

MRS. BECTORS FOOD SPECIALITIES LIMITED**Margin headwinds bottoming out; Ramp up & NPDs to drive future growth****LKP**
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- MBFSL reported 9.8% YoY revenue growth to ₹4.5 bn, with biscuits up 7% and bakery up 19%, though EBITDA fell 5.3% YoY due to input cost pressure. FY25 revenue rose 15.4% YoY to ₹18.7 bn, EBITDA grew 3.7% to ₹2.5 Bn, and PAT increased 2% to ₹1.4 bn; EBITDA margin declined 150 bps to 13.4%.
- MBFSL is well-positioned to benefit from near-term demand growth and structural opportunities into FY26, driven by consumer upgradation and optimistic management outlook for H2FY26. The company is expanding its product portfolio with health-focused and innovative offerings gaining traction in modern trade and quick commerce. Supply-side improvements and cost initiatives support a gradual margin recovery, targeting 13–14% EBITDA margins for FY26.
- MBFSL delivered a strong 15% sales growth, outperforming peers, driven by its expanding domestic and export markets and robust B2B presence. With a solid FY22–25 CAGR of 24% in revenue and continued focus on premiumisation, new product launches, and capacity expansion, the company is well-positioned for sustained double-digit volume growth. We expect MBFSL to achieve 15%/20%/24% CAGR in Revenue/EBITDA/PAT over FY25–27E and maintain a 'BUY' rating with a ₹1,750 target price.

Q4FY25 Performance – Revenue Growth Strong, Margins Under Pressure

Mrs. Bectors Food Specialities Ltd (MBFSL) reported a 9.8% YoY growth (-9.4% QoQ) in its revenues to ₹4.5 bn in Q4FY25 from ₹4.1 bn in Q4FY24, broadly in line with expectations. However, EBITDA declined 5.3% YoY to ₹556 mn due to sustained pressure from high input costs, resulting in a gross margin compression of 340 bps YoY to 44.3% and EBITDA margin contraction of 190 bps to 12.5%. In Q4FY25, MBFSL's Biscuit segment revenue stood at ₹2.6 Bn, up 7% YoY from ₹2.4 Bn in Q4FY24. For FY25, biscuit revenues grew 17% YoY to ₹11.6 Bn from ₹9.90 Bn in FY24. The Bakery segment revenue in Q4FY25 was ₹1.8 Bn, growing 19% YoY from ₹1.5 Bn in Q4FY24. On a full-year basis, the bakery segment registered 18% YoY growth to ₹6.8 Bn in FY25, compared to ₹5.7 Bn in FY24, reflecting strong momentum across both retail and institutional channels. PAT for the quarter came in at ₹343 mn, up 2% YoY but down marginally QoQ, with PAT margin at 7.7% vs. 8.3% in Q4FY24 (-60 bps YoY).

Key Financials	FY 23	FY 24	FY 25E	FY 26E	FY 27E
Total Income (Rs.mn)	13,621	16,239	18,739	21,428	24,769
EBITDA margins (%)	12.9%	14.9%	13.4%	14.2%	14.7%
PAT margins (%)	6.6%	8.6%	7.6%	8.3%	8.8%
EPS (Rs)	15.4	23.8	23.3	29.0	35.6
P/E (x)	95.6	61.7	63.0	50.7	41.2
P/BV (x)	15.9	13.0	7.7	6.9	6.1
EV/EBITDA (x)	49.5	36.0	35.2	28.7	23.5
Adj ROE (%)	16.6%	21.1%	12.3%	13.6%	14.7%
Adj ROCE (%)	18.3%	21.2%	13.5%	15.7%	17.0%

BUY

Current Market Price (₹)	1,467
12M Price Target (₹)	1,750
Potential Return (%)	19

Stock Data

Sector	:	FMCG
Face Value (₹)	:	10
Total MCap (₹ bn)	:	90
Free Float MCap (₹ bn)	:	46
52-Week High / Low (₹)	:	2,200 / 1,202
BSE Code / NSE Symbol	:	543253 / BECTORFOOD
Bloomberg	:	BECTORS IN
Sensex / Nifty	:	80,738 / 24,543

