.6
Bakery segment	194.0	167.0	16.2	183.0	6.0
Others	7.4	9.3	-20.1	9.0	-17.2
Total revenue	**551.4**	**496.3**	**11.1**	**473.0**	**16.6**

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

Sector Outlook – Multiple factors to aid pick up in volumes and margins

Most consumer companies are expected to pass on the benefits of GST rate reduction to the consumers either through increased grammage or price reductions. In the near term, there may be some trade related challenges, however, these steps are structural changes that will boost consumption. Consumer demand is expected to improve from H2FY26 with reduction in tax on consumer goods, further supported by the festive season. Market share gains, distribution expansion, and new product launches should help volume growth to improve in the medium to long run. We expect margins to have bottomed out in Q1 and see margins rise from H2FY26 aided by easing raw material price inflation, new inventory coming in and better operating leverage through higher volumes. Focus on improving product mix, operating efficiencies and cost saving initiatives will help to improve OPM in the medium to long term.

Company Outlook – Strong growth outlook

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 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 27%

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 domestic and global markets, while 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 is trading at 51x/40x/32x its FY26E/FY27E/FY28E earnings, respectively. We maintain our Positive view on the stock with a potential upside of 27% in 12 months.

Peer valuation

Companies	P/E (x)			EV/EBIDTA (x)			RoCE (%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Nestle India	79.5	72.5	63.7	51.7	46.6	41.3	90.3	89.1	108.1
Britannia Industries	63.7	55.3	47.5	44.2	39.0	33.8	36.4	39.7	42.6
Mrs. Bectors Food Specialities	57.4	51.2	40.2	32.2	28.2	22.1	17.8	15.6	17.6

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-FY28E. 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	Canara Robeco AMC Ltd.	4.26
2	Axis AMC Ltd.	4.06
3	SBI Funds Management Ltd.	3.26
4	Invesco Asset Management India Pvt. Ltd.	2.49
5	Aditya Birla Sun Life AMC Ltd.	2.10
6	Vanguard Group Inc.	1.96
7	Republic of Singapore	1.66
8	Emirate of Abhu Dhabi United Arab Emirates	1.51
9	Invesco Ltd.	1.33
10	Prudential PLC	1.20

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 detoriating 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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Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com

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