Management Discussion

Anoop Bector - Managing Director, Mrs. Bectors Food Specialities Limited
Thank you so much, and good afternoon, everyone. On behalf of Mrs. Bectors Food Specialities Limited , I extend a very warm welcome to all participants on our quarter two and half-year financial year 2027 earnings call. Joining me on the call today are, Mr. Manu Talwar, our Chief Executive Officer; Mr. Ishaan Bector, Whole-Time Director; Mr. Suvir Bector, Whole-Time Director, Mr. Parveen Kumar Goel, Whole-Time Director; and Mr. Anshul Rastogi, our Chief Financial Officer. We also have with us our investor relations advisor from MF -- MUFG Intime.

I hope everyone had an opportunity to review our investor deck and press release w hich have been uploaded on the stock exchanges as well on our company website. On our last call, we had indicated that quarter two would carry a larger inflationary impact than Q1 and that our endeavor would be to protect margins while continuing to invest behind growth. We are pleased to share that the quarter has delivered on both counts.

The company reported revenue from operations of INR630.5 crores, our highest ever quarterly revenue, a growth of 14.3% year-on-year and 14.9% over the preceding quarter. EBITDA at INR82.5 crores grew 19.1% year-on-year, with the EBITDA margin at 13.1%. An improvement of 50 basis points over quarter two of the financial year 2026. And held at the quarter one level despite a visible steeper cost environment, PAT grew 25.2% to INR 45.7 crores on a 24-month view, revenue is up 27%. For the first half as a whole, revenue stood at the at INR 1,179.3 crores, up 15.1%, while EBITDA grew 21.2% and PAT grew 25.4%. With profit growing meaningfully faster than revenue, sustaining this through two consecutive quarters of rising inflation, we believe the clearest evidence that the pricing discipline and cost culture we have built are now part of how company operates.

In Q2, our biscuit business, both domestic and exports, grew in the low teens excluding adjacencies, while our bakery business sustained its strong momentum with high teens growth. The quarter was more challenging than we had anticipating. A below-normal monsoon weighed on the rural sentiment, while sharp food inflation squeezed household budgets. Despite this, domestic demand remained resilient, led by our premium and value-added portfolio, modern trade, quick commerce, and a continued recovery in the institutional business. arring a further escalation in the West Asia conflict or a sharper turn in food inflation, we remain optimistic about the second half, s upported by the festive season, our innovation pipeline, and sustained brand investments.

Internationally, shipping conditions became more difficult during the quarter. The West Asia situation sharply impacted vessel availability and freight rates, adding to pressure on margins. Even so, exports continued to grow, and the U.S. market sustained its momentum. Helped by new launches such as peanut butter crackers with leading retailers, we will continue our disciplined, calibrated approach focusing on markets with structural profitability and high growth potential.

Innovation remains central to our portfolio. English Oven entered the pav segment in Mumbai with zero maida pav and added a peanut butter on-the-go brownie. Naturbaked launched pre-sliced whole wheat sourdough and Cremica launched coconut cream. These premium launches improved our mix and support profitable growth. We continue to invest in our brands. Cremica ran its School Shuru back-to-school campaign on TV and on ground extended the Crunch Khol, Sach Bol campaign and held a Dal Lake activation in Kashmir.

For festivals, we ran Rakhi campaign and English Oven took part in Dahi Handi a nd Ganesh Chaturthi in Mumbai. Brand building remains a key investment. Our new Kolkata and Khopoli

bakeries units are scaling up well, strengthening our presence in East and the West. Mumbai remains a key market for English Oven, where we will lead with premium products.

Before I turn to the numbers, a brief word on the operating environment. India's growth remains resilient, with real GDP growth of 7.6% in the financial year 2026. However, headline consumer inflation rose from around 4.4% in June to 5.5% in September 2026, the highest in the nearly two years, driven by edible oils, sugar, and cereals. Crude oil at the multi-year high has also pushed up inflation, freight, and packaging costs. In Q2, our price increases and cost savings under Project IMPACT offset most but not all of this impact. As a result, gross margin dipped from Q1, and other expenses -- and our other expenses rose with higher freight and fuel costs.

These pressures have continued into Q3, and we expect margins to remain under pressure in the near term. We will continue to take calibrated pricing and cost actions and expect recovery to build progressively as price increases annualize and the project and impact interventions mature.