Shareholding Pattern

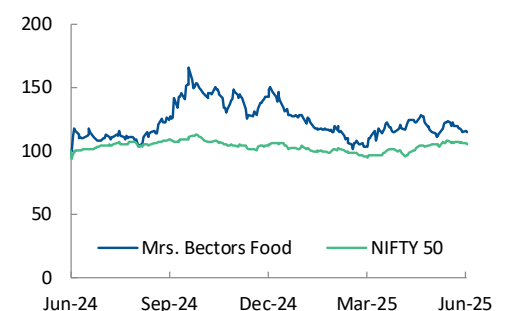
(%)	Mar-25	Dec-24	Sep-24	Jun-24
Promoter	49.04	49.03	49.03	51.18
MF's	18.89	18.72	20.42	20.22
FPIs	16.02	15.64	13.12	8.22
Insurance	0.57	0.68	0.22	0.27
Others	15.48	15.93	17.21	20.11

Source: BSE

Price Performance

(%)	1M	3M	6M	12M
BECTORFOOD	-0.1	11.1	-22.5	14.9
Nifty 50	0.8	11.0	0.3	5.5

* To date / current date : June 3, 2025

BECTORFOOD vs Nifty 50

For FY25, MBFSL posted consolidated revenue of ₹18.7 Bn, registering a 15.4% YoY growth from ₹16.2 Bn in FY24. EBITDA for the full year rose 3.7% YoY to ₹2.5 Bn from ₹2.4 Bn in FY24, while PAT increased by 2% YoY to ₹1.4 Bn. However, EBITDA margin declined by 150 bps YoY to 13.4% from 14.9% in FY24. MBFSL is executing a ₹3.5 Bn capex plan to expand its manufacturing footprint and strengthen Pan-India presence. The Dhar (MP) biscuit plant is set for Q1FY26 commercialization, while new bakery units in Kolkata and Khopoli are expected to be operational in Q1 and Q2FY26, respectively. These expansions will add 26% capacity by FY26-end, enabling deeper penetration in East and West India. On the bakery front, revenue grew 20% YoY, driven by steady demand from both retail (English Oven) and B2B segments like QSRs and frozen foods, where the portfolio delivered strong double-digit growth. Export momentum also remained robust, supported by differentiated SKUs and an expanding presence in MENA and Southeast Asia.

Strategic initiatives to drive growth

MBFSL is well-positioned to capitalize on near-term demand tailwinds and structural growth opportunities heading into FY26. The company is witnessing mild upgradation within low unit packs (LUPs) as consumers increasingly opt for higher-value offerings, reflecting a positive shift in value perception despite ongoing macro challenges. Management remains optimistic about a demand recovery, especially in H2FY26, supported by improving rural sentiment, tax reliefs, and easing interest rates. MBFSL has guided for low- to mid-teens revenue growth in its B2C portfolio, with exports expected to grow in mid-teens.

On the product front, MBFSL is aggressively building out its New Product Development (NPD) pipeline, focused on health, indulgence, and convenience. Recent launches include shortbread cookies with 25% butter and no palm oil, “Teddies” animal-shaped crackers for kids, and “Zero Maida” Pav and Kulcha in the bakery range. The company has also forayed into ready-to-eat frozen desserts and snacks under the English Oven brand, and introduced “Nature Bake,” a clean-label, chemical-free health brand. These differentiated products are gaining initial traction, especially through quick commerce and modern trade. Coupled with supply-side levers such as the ramp-up of the new Indore plant and ongoing Project IMPACT 1.0 cost initiatives, MBFSL expects a gradual margin recovery in H2FY26, targeting 13–14% EBITDA margins for the year.

