

MBFSL/CS/2025-26

22nd August, 2025

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 – Q1 & FY26 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 14th August, 2025 to discuss Q1 & FY26 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



“Mrs. Bectors Food Specialities Limited Q1 FY'26 Earnings Conference Call”

August 14, 2025

Mrs Bectors Food Specialities Ltd



**MANAGEMENT: MR. ANOOP BECTOR - MANAGING DIRECTOR, MRS. BECTORS FOOD SPECIALITIES LIMITED
MR. MANU TALWAR - CHIEF EXECUTIVE OFFICER, MRS. BECTORS FOOD SPECIALITIES LIMITED
MR. ISHAAN BECTOR - WHOLE-TIME DIRECTOR, MRS. BECTORS FOOD SPECIALITIES LIMITED
MR. PRAVEEN KUMAR GOEL - WHOLE-TIME DIRECTOR & CHIEF FINANCIAL OFFICER, MRS. BECTORS FOOD SPECIALITIES LIMITED**



*Mrs. Bectors Food Specialities Limited
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Moderator: Ladies and gentlemen, good day and welcome to the Mrs. Bectors Food Specialities Limited Q1 FY'26 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anoop Bector. Thank you and over to you, sir.

Anoop Bector: Thank you so much. Good evening, everyone. On behalf of Mrs. Bectors Food Specialities Limited, I extend a warm welcome to all participants on Q1 FY'26 financial results discussion call.

Today on this call, I have with me Mr. Manu Talwar – our Chief Executive Officer; Mr. Ishaan Bector – Whole-Time Director; Mr. Praveen Kumar Goel – Whole-Time Director & Chief Financial Officer. We also have MUFG Intime with us on the call who are our Investor Relations Advisors.

I hope everyone had a chance to review our Investor Deck and Press Release which was uploaded on the Exchanges and our Company Website.

In a challenging macro environment, the Company has delivered a resilient start to FY'25-'26, recording a 7.6% year-on-year increase in revenue from operations and delivering an EBITDA margin of 12.3%.

Coming to the macro environment:

We are cautiously optimistic about the prospects of the urban segment. On the back of recent interest rate cuts and the rationalization of the tax slab, we are seeing early signs of recovery. On the inflation front, particularly in the raw materials, the sharp price hikes driven by geopolitical disruptions and supply chain bottlenecks appear to be behind us. Prices of key commodities like cocoa, palm oil and maida, even though still elevated, are now stabilizing. A stable raw material price environment going forward should translate into stable end consumer pricing and help propel demand. The sharp increase in input costs was effectively mitigated through strategic pricing actions and initiatives undertaken under Project Impact. The Bakery segment delivered its highest-ever quarterly performance of Rs. 183 crores, a 19% growth for the quarter. This was led by English Oven, whose market-leading brand equity, superior product quality, and high consumer trust have been instrumental in driving momentum. We continue to strengthen our position in the incumbent market and are now also aggressively pursuing geographic expansion through both distribution and brand-building initiatives.

Coming to the biscuit portfolio:



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A top-line growth of 3% underlines the challenges faced by the exports business. The exports business continues to operate in a highly volatile environment. The uncertainty of tariffs, slow passing of input price hikes on account of muted demand, and supply chain disruptions due to geopolitical tensions continue to be challenging. Business from America has been particularly impacted. However, we remain in close engagement with our customers to drive through this uncertainty.

On the domestic front:

All price actions have been factored in and now end pricing has stabilized. The growth rates, even on the back of sharp price hikes, have improved consistently quarter-on-quarter from Q3 last year, indicating resilience and provides an optimistic outlook as broader consumption improves. We continue to scale up and enhance business contributions from innovation. Our innovation philosophy is to upgrade and enhance consumer experience through differentiation by use of healthier ingredients, convenient formats, and rich experience products. Products like shortbreads made with 25% butter and no palm oil have performed well in the indulgence segment. In the kids' snacking category, we introduced animal-shaped crackers under the brand name Teddy's, which continue to scale up well. Tapping into the demand for convenience anytime in-home indulgence and building in our Bakery expertise, we entered the ready-to-eat dessert segment with the launch of Choco Lava Cake, Muffins, and Brownies, which continue to scale up well on quick commerce. In response to the growing demand for healthier alternatives, we launched our flagship coconut cookies with 'Zero Maida', offering at Rs. 20 for 100 grams. Additionally, we are building a pipeline of 'Health-First Products', which should be out in the next few quarters.