Financial performance. Moving to our financial performance for the quarter, the consolidated revenues for the current quarter stood at INR630.5 crores versus INR551.4 crores in Q2 FY '26, thus registering a growth of 14.3% on a year-on-year basis and 14.9% on a sequential basis. EBITDA stood at INR82.5 crores, registering a growth of 19.1%. The EBITDA margin for the quarter stood at 13.1%, an expansion of 50 basis points over Q2 FY '26. PAT stood at INR45.7 crores for the quarter, registered a growth of 25.3% on a year-on-year basis. PAT remained for Q2 FY '27, stood at 7.3% against 6.6% in Q2 FY '26.

Moving to the half-year performance, the consolidated revenues of H1 FY '27 stood at INR1,179.3 crores versus INR1,024.4 crores in H1 FY '26, registering a growth of 15.1% on a year-on-year basis. EBITDA stood at INR154.6 crores, registering a growth of 21.2%. The EBITDA margin for the half year stood at 13.1% and an expansion of 70 basis points over H1 FY '26. PAT stood at INR84.5 crores for the half year, registering a growth of 25.4% on a year-on-year basis. PAT margins for H1 FY '27 stood at 7.2% against 6.6% in H1 FY '26.

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

Questions & Answers

Operator
Thank you very much. [Operator Instructions] The first question is from the line of Binay Shukla from PhillipCapital India. Please go ahead.

Binay Shukla - Analyst, PhillipCapital (India) Pvt Ltd.
Hi, sir. T hanks for the opportunity. The question is on the biscuit category. So since domestic biscuit has grew close to at least 18%, so just wanted to understand that how is the competition intensity in your lower north and center India market? Because given the core market for Parle is who is planning for the IPO and also for Britannia is a key focus market. So just wanted to understand how is the competition intensity in the lower north and central India.

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
So yes, the intensity in the biscuit in the north part of India has been high, and rightfully, as you said, that likely one of the large players going for IPO. And otherwise also, the large player intensity along with the regional players continues to be high. But I will take this opportunity on briefing on some of the strengthening of the foundations for the growth of the business as start of the year, we clearly

said that we have brought more aggressive focus in the expansion of the distribution within 400 to 500 kilometers of our Rajpura plant, right? And I'm happy to share that in terms of distribution expansion. W e had taken a target of 40,000 billed outlets of 245 and above billing. So we have moved well. We have added over 30,000 outlets already. We are close to now 3,45,000 outlets which we have added in the defined geography.

So the distribution effort continues to be -- we had taken out 40,000 and we were very clear we need to maximize addition in the H1, and we have added almost 30 out of 40,000. We are around 3,45,000 outlets there. So that's on the distribution side. Secondly, we have also added almost 10% to 15% additional distributors to ramp up our kind of distribution effort. Thirdly, we -- as we briefed you last time, we had launched some of the -- our premium variety on the quick commerce. And just post my call, I'll take help of Suvir to elaborate on that. And there is a very aggressive plan to build that journey, k ind of further to drive the premiumization.

Our domestic biscuit business has on the biscuit side done a low-teens kind of growth, and we expect this journey to kind of only build further and get through towards the mid-teens kind of growth. I would request Suvir if you can brief further on the premiumization, new launches, likely new launches.

Suvir Bector - Whole-Time Director, Mrs. Bectors Food Specialities Limited
Yeah, hi. So quick commerce , like we gave before, we had launched shortbread as a new variety which was with 25% butter and no palm oil. That has been a great success for us. We continue to drive growth on that particular product. On the health space, we had also launched no maida coconut biscuit which -- these two products are the two largest contributors on the quick commerce platform for our organization. So which signals that customers were looking for a change within the space. With the growth that we are getting from that segment and particularly those categories, we are now about to launch five -- three new products which will be innovation on quick commerce. And we are also launching two new seasonal collaborations with again on quick commerce platforms, which we are planning to do at a national level for your Christmas Celebration. So again, this is at a national level with one of the leading quick commerce platforms.

So the growth is going to be very aggressive for us, and what we've realized is that innovation and premiumization is the way to succeed in this channel. Hope that answers.