Quarterly Performance

(₹ mn)	Q4FY25	Q3FY25	QoQ	Q4FY24	YoY
Sales	4,461	4,921	-9.4%	4,064	9.8%
Raw Material	2,485	2,703	-8.1%	2,123	17.0%
Employee Cost	598	687	-12.9%	577	3.7%
Other expenses	822	917	-10.4%	777	5.8%
Total Operating expenses	3,905	4,307	-9.3%	3,478	12.3%
EBITDA	556	614	-9.6%	586	-5.3%
EBITDA Margin (%)	12.5%	12.5%	0 bps	14.4%	- 190 bps
Depreciation	198	194	1.9%	164	20.9%
EBIT	358	420	-14.9%	423	-15.4%
Other Income	113	70	62.9%	66	71.2%
Interest	19	25	-24%	37	-49.2%
Profit Before Tax	452	465	-2.7%	452	0.1%
Tax	110	119	-7.8%	116	-5.3%
Tax rate (%)	24.3%	25.6%	- 130 bps	25.7%	- 140 bps
Profit after tax	343	346	-1%	336	2.0%
PAT Margin (%)	7.7%	7.0%	70 bps	8.3%	- 60 bps
EPS (₹)	5.6	5.6	-1%	5.7	-1.5%

Source: Company, LKP Research

Outlook & Valuation

MBFSL reported 15% sales growth which is above its large peers on the back of its growing presence in domestic & exports market coupled with its strong B2B presence. Between FY22–25, MBFSL grew with a robust Revenue/EBITDA/PAT CAGR of 24%/27%/36% on the back of its expansion. MBFSL's focused approach on premiumisation across categories coupled with healthy growth in its institutional/retail bakery and biscuit export business will continue to support its double-digit volume growth. Recent launches such as shortbread cookies, Magic Crème Pineapple, Zero Maida Pav/Kulcha, and Nature Bake are gaining traction, especially via Q-commerce and modern trade. We believe MBFSL will continue to benefit from a) premiumisation trends in the underlying sector supported by structural tailwinds on account of consumption boost provided by the government b) strategic expansion of capacities in key areas and enhancing distribution reach (₹3.5 Bn capex with new plants at Dhar, Kolkata, Khopoli adding ~26% capacity) c) new product innovations across categories, driving both domestic and export-led growth. We expect MBFSL to clock a Revenue/ EBITDA/PAT CAGR of 15%/20%/24% respectively over FY25-27E. We maintain our 'BUY' rating on the stock with a TP of ₹1,750 assigning a PE of 49x of FY27E EPS of ₹36.

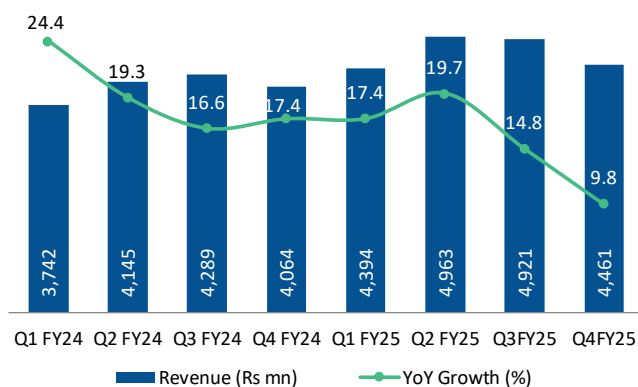
Risks:

a) Slowdown in the Premiumisation Trend in Biscuits and Bakery. b) Breach of any safety standards may lead to negative publicity. C) High competition.