Furthermore, we launched a clean label range of breads under NatureBake, a 'Health-First Exclusive' brand with 'No Maida, No Palm Oil, No Added Colors, and No Preservatives', with the proposition. 'It is Honest, it is Clean, it is NatureBake'. Developed with super seed and whole wheat flour flavors, early feedback has been encouraging, and we plan to scale up this range with more exciting offerings in the future.

On marketing:

Having recovered from the input price drop in the last quarter, we regained our committed spend to build and investing behind our brand. In the Cremica priority markets, a blend of mass media, TV and outdoor, and BTL activities like out-of-home campaigns, wall paintings, vehicle branding, along with participation in exhibitions and melas helped gain significant visibility for the brand. We celebrated Mother's Day with a heartfelt YouTube film, Maa Ke Sapno Ka First Birthday, honoring mothers and their dreams, which resonated deeply with our audience. As the next driver of growth, English Oven has expanded both its reach and visibility in the top 14 cities of North through a large outdoor campaign.



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On the technology front:

We have made significant advancements aimed at strengthening our operational backbone. In manufacturing and supply chain, we have rolled out digitization initiatives across 50% of our plants. In sales and distribution, the deeper adoption of our distributor management system across 60% of distributors is delivering enhanced visibility, real-time tracking, and improved order fulfillment. Additionally, our technology investments have enabled better management of trade spends and improved key salesforce metrics, including productivity rate and territory coverage. On our new biscuit facility in Dhar, commenced operations in May and is currently in a phased ramp-up to ensure operational stability. Full-scale commercial production is targeted for Q2. Once fully operational, the plant will not only deliver improved operational efficiency and enhanced service level but also strengthen our manufacturing capability for the differentiated products, playing a pivotal role in driving the growth of our product portfolio. On the Bakery front, we remain focused on scaling operations to capture growth opportunities. Our plant in Kolkata is going to be commissioned in Q3, and the facility in Maharashtra is going to be commissioned towards the end of the financial year. In line with our commitment to enhancing shareholder value and improving liquidity, the Board has approved a subdivision of equity shares whereby each fully paid equity share of Rs. 10 face value will be split into five fully paid-up equity shares of Rs. 2 each. This move, subject to the shareholder and regulatory approvals.

Moving to our financial performance for the quarter, starting with Biscuits:

Our Biscuits Segment reported revenue growth of 3%, which stood at INR 281 crores in Q1 FY'26 as compared to INR 273 crores in Q1 FY'25. The segment has grown by 26% over Q1 FY'24.

Our Bakery segment revenue for Q1 FY'26 stood at INR 183 crores against INR 154 crores in Q1 FY'25, thus registering a growth of 19% on year-on-year basis, including retail Bakery and institutional segments. This segment has grown by 35% over Q1 FY'24. The consolidated revenue of the current year stood at INR 473 crores versus INR 439.4 crores in Q1 FY'25, thus registering a growth of 7.6% on year-on-year basis. EBITDA stood at INR 58.2 crores, while EBITDA margin for the quarter stood at 12.3%. PAT stood at INR 30.9 crores for the quarter and PAT margin for Q1 FY'26 stood at 6.5%.

Thank you so much. Over to you.

Moderator:

Thank you. We will begin the question-and-answer session. The first question is from the line of Resham Mehta from Green Edge Wealth. Please go ahead.

Resham Mehta:

Thank you. So, the first question is on Biscuits. Two-part question here. Domestic Biscuits and export Biscuits. So, domestic Biscuits, the growth has been very, very muted. Now, since we have taken all the pricing actions and the RM, the raw material costs are also largely stable, like



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you called out. What is the kind of growth that we are expecting for the balance nine months or from here on?

Manu Talwar: So, in the domestic biscuit side, what we have seen that over the last 2 to 3 quarters, there has been improvement in the revenue growth quarter-on-quarter, right? Even this quarter, revenue growth was better than last quarter, right? And we are very hopeful that these trends will kind of buildup and especially when the festive season also kind of hit. So, we are definitely targeting, right, that we should be able to build up in the next two quarters and get to a run rate of a double digit growth over the next 2 quarters' time. So, that's what we are gunning for or that's what we are heading for, targeting to keep improving this growth rate from a high single digit and take it to a double digit growth and build it up.