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
[Speech Overlap] Binay, I will just comment that, I'll take this opportunity as Q&A starts on behalf of entire Bector senior leadership who is present, wishing all -- you and all of you are present on the call a very, very Happy Dhanteras and Diwali festival to you and your families. So we can -- yeah.

Binay Shukla - Analyst, PhillipCapital (India) Pvt Ltd.
Yeah, Happy Diwali to you and entire team, sir. Just second on the succession plan, sir, because there's a lot of chatter is about -- chatter about retirement planning -- but your retirement plan. Sir, can you give some clarification about how the succession plan is going to be there going forward?

Anoop Bector - Managing Director, Mrs. Bectors Food Specialities Limited
So I'll take this. So, I mean, Mrs. Bector h as always looking at building the business stronger a nd we are currently in the situation where our CFO has also just joined us, and we have also -- hello? Hello?

Binay Shukla - Analyst, PhillipCapital (India) Pvt Ltd.
Yeah. You are audible.

Anoop Bector - Managing Director, Mrs. Bectors Food Specialities Limited
You can hear -- am I audible? Yeah, there was some disturbance. So we are in the position of building up the organization, and what currently we have not yet taken a call on succession planning but w hat we are now currently seeing is that there is enough intervention happening from the team which is currently available and to drive the business very, very strongly. And whenever there's a chance when Manuji is -- the CEO position opens out, he will still be with the company for a long enough time as a support. So currently we have not taken up anything on this. B ut we are -- we continue to build up our organization wherever we feel there's a need.

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
With the permission of the managing director, with the permission of managing director, I'll just add one more thing. You see, we have two large verticals of business. Both -- we have bakery, which is English Oven, and then B2B side, and we have -- on the biscuit, we have exports and we have India Cremica biscuit business, right? So in terms of leadership , we have Ishaan Bector who leads the bakery side, both English Oven and the bakery. And on the biscuit side, Suvir Bector was leading the international export business. And whether English Oven or export, we have seen a very remarkable growth over the past few years. The domestic biscuit business also now will be overseen by Suvir Bector, right? So Suvir will now mentor both the export as well as this business, and we kind of further strengthening the leadership under -- in terms of both the businesses, both the segments, right, and the four businesses. And we have done it also over the past few months time, and we have more to share with you in the next quarterly call.

Binay Shukla - Analyst, PhillipCapital (India) Pvt Ltd.
Sure, sir. A last question from my end, sir. Just first thing, given the first half growth was close to 15% with EBITDA margin of 13.1%, so just wanted to understand the second half outlook from revenue as well as from EBITDA margin side.

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
On the growth side, I think our growth momentum will continue. We should end this year in a mid-teen kind of growth for the full year. On the EBITDA margin side, again, as we briefed in the last quarter also, that although because of commodity volatility is very, very tough and challenging as all of us know, but through our pricing effort and a cost effort, the IMPACT program we have been able to manage -- improve the EBITDA margins over past year and maintain it equal to quarter one. The target is absolutely similar in the quarter three, where the blunt of commodity impact is probably the steepest, but our aim is the same that we maintain our EBITDA margins. And for quarter four, rather, we are -- meaning that we should be able to improve our EBITDA margin, as we had said in the start of the year, and try and get closer to 13.5%, 14%. Although the situation has got tougher, but our aim remains the same.

Binay Shukla - Analyst, PhillipCapital (India) Pvt Ltd.
Understood, sir. I have more question. If moderator will allow, can I ask? That is on export business.

Operator
Sir, should you have a follow-up question, please rejoin the queue.

Binay Shukla - Analyst, PhillipCapital (India) Pvt Ltd.
Sure, thank you.

Operator
[Operator Instructions] Next question is from the line of Harit Kapoor from Investec. Please go ahead.

Harit Kapoor - Analyst, Investec
Yeah, hi, good afternoon, and congratulations on good numbers. Just 2 questions from my end. F irst is i t's the same way that you explained the shape of biscuits growth that it's been early teens on domestic, c ould you just help us understand the shape of the breads growth also? This 22% number is exceptionally strong. I understand that QSR has picked up, so INSTI business also would have done well. But if you could just help us understand the shape of INSTI and retail business on breads both -- how they've kind of shaped up both quantitatively and qualitatively. That's my first question. Thank you.