Con-Call KTA's

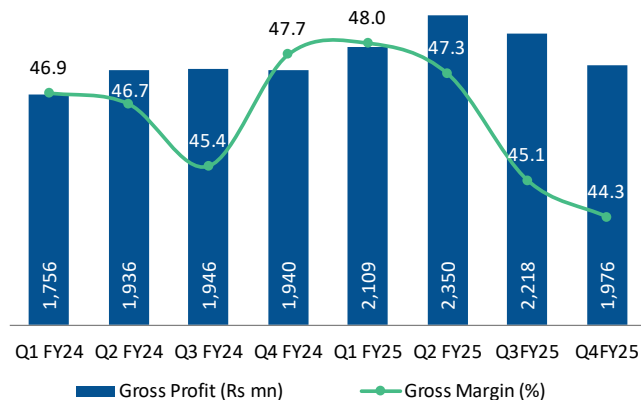
- **Segmental Performance:** The biscuits segment grew 15% YoY, led by robust export demand, while the domestic biscuit market saw a volume uptick after four consecutive quarters of muted growth—signaling a revival in consumption. The bakery segment grew 20% YoY, supported by strong demand across both B2C (English Oven) and B2B (QSR and institutional) channels. Frozen and indulgent bakery formats also continued to gain traction.
- **Cost & Inflation Impact:** The company faced significant pressure from elevated input costs, particularly in palm oil, maida, and cocoa. Additionally, freight costs rose sharply due to the Red Sea crisis, leading to a 20% YoY increase in other expenses. In response, MBFSL implemented judicious price hikes and grammage reductions, with the full benefit of these measures expected to flow in from Q1FY26 onward.
- **New Product Launches & Marketing:** MBFSL continued its focus on premiumization and consumer-centric innovation. Notable launches included Non-Stop mini-crackers (savory segment) and Magic Crème Pineapple biscuits under the Cremica brand. For the 9MFY25 period, ad spends stood at 3% of B2C sales, underscoring the company's focus on brand building and market visibility across traditional and digital platforms.
- **Capacity Expansion:** The company is progressing steadily on its ₹3.5 Bn capex plan. The Dhar biscuit plant (Madhya Pradesh) is expected to be fully commercialized by Q1FY26, while the Khopoli bakery facility (Maharashtra) is slated for operational launch by Q2FY26. Additionally, the Kolkata bakery unit remains on schedule for Q1FY26 commissioning. These expansions will significantly enhance MBFSL's production and distribution footprint across key regions.
- **Guidance:** The management reiterated its EBITDA margin guidance of 13–14%, with recovery expected to begin in H1FY26 and normalize in H2FY26, driven by pricing actions, cost efficiencies under Project IMPACT 1.0, and improved input price trends. On growth, the company is targeting mid-teens revenue growth, supported by capacity additions, new product momentum, and improving demand in the domestic biscuit market. However, inflationary headwinds and moderation in exports remain key monitorables going forward.