Resham Mehta: So, just taking a step back, right, the headwinds that we were facing in our domestic biscuit business was essentially that, demand was muted and, you know, we had taken price hikes, which probably, you know, in a muted consumer environment did probably, further suppress demand and there were competitive pressures also. But now, with that, I mean, the muted demand kind of still remains or do you see that there is an improvement in the demand sentiment in urban areas?

Manu Talwar: So, there is definitely, that's why I said, if I look at Q3 of last year to Q4, Q4 to Q1 of this year, it has been quarter-on-quarter, the growth has been improving, right? There's a clear-cut trend of sequential improvement in growth quarter-on-quarter. We are at a high single digit growth in domestic biscuit business, and we are very confident that over the next two quarters there has been a fair amount of steep price increase in the last six months' time, which is also kind of settling in now and commodity prices have also stabilized. So, we have worked and the festive season hitting, we should be able to move the growth sequentially up in the next two quarters also and get to a sustained double digit growth going to the Quarter four of this year and then the next financial year.

Resham Mehta: So, the Q1 domestic biscuit growth was in high single digits, like you called out, correct?

Manu Talwar: Yes.

Resham Mehta: Year-on-year, right? And this is year-on-year you're talking about?

Manu Talwar: Year on year, yes, absolutely.

Resham Mehta: Right, which effectively means that there has been some kind of a degrowth or very muted growth in the export side. Can you specifically call out, like, what exactly are the issues here and how big would our US exposure be and how can we kind of mitigate this?

Manu Talwar: So, basically, what happened is uncertainty had impacted the phasing of the orders, right? And because of the phasing the order, discussion with customer, the announcements coming and



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changing has kind of delayed these orders. And as far as our US business, which is impacted is about 20% odd, which is there. But, while these things were settling down, our dispatches in June and Quarter 2 had started building up and then again this announcement came up, heavy impact of 50%, right? And then that is again, kind of created an uncertainty, no doubt about that. We are in touch and engaging our customers and we are also hopeful that somewhere, there would be some resolution which Indian government and US government will also work out. So, very hopeful by end of August, things should be better and clear. But yes, we are engaging with the customer to kind of make this happen.

Resham Mehta: US is 20% of your export biscuit revenues, right?

Manu Talwar: Yes, approximately.

Resham Mehta: Got it. And lastly, on the margins front. So, from here on considering pricing actions have been affected and the raw material input prices are largely stable. So, can we see gross margins Q2 onwards kind of improving and going back to 47%-48% kind of levels, which effectively would, perhaps lead to transmission into improved EBITDA margins?

Manu Talwar: So, first thing is definitely we are looking at EBITDA margins to improve, right? Our EBITDA margin in this quarter was also further impacted by the business mix, right? With change and exports being low. So, but yes, in the coming quarter and the coming quarters, as we had indicated in previous call also that from Quarter 2 onwards, we will start getting back to our EBITDA margins of close to 14%. And we are working in that direction, we are confident of getting there.

Resham Mehta: The last one, if I may, so the Bakery business 19% revenue growth, can you break that up into the B2C and the QSR business?

Anoop Bector: Excuse me, Manu, just corrected that, it is 20% of the export business, not B2C.

Manu Talwar: Sorry, it is 20% of export business, it is just about, close to 5%-6% of our overall business. So, America, which is impacted as a percentage of export is 20, but overall business should be around 5%-6%. Coming to Bakery side, obviously our B2C business is growing very healthily. We don't share the numbers separately. But yes, English Oven growths are much more healthy and excessive compared to B2B. B2B or QSR business, we are growing, right, but it continues to be on a low growth mode as compared to English Oven, which is B2C business.

Resham Mehta: Export part is overall US revenues is just 5%-6% and largely...

Manu Talwar: Of overall revenues.

Resham Mehta: Yes, of overall revenues and largely the impact I would imagine, would have been on the US business, on the export side.