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Okay. S o on our English Oven side, it has been a very, very robust growth both in volume and value. Even the volumes are grown in mid-teens and the value has grown in a very high teens, right, for English Oven. Institutional bakery, again, it has grown in volume in mid to high teens, and so has value grown in mid to high teens in the quarter two over same period last year. So, so bakery -- look English Oven, I would say that has been on this momentum for last many years, five, six, seven years. Even if I look at cake growth, English Oven has been high teens for last five years' time, and it continues that journey. And I would take a minute after finishing this and yes, institutional bakery has kindly changed the trend in this financial year, and we see that progress to happen. But on English Oven, as Harit, you asked, I would request Ishaan Bector to kind of elaborate little more.

Ishaan Bector - Whole-Time Director, Mrs. Bectors Food Specialities Limited
So, Harit, basically both I would say English Oven and institutional businesses have grown pretty much at par. I think what's working for us is distribution expansion that we are sort of doing. Like I've always been saying, I think English Oven has a lot of room to grow as we are still young in the market. The QCOM boom is also sort of helping us grow English Oven stronger. I think Naturbaked as a brand has picked up very well. In fact, we are now doing about INR1, INR1.5 crores a month with Naturbaked started as a new brand. Our frozen business, albeit small, again, QCOM-driven is showing very promising signs.

So I think from English Oven, it's a matter of distribution expansion in GT. Though GT is under pressure from QCOM, but we are, I would say, still weak as compared to our potential in GT. QCOM is like rapidly growing and also we are looking into categories like I said frozen sourdough which is going to be our next big bet. I don't think sourdough will really add in terms of value so much as the market is still young but it will create English Oven as a very future-ready organization in the bakery space.

On the On the B2B front, I think things are looking very promising. As far as we understand from all our partners, everyone seems very bullish on store expansion. Same-store growth is a matter I think they can comment on better as to sort of what the coming quarters will say. But what we see is that the number of stores, or let's say the value of sort of capex coming in to open new stores is not going down. So it seems promising for the business.

Anoop Bector - Managing Director, Mrs. Bectors Food Specialities Limited
So -- and another thing is that actually our bakery business is double the size of institutional business as of now. So we are growing much faster in the bakery business than the institutional business.

Harit Kapoor - Analyst, Investec
Great. The second question was on exports. So it seems like this quarter has been slightly lower on the growth side because domestic seems to have done a little bit better. I just wanted to understand after a strong pickup in quarter one, what have -- has there been any constraint this quarter? Is it largely on account of the fact that freight has been a challenge or shipping product has been a challenge? A nd just in terms of relationships with customers, those remain intact. Just some flavor on why the growth is a little lower this time and how are you kind of thinking about it going forward?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Yeah, hi, Harit. So growth has sort of been intact, but yes, there has been a couple of challenges. One is due to the Middle East crisis, so our business towards the Middle East, although it was a small contributor, has been impacted. And when you look at the freight, right, the freights had skyrocketed in the middle. Now they are showing little signs of easing out. Right. So that had -- we had the orders in hand, but that ended up delaying the order cycles in terms of -- we were working on FOB booking. So the customers picking up the containers, there was a slight delay there. A nd when you talk about the relationships with the customers, I think they're more stronger than ever before. We are regularly in touch via meeting our customers very regularly, whether it be at trade shows or visiting the local markets as well. So our relationships are very strong, and we will continue to drive and build those relationships even further by adding new SKUs with a lot of our existing customers, and also we have a focus on trying to add newer and newer customers. So we have a pipeline, our teams are working very aggressively on them, and it's just due to this crisis I think that the growth has tapered off a bit. But we are actively working on building it as a very strong business for us.

Harit Kapoor - Analyst, Investec
[Indecipherable]

Anoop Bector - Managing Director, Mrs. Bectors Food Specialities Limited
And our outlook for the year still is in mid-teens for exports, right?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Yeah, correct.

Harit Kapoor - Analyst, Investec
Okay, that's great to hear. And one short one, if I may, was just on pricing at a overall level. I mean, even the first half, it seems like volume in both breads and biscuits has driven the growth. I just wanted to understand, could we see H2 having a higher pricing component given the inflation on both the categories? And in that context, could you see a slightly elevated revenue growth v ersus maybe the mid-teen number that you are kind of looking at? Just some thoughts on that, and that's my last question. Thank you.