Sectoral headwinds derailed high growth in Q4FY25



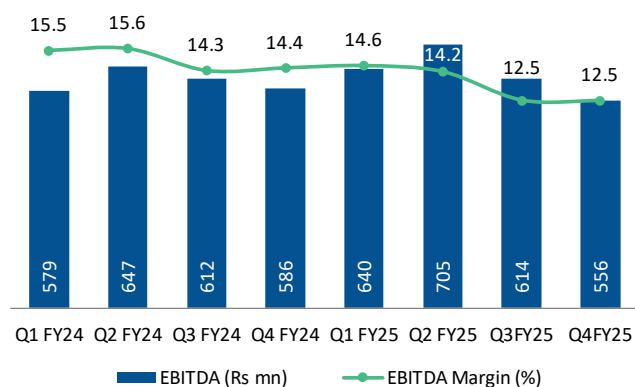
Source: Company, LKP Research

Gross margins hit due to high input costs in FY25



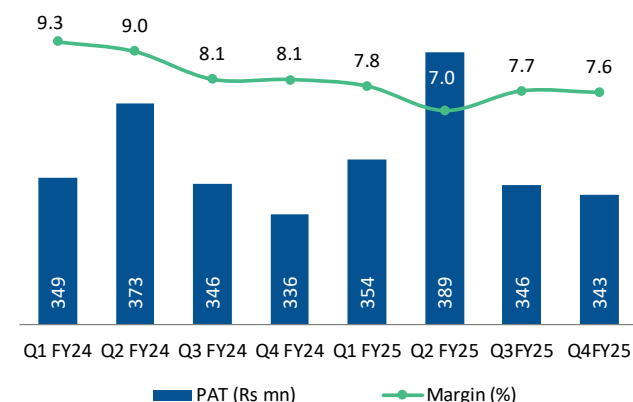
Source: Company, LKP Research

EBITDA margin down 190bps in Q4; Full recovery by H2FY26



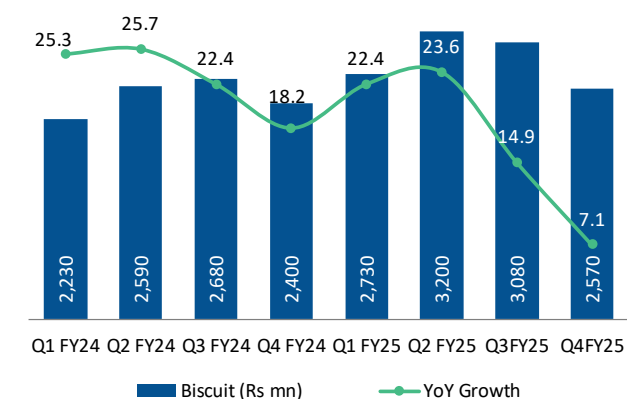
Source: Company, LKP Research

Consistent topline growth to support bottomline in H2FY26



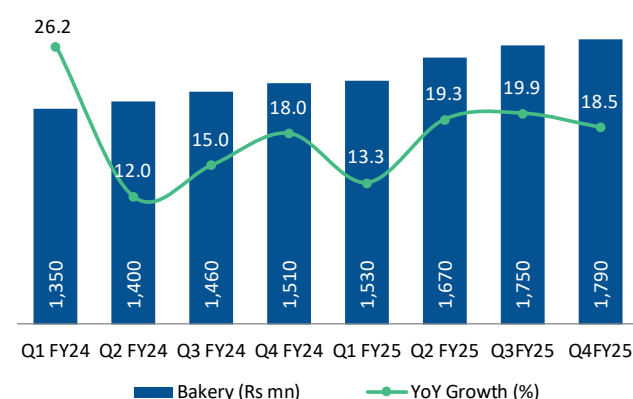
Source: Company, LKP Research

Biscuit Growth slowed in FY25 due to subdued volumes



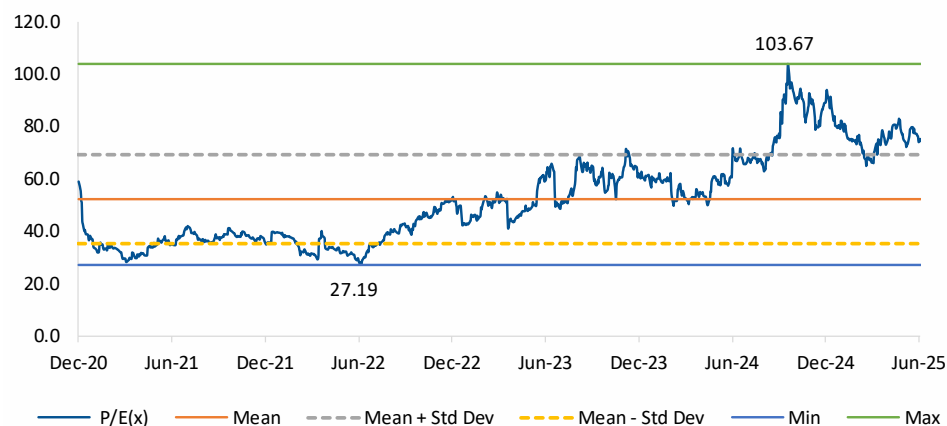
Source: Company, LKP Research

Bakery's 19% growth in Q4 amid slow quarter a big positive



Source: Company, LKP Research

PE (x) mean and standard deviation



Source: ACE Equity, LKP Research

EV/EBITDA (x) mean and standard deviation



Source: ACE Equity, LKP Research

Income Statement

(₹ mn)	FY 24	FY 25	FY 26E	FY 27E
Revenue	16,239	18,739	21,428	24,769
Raw Material Cost	8,661	10,086	11,400	13,251
Employee Cost	2,182	2,588	2,957	3,418
Other Exp	2,972	3,550	4,028	4,458
EBITDA	2,424	2,515	3,043	3,641
EBITDA Margin(%)	14.9%	13.4%	14.2%	14.7%
Depreciation	614	759	831	976
EBIT	1,810	1,756	2,212	2,665
EBIT Margin(%)	11.1%	9.4%	10.3%	10.8%
Other Income	190	290	279	334
Interest	118	129	104	69
Profit Before tax (PBT)	1,882	1,917	2,387	2,931
PBT margin (%)	11.6%	10.2%	11.1%	11.8%
Tax	479	485	609	747
Profit After Tax	1,403	1,431	1,778	2,183
PAT Margins (%)	8.6%	7.6%	8.3%	8.8%
Other comprehensive income/loss	-2.6	-1.4	0.0	0.0
Rep PAT	1,400	1,430	1,778	2,183
RPAT Margins (%)	8.6%	7.6%	8.3%	8.8%