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- Manu Talwar:** Let me just correct it. What has happened is that currently we do not face our supply and demand going , as normal. But what had happened was that we have a lot of Inaudible(18:51) over stocks, which could not be, it is in transit, right, the stocks were in transit. So, otherwise till now, our business is as normal, but there have been a lot of fluctuations. Once, they started with 25%, then they started with 50%. So, the shipping documents, we are waiting for our customers to respond. So, at the moment, our business, we are supplying all orders as they are. We continue, we shall be continuing to doing similar business in Quarter 2 also. And, but the total US business is 5% of the total company sale. That is what, it is at the moment.
- Resham Mehta:** Sure. Thank you. I will join back the queue.
- Manu Talwar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Priti Agarwal from SK Associates. Please go ahead.
- Priti Agarwal:** Thank you so much for the opportunity. My first question is that the Bakery segment grew 19% year-on-year, significantly outpacing the Biscuits Segment. So, what specific product innovation or market strategy contributed to this growth?
- Manu Talwar:** Ishaan, you can take this first.
- Ishaan Bector:** So, on the Bakery side, we have basically always been saying that our vision is to be a pan-India player. So, there's two parts to it. So we have extensively increased our distribution. We have also entered into the upper north geographies of Punjab. We are also seeing where as an early mover into the category, we have a very strong market share on the quick commerce, where we are aggressively working, we are gaining market share, our products have been well accepted. On the general trade side, we despite a significant movement of volume going into quick commerce, we are continuing to increase our distribution. So, in both the categories, whether it is general trade or quick commerce, we are seeing positive numbers in terms of growth. So, like I have always said that English Oven still has a long journey to become a national brand and to be in a line of vision of being the top three brands in India in the Bakery segment. So, expansion is one such thing. Secondly, we have also noticed that a lot of trend has gone towards the health segment. So, we were again one of the early movers into catching this health segment. In fact, most of our breads today on the healthy side are made of no maida, they are using no palm oil. We have also now added a new brand to our portfolio, which is called Nature Bake, which by this month will be available across all the geographies where we are currently operating in. And this is taking the health portfolio to the next level where, on top of the no maida, no palm oil, we are also removing preservatives from our products. We are removing any kind of emulsifiers. Right, I think we are focusing on the trend well and focusing on expanding distribution and maintaining more importantly a high market share in Qcom. So, we are excited about the time.
- Priti Agarwal:** Understood. So, better market strategy is helping us to target specific pockets of the region?



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- Ishaan Bector:** Yes.
- Priti Agarwal:** Understood. My second question is that what is the current contribution of e-commerce and modern trade channels to overall revenue? And how do you see this evolving in the next few years for the Bakery as well as the Biscuits Segment?
- Ishaan Bector:** So, for the Bakery, it's about 30% our contribution of modern trade and e-commerce, quick commerce. What we are seeing is that this contribution stood and will go up higher as expansion of these segments, quick commerce becomes deeper into tier 2 cities as well.
- Priti Agarwal:** Understood. And lastly, on exports, how are we navigating geopolitical disruption in the export markets, especially given our presence in more than 70 countries?
- Manu Talwar:** So, we are not facing any concerns other than the US market. So, otherwise, business is as normal. But what has happened is that with a lot of US disruptions going on, final deadline, a lot of shipping, transportation has been moving in and out to other countries. So, that was one disruption. Otherwise, other than the US, we don't foresee anything coming back, anything other than the US. Everything else stands normal to us.
- Priti Agarwal:** Understood, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Shirish Pardeshi from Motilal Oswal. Please go ahead.
- Shirish Pardeshi:** Hi team, thank you for taking my questions. Ishaan, starting from the Bakery business, can you break down this 19% in terms of volume and value?
- Ishaan Bector:** So, growth for us in Bakery this quarter has, I would say, 65% has been a volume led and the balance being value. A large factor of this is also focus more on premiumization, right? So, as the QCom mix has improved, our listings on QCom are of the premium category, which also helps increase our premiumization mix. So, it's been largely volume driven followed by that.
- Shirish Pardeshi:** So, is it primarily driven by the new product in the Bread segment, the growth will be significantly higher than the overall?
- Anoop Bector:** No, firstly, it's not. So, a lot of our products have also become revamped, right? So, it's not like we have introduced many new products. It has been re-engineering of existing products to make them healthier. I think that has worked, right? And Nature Bake as a brand has just been launched a month ago. We are getting a good response for it. I think it is just the start of Nature Bake. So, it's largely been through existing products rather than new products, re-engineering of existing products as a better product for the customer.