Anoop Bector - Managing Director, Mrs. Bectors Food Specialities Limited
As of now, our forecast, it's still about mid to high teens kind of growth in S2, right? And -- because somewhat of price increase we took in Q2 towards the end of the quarter two, and there's only the

partial one which is going to Q3 now. And so as of now, mid to high teens is a forecast from our side in terms of growth.

Harit Kapoor - Analyst, Investec
Okay, wish you all the best and wish you very Happy Diwali as well. Thank you.

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Thank you. Thank you very much.

Operator
Thank you. [Operator Instructions] Next question is from the line of Aachal Pal from Monarch Networth Capital Limited. Please go ahead.

Aachal Pal - Analyst, Monarch Networth Capital Limited
Yeah, hi, good afternoon all. So my question is in -- is related to last question. How much price increase was implemented during the quarter and how much it is expected for the full year?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Three. So in the quarter two, our price increase was approximately 3% on our -- over the Q1 quarter.

Aachal Pal - Analyst, Monarch Networth Capital Limited
Okay. And for the full year, how much we are expecting?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
On a full year basis, it should be, say, round 5% to 6% price increase, round 6-ish as of now.

Aachal Pal - Analyst, Monarch Networth Capital Limited
Okay, got it. And, sir, on the distribution front, just wanted to understand how many retail outlets do we currently cover across biscuits and bakery business and what is our target for expanding this reach over next two to three years?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
So I'll start with bakery first. So bakery -- first thing I just wanted to clarify one thing, no, the reach definition has changed a lot. Distribution is all about the reach, and we must all understand that especially in the bakery side, quick commerce has become the largest driver of the reach for the bakery products. Just to give you a perspective, that every quarter the contribution of quick commerce has been growing, and now contribution of organized trade in bakery segment is sitting at 43%, 44% for the quarter two, right? And it has been rising quarter -on -quarter.

Alongside, on the both the B2C businesses also, the contribution has been going up. And now the contribution quick commerce to both the B2C businesses, bakery and Biscuit together, is sitting about 22%, right, as of now. So first is that.

J ust to be clear, that today -- in today's time, there's a large driver of distribution is quick commerce, not only the channel. L et me come on the general trade side. On the general trade side, as I said some time back, that we had taken a target that our outlet over INR245 for outlet for the month, we will add 40,000 more outlets, and we have already added 30,000 outlets in the quarter, right?

And on the English Oven side also, we -- over the last one year, we have added close to 12,000 to 13,000 outlets, right? And which is a very aggressive increase of almost 20%, 22% in terms of outlet

addition. Where do we want to reach? So on a numeric region, biscuit, as per A.C. Nielsen , we are almost 7 lakh outlets and above. And bakery doesn't have the equivalent number on that side. We are around 45,000, 50,000 outlets reach which we have. Where do we want to reach over by 2030? So in a biscuit, on the numeric reach, definitely we want to get closer to 900,000 to 1 million outlets.

And on the bakery side, large part of that reach, again I would say, is being driven by quick commerce. We are opening new cities. As we opened Calcutta, we opened Hyderabad last year. Now this year, our Khopoli plant has got commissioned. So there will be a lot of drive in terms of driving distribution in Maharashtra and adding a large number of outlets there. So distribution will continue to remain a very high focus, and as the numbers I've shared with you are the reflection of that.

Aachal Pal - Analyst, Monarch Networth Capital Limited
Okay, helpful, sir. And, sir, last question is on volume. So what kind of volume we saw this quarter, and specifically in the domestic business?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
On a domestic biscuit side, in the quarter two, our volume growth was just about very low single-digit kind of number, r ight? It was around -- sorry, it's about 4% to 5%, right, kind of growth, which was mid-single-digit kind of number on the domestic biscuit side.

Aachal Pal - Analyst, Monarch Networth Capital Limited
Okay, understood. Thank you so much and wishing you a Happy Diwali to all.

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Thank you.

Operator
Thank you. [Operator Instructions] Next question is from the line of Sandeep from LKP Securities. Please go ahead.