Key Ratios

YE Mar	FY 24	FY 25	FY 26E	FY 27E
Per Share Data (Rs)				
Adj. EPS	23.8	23.3	29.0	35.6
CEPS	34.2	35.7	42.5	51.5
BVPS	112.7	190.0	213.6	242.4
Growth Ratios(%)				
Revenue	19.2%	15.4%	14.3%	15.6%
EBITDA	38.4%	3.7%	21.0%	19.7%
EBIT	48.5%	-3.0%	26.0%	20.5%
Adj. PAT	55.0%	2.1%	24.3%	22.8%
Valuation Ratios (X)				
PE	61.7	63.0	50.7	41.2
P/CEPS	42.9	41.1	34.5	28.5
P/BV	13.0	7.7	6.9	6.1
EV/Sales	5.4	4.7	4.1	3.5
EV/EBITDA	36.0	35.2	28.7	23.5
Operating Ratios (Days)				
Inventory days	23.0	26.3	25.0	25.0
Receivable Days	29.5	25.9	29.0	29.0
Payables day	23.6	20.2	21.0	21.0
Debt to Equity (x)	0.34	0.11	0.09	0.05
Performance Ratios (%)				
AROA (%)	12.7%	9.1%	10.4%	11.7%
AROE (%)	21.1%	12.3%	13.6%	14.7%
AROCE (%)	21.2%	13.5%	15.7%	17.0%
Asset Turnover(x)	2.22	2.15	2.00	2.12
Inventory Turnover(x)	15.7	13.7	14.4	14.4

Balance Sheet

(₹ mn)	FY 24	FY 25	FY 26E	FY 27E
Equity and Liabilities				
Equity Share Capital	588	613	613	613
Reserves & Surplus	6,041	11,044	12,492	14,256
Total Networkth	6,629	11,658	13,106	14,869
Long term Borrowings	1,490	609	409	259
Deferred tax liability	95	81	81	81
Other Non-Current liabilities	341	612	471	466
Total non-curr. liab & provs	1,926	1,302	960	805
Current Liabilities				
Short term Borrowes & Provs	806	764	877	581
Trade Payables	1,067	1,054	1,250	1,445
Other curr. & financial liabs	575	877	912	993
Total current liab and provs	2,448	2,694	3,038	3,019
Total Equity & Liabilities	11,003	15,654	17,104	18,693
Assets				
Gross block	8,041	9,387	10,714	11,683
Net Fixed Assets	6,910	9,467	9,186	8,665
Inventories	1,037	1,371	1,488	1,720
Trade receivables	1,331	1,350	1,726	1,995
Cash & Bank	1,271	2,882	3,917	5,366
Other current assets	454	584	788	946
Total current Assets	11,003	15,654	17,104	18,693
Total Assets	11,003	15,654	17,104	18,693

Cash Flow

(₹ mn)	FY 24	FY 25	FY 26E	FY 27E
PBT	1,883	1,918	2,387	2,931
Depreciation	614	759	831	976
Interest	118	129	104	69
Other Adjustments	614	728	935	1,045
Operating CF before WC changes	3,229	3,533	4,256	5,020
Changes in working capital	-472	-534	-722	-570
Tax paid	-490	-498	-609	-747
Cash flow from operations (a)	1,534	1,615	1,991	2,658
Capital expenditure	-2,152	-2,587	-427	-269
Other investing activities	-84	-727	-	-
Cash flow from investing (b)	-2,235	-3,314	-427	-269
Free cash flow (a+b)	-701	-1,699	1,564	2,388
Proceeds/Repayments from short term borrowings	454	181	105	-300
Proceeds/Repayment of long term borrowings	585	-1,903	-200	-150
Other flows in financing activities	-351	3,417	-434	-489
Cash flow from financing (c)	688	1,695	-529	-939
Net chng in cash (a+b+c)	-14	-4	1,035	1,449
Closing cash & cash equivalents	1,271	862	1,897	3,346

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