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- Manu Talwar:** As Ishaan explained it earlier, so, there are two things to that. Quick Commerce, we are the kind of leader there. So, our share in Quick Commerce is the Head of the GT channel and the transition of consumers from GT to e-commerce and e-commerce growing very exponentially is helping us and drive our overall growth. The growth territory where we have been investing which was outside NCR, which is whether it's a UP or Haryana or Rajasthan and now Punjab or Bombay is something which continues to be growth engines for us and will only increase in terms of growth trajectory over the coming years.
- Shirish Pardeshi:** Okay. Manu sir, thank you for that. It's really helpful. But just one follow-up. Nature Bake, what price premium you are charging at this time?
- Manu Talwar:** What?
- Shirish Pardeshi:** Price premium you are charging to your other maida breads?
- Ishaan Bector:** So, price, definitely, the whole wheat category is the multi-grain category. Our price is more expensive, also have higher gross margins for us, you know, than white Bread. And we are, very conscious of the fact that, in fact, a very big KPI for us in our organization is also premiumization as a percentage of sales and we continue to track that to and how we can improve it. As far as premiumization in the market as compared to competitors, we don't really, we are very well benchmarked to competition in terms of price.
- Shirish Pardeshi:** Yes, but towards our portfolio, is it at least 10% premium?
- Ishaan Bector:** As compared to competition?
- Shirish pardeshi:** Our Portfolio?
- Manu Talwar:** So, our realization of our mix on a per piece basis is much ahead of our competition, right? So, the question which you're asking that our premiumization percentage compared to our competition is much ahead.
- Shirish Pardeshi:** Okay. My last follow up on the Bakery, what is the distribution you have for the retail coverage for Bakery?
- Ishaan Bector:** In terms of number of outlets?
- Shirish Pardeshi:** Yes. And what is the plan to grow over the next one year? I mean, are you trying to look at any new markets?
- Ishaan Bector:** See, we are definitely looking at new markets. For us, even Punjab is a new market. I mean, at the present in Punjab, our distribution is quite limited. Even let's say the top 14 cities, right, we are seeing month on month improvement in all geographies. For us, Mumbai, as new plant comes



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up, it's going to be a priority market where we are going to see, our quality significantly ramp up. In fact, our newest plant, which is a fully automatic plant, which is going to be coming in, is also going to help in Nature Bake as a category. As you know, we are moving more towards preservative free Bread, automation is going to definitely help us, and I think it's an investment in the right direction. Calcutta is going to be coming up, which primarily we will first be looking at as a new market. So that will be our entry into the East, which we look forward to this year. And yes, so this is what we are going to be doing. We are also going to be looking at adding at least one metropolitan city this year through a co-packing arrangement.

Shirish Pardeshi: Okay. My second and last question, we acquired Cremica facility and even brand. Is there any progress you can say or is there any update you have at this time?

Manu Talwar: Yes. So yes, Cremica brand, which we had acquired and we will be starting a journey with, adopting the Cremica brand in this particular quarter, the quarter we are in. And then we will build up, right? So we obviously have the first step in terms of using a Cremica brand, which will be executed in this quarter and then build it up from there onwards. So in terms of using Cremica on Bakery or not on Bakery side is something what we are into now over the next 4 to 6 months is. We are going to be investing in terms of research on our brands, where do our brands stay, what are our way forward on brands, right? And it's post that we would be more clear in terms of how do we take our brands forward. Where do we fit in the Cremica brand, which we acquired? But in terms of start using the brand in one of the segments is something which we will be executing in this quarter.

Shirish Pardeshi: Yes, I understand that, Manu sir, but I was just trying to, I am more curious because having seen the Cremica brand very strong presence in the Punjab and Haryana market, are you going to start it with the Bread segment?

Manu Talwar: So that's why I said whether to use this brand on the Bread side or not, it's something we are investing in the research on the brand and the brand way forward, which will take about four to five months' time. And while we take a decision, because these are very serious long-term decisions, right? And so as we are instituting this investment in study and consulting is only post that after 4-5 months, we will take a call in terms of way forward. But yes, in terms of using Cremica brand in one of the categories, where we are not using it yet, we will be initiating that in this quarter.

Shirish Pardeshi: Okay. All right. And thank you and all the best.