Sandeep Abhange - Analyst, LKP Securities
Yes, thanks for taking my questions. Congratulations on the good set of number. My first question is on the gross margin dip which we have seen from 47.2% in Q1 to this quarter around 46%. So just wanted to have an idea about the breakup. So is it largely on the raw material side or is it more on the packaging side?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
It's both on the RM and PM side, right? Because we had seen a spike in the packaging cost also. And yes, there has been hike in the -- it's a mix of both which is there. And basically as the commodity prices are going, but our recovery to price was 1% short, which is [Technical Issues] great showing to you in a 1% gap which has come versus Q1 to Q2 in our gross margins.

Sandeep Abhange - Analyst, LKP Securities
Okay. S o this gross margin will continue around these levels during Q3 and Q4, or do we expect further downside?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
We should be able to maintain at the current levels.

Sandeep Abhange - Analyst, LKP Securities
Okay. A nd your EBITDA margin guidance was last quarter around 14% by -- at the exit of Q4 FY '27. So do you still maintain 14% EBITDA margin guidance moving forward to FY '28?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
The guidance for definitely quarter four , we had given 14%, but we have seen a very unprecedent commodity growth in quarter one, and it's also in quarter two. Yes, that made the whole scenario very, very challenging. Good news is that we still improved our margin over last year, and we have been able to maintain margin in quarter two also equivalent to quarter one, and that's the same objective for quarter three. As I said earlier, target is to move up from 13%, 13.1% to somewhere 13.5% an d maybe closer to 14% in quarter four and we're targeting for the same.

Sandeep Abhange - Analyst, LKP Securities
Okay. A nd, sir, my last question was on the hikes, price hikes which you are planning. So these price hikes are largely coming in which of the categories, or what is the mix of your grammage good versus price hikes? How are you managing the current raw material pricing scenario? If you can just give me breakup on both bakery as well as on the biscuit side of the portfolio.

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Okay. S o biscuit side, as we know, for us an industry contribution in five and 10 category is almost 70-odd percent. So in this five and 10, there is no other way to recover your higher material cost than -- other than de-grammage, right? So we have to do de-grammage, and that's what industry also does. So their large part of...

Sandeep Abhange - Analyst, LKP Securities
What would be the ballpark number for grammage goods?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Ballpark number or what?

Sandeep Abhange - Analyst, LKP Securities
Grammage goods in terms of percentage-wise, how much are you doing?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
So I don't have a ready number on this, but I would request Anshul to get back to you on that number.

Sandeep Abhange - Analyst, LKP Securities
Okay.

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
And as far as English Oven is concerned , it -- so the increase is passed through the price increase, the MRP increase in the bakery products by us and the industry both. So there entirely goes towards an increase in the price.

Sandeep Abhange - Analyst, LKP Securities
Okay, okay. Thank you so much. That's it from my side, and wishing everyone a Happy Diwali, and thank you so much for taking my question.

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Thank you. Happy Diwali to you.

Sandeep Abhange - Analyst, LKP Securities
Yeah.

Operator
Thank you. Next question is from the line of Amit Purohit from Elara. Please go ahead.

Amit Purohit - Analyst, Elara Capital
Hi, sir. Thank you for the opportunity. So just on this bakery side which you highlighted, quick com has a larger dominance. How is the margins in this segment, especially on the quick commerce? Does that mean that over a, say, medium-term period, the overall margins of bakery could be better because of quick commerce, or it is margin neutral in that?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Ishaan, would you like to take it?

Ishaan Bector - Whole-Time Director, Mrs. Bectors Food Specialities Limited
Yeah. F or us margins are better in QCOM because of efficiency that comes in . I think our biggest cost is cost of replacement, right, which we sell in the market and comes back. I think QCOM as a channel is able to plan procurement far better using technology. So I think that inefficiency brings in a lot of benefit to us, right? And I think also from a freight perspective, it is better. So as of now QCOM is better in terms of -- higher in terms of margins. But I don't know going forward how it -- how that would be because you know, we continue to invest also very actively behind our brand and I think that is also helping us grow the brand bigger in QCOM.

Amit Purohit - Analyst, Elara Capital
Sure. And over a medium term and given this scenario and the capacity, bakery business can continue to grow at 20% plus, right?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
I think capacity capacity will -- we will have to sort of focus on