Moderator: Thank you. The next question is from the line of Pratik Prajapati from Ambit Investment. Please go ahead.

Pratik Prajapati: Hi, sir. Good evening. I want to understand the domestic biscuit market share. Are we able to maintain the market share in last one year and what is our current market share? And the second



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question is on a distribution network side. What is our current distribution network on the biscuit side? And are we able to add any distribution network in the current quarter?

Manu Talwar:

So, Prajapati, first thing is, yes, we have been able to retain our market share over the last 1-1.5 year when it has been highly, intensely competitive. And our market share in North India, where we are primarily present is over 4%, right? It is through our distribution, through our execution in the marketplace and supported by marketing, we have been able to, we have been able to kind of retain our market share, right, in Northern India, in our domestic biscuit business, right? And in terms of your second question, which was on distribution. In terms of distribution side, I want to clarify one thing that we continue to have build outlet over Rs. 200 a month, over 3 lakh outlets every month. So, that continues our direct reach is over 5 lakh outlets. And as per AC Nielsen, we are available in over 7 lakh outlets there. What we are following is to give more weightage to our weighted outlets, right? And these weighted outlets are Cremica preferred outlets, which are more premium and more kind of growth, they are delivering us higher growth. Second thing which we are focusing on domestic biscuit is to bring the success like we brought on English Oven on the e-comm side. So, quick commerce side is something which we are investing and driving because our objective of distribution is to reach more consumers. And today, e-commerce, as we have seen in English Oven is helping reach more consumers and customers, right. So, there's a lot of effort which is going on a quick commerce side and the Quarter 1, we had a very good growth on quick commerce side. So, we are very confident that over the next 4 to 6 quarters, we should be able to move quick commerce contribution, which was just about 1% to almost 4% to 5%, right, as a percentage of domestic business revenue, and it's moving in that direction. So, this is how I would define that how we are driving distribution, right, in terms of consumer reach for domestic biscuit business.

Pratik Prajapati:

So, just to follow up on this, just want to understand, so you are more focusing on the e-commerce and quick commerce rather than more focusing on the GT and the MT side?

Manu Talwar:

Okay, I will again clarify to you, what we are focusing is that our consumer reach goes up. And today, consumers are more shifting from GT to quick commerce. That's clear trend we have seen in English Oven and that strategy of ours has paid us very, very well in English Oven. So, we are investing more on quick commerce and high weighted outlets of GT channel with whom we call Cremica preferred outlets. These Cremica preferred outlets contribute more than 15% of our revenue of the GT channel, and they are growing much higher and they have much higher premiumization in these outlets. And beyond that, we are focusing more in terms of driving growth in the top 25 towns or cities. So, this is a triangular strategy in terms of reaching more consumers, more premium consumers, as well as driving the growth.

Moderator:

Thank you. The next question is on the line of Vivek Gupta from Star Investments. Please go ahead.



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- Vivek Gupta:** So, my first question is regarding the input cost. I mean, they have remained elevated. So, what steps are being taken to optimize procurement or rather improve operational efficiency?
- Anoop Bector:** So, overall, we saw last year as a year where inflationary trends in commodities, especially wheat, palm, palm oil or oil and cocoa had gone up substantially. And then there has been a relief where government has given, has cut down on duties which has given the much needed relief. So, on our strategy, we look at especially on the wheat front where we do long-term hedging and palm oil is looking more subdued than last year. And cocoa prices, we are seeing, going forward, the futures are looking better than last year. So, that is where we are on the three-commodity side.
- Vivek Gupta:** Okay. So, my second question was regarding. So, on the advertising side strategy, are we looking to onboard or resign our current brand ambassadors again? Also, are we focusing more on influencer engagement side or how is it?
- Manu Talwar:** As far as brand ambassador, we are in the process of evaluating that. We are forward on that. We continue to invest behind our brands and even in this quarter, we have upped our investment on brands versus previous quarter, both English Oven and Cremica. So, our journey to invest behind brands, which we strengthened over the last 2-3 years, it continues to kind of move in that direction. And so that we have also upped our investment in this quarter versus last quarter on behind our English Oven and Cremica brand.
- Vivek Gupta:** Okay. Thank you. That was from my side.
- Moderator:** Thank you. The next question is from the line of Akhil Parekh from B&K Securities. Please go ahead.
- Akhil Parekh:** Thanks for the opportunity. So, my first question on the EBITDA margins, you highlighted that we will go back to 14% by second quarter. So, would it be largely driven by improvement in gross margin?
- Manu Talwar:** So, yes, it will be driven by both improvement in gross margin as well as the efficiencies in the cost below that. It would be both. And that's all will happen and also the scale, the revenue growth. So, three things. Revenue growth, bringing a scale, which will give a more better leverage of fixed cost, the improvement in value of gross margin. And third is bringing more efficiency in cost as a percentage.
- Akhil Parekh:** It's ideally because two more plants are yet to be commissioned, right? In Q3 and Q4? So, there will be a lot of upfront costs and sales will come through probably in FY'27 and '28 as they ramp up. So, isn't it a fair assumption that even though we may see improvement in margins led by gross level, but probably the other expenses and employee costs also will remain at elevated level till the time the other two plans ramp up next year?



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- Manu Talwar:** Yes. So, there will be some stabilization cost in terms of fixed cost of manpower and other expenses while these plants stabilize. Dhar plant came up in May. So, it's getting stabilized in this quarter. It will get stabilized. Calcutta is a very small plant. But yes, in terms of that plant starts delivering better revenues will take a few months. So, we will have some amount of fixed cost to bear for first few months by the time we start building the revenues, which primarily will happen in the next financial year. As far as Bombay plant is concerned, it will come up in two phases. The first phase will come up in Q3 of this financial year and second phase will come towards the end of the Q4. Yes, there will be some stabilization cost, which would be there, which will be able to leverage better in the next financial year.
- Akhil Parekh:** So, but despite that, you're saying we should be able to reach 14% in 2Q and hopefully it will improve from there on in FY'27 as well?
- Manu Talwar:** Yes, that's our endeavor.
- Akhil Parekh:** Okay. And sir, second and last question is on the Biscuits Segment. If you can just provide channel-wise sales mix in the Biscuits Segment?
- Manu Talwar:** On domestic biscuit?
- Akhil Parekh:** Yes.
- Manu Talwar:** So, you know, there are two large channels and there are other channels. In the two large channels, our general trade kind of contributes over 70% and modern trade e-comm combined contributes around 9%-10%. So, that's broadly I can share at this point of time. And then there are other channels which are there.
- Moderator:** Thank you. The next question is from the line of Sunidhi Joshi from KP Capital. Please go ahead.
- Sunidhi Joshi:** I just wanted to understand the key reasons behind this margin compression and how you plan to address it going forward?
- Manu Talwar:** You wanted to understand the reason of margin dilution, right?
- Anoop Bectorr:** Yes, compression.
- Manu Talwar:** You see, margin dilution primarily happened because of the steep increase in commodity prices December onwards. But we gradually started taking the price increase on a domestic biscuit side. We are true with price increases and the full impact of that is being visible in the Quarter 2. As far as exports are concerned, we have spoken to customers and work on cost optimization. But we have not been able to pass on the entire part of the cost because our customers are already under pressure because of logistic costs and the local benchmark products available. How will we improve the margin now onwards is that as I told you that on a domestic side of the biscuit



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business, we have taken now all the price increases, the full impact of that is being visible in this. The revenue leverage or revenue growth would help. And Quarter 1 also there is one reason of margin getting impacted was our business mix and the business mix of exports being impacted more in the Quarter 1, which is being corrected in Quarter 2, will also help us to move towards a targeted 14% EBITDA margin. So, these are the two things. And third is that we are running a cost improvement program, which is called Impact, and that helps us leveraging on the cost side and impact positively on the EBITDA margins.

Sunidhi Joshi:

Understood. And are there any new product launches or brand extensions planned for the upcoming quarters that you see could drive incremental growth?

Manu Talwar:

Yes. As Ishaan was briefing you, we just launched Nature Bake on the Bakery side, where we are investing behind that brand and we want to kind of make it clean labor health-related brand. In terms of Biscuits, we have clearly decided on a domestic biscuit side that we would create differentiated products. So, we are clearly taking a route of differentiated products to be launched. And so, what we launched was a shortbread, which kind of had been launched on a quick commerce and has seen very good customer response. And then we have launched for the kids, which is on the cracker side. And these are the mini crackers, which is again, we are building it up. And we again launched on the coconut, which is one of our leading categories, our leading variety. We have launched a coconut with zero maida, which has again shown a very positive response in the market. And so, animal cracker for kids, shortbread, which is again a no-palm oil product, and the coconut. These are the three products which we have kind of launched in the previous quarter. Yes, there are some more launches which have been lined up in this quarter and next quarter. I would not like to share this. I would also like to highlight as our Dhar plant has been commissioned and Dhar plant comes with a manufacturing capability of rolling out some of the very differentiated products. We won't be kind of sharing this on this call being confidential, but yes, in the coming months, you would be able to see some of those exciting differentiated products being further launched. So yes, a very global journey which has been planned on our new product side, which some of them have been launched and which will be build up. And there are some of them being planned in the Quarter 2 and Quarter 3 of this financial year.

Sunidhi Joshi:

Sure. Thank you and all the best.

Moderator:

Thank you. The next question is from the line of Ronak Shah from Equirius Securities. Please go ahead.

Ronak Shah:

Yes, thanks for the opportunity. My first question is regarding the competitive intensity. So how you are seeing the competition from both from the legacy players as well as the unorganized small regional players?



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- Manu Talwar:** Competition intensity continues to be high. It has not reduced for the last 18 months. Rather, if you would have heard the investor call just about 10 days back of the largest player in the industry there and we had clearly reflected on the high intensity, the regional intensity which is there. So intensity continues to be probably I would say at the same level. Our confidence continues to come through our distribution, execution, e-commerce focus and launching differentiated products so that we can build it over a period of time, right? And expanding through new products. So these are the few actions which we are building and strengthening in terms of build up. And that approach also remains on the English Oven side as much as on the Cremica biscuit side.
- Ronak Shah:** And sir, just to add on to that. So have we increased our ATL and BTL spends or how we are competing in terms of the execution and all?
- Manu Talwar:** So as far as BTL spends are concerned, we are able to get efficiency. So what we have done over the last 9-10 months, we have been able to launch. We had an SFA which was helping us in terms of tracking, driving productivity efficiency. But now we have rolled out Botree DMS with almost 600 of our distributors. And here we are able to do a better secondary management, better scheme management and claim management. And we will also have a visibility of the inventory and the stock outs. So through the DMS, we are able to build and we have started to build efficiency on the BTL side. On the ATL side, on the marketing side, we continue to invest behind our brand. Digital continues to remain as a large platform to drive consumer connect alongside outdoor and a bit of a television media.
- Ronak Shah:** Okay, sir. Second question is regarding the margin. So, as you highlighted that the two capacities which are going to ramp up and it will take some time to stabilize that. So, how are you seeing the margin profile in next 1.5 to 2 years?
- Manu Talwar:** As I said, the first step for us after this commodity price impacted our margin was to get back to our margins. And then, continue to maintain those margins on a consistent basis. But the long term endeavor is very clear that we are a Company which is equifocus on the revenue growth and margin growth. And that's what we have demonstrated over the past few years. So endeavor will be to also keep strengthening and growing up EBITDA margins alongside, growing our revenues.
- Ronak Shah:** Okay. So, sir, can we expect around 15% to 16% kind of range in FY'27-'28 with all these initiatives and the efforts?
- Manu Talwar:** I won't quote the number on that because we also need to invest behind our growth. But yes, we will continue to build our margins in the next financial year.
- Ronak Shah:** Okay. Thanks a lot, sir.



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- Moderator:** Thank you. The next question is from the line of Resham Mehta from Green Edge Wealth. Please go ahead.
- Resham Mehta:** Thanks for the follow up. Just one question. So, since you called out that one reason for the impact on margins was also the lower revenues from biscuit exports. So, can you just spell out what is the difference in margins between domestic biscuit business and the export business? The overall domestic business and the export business?
- Manu Talwar:** So, we don't share margins separately. But only thing I can tell you, domestic biscuit business margin is below our average EBITDA margin and export is above that.
- Resham Mehta:** Any differential that you want to call out? I mean, not...
- Manu Talwar:** No, as of now, we don't call out that.
- Resham Mehta:** Fair. All right. Thank you so much.
- Moderator:** Thank you. Due to time constraints, we will take that as the last question for today. I now hand the conference over to Mr. Anoop Bector for closing comments.
- 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 MUFGs Intime, our investor relation partner. 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 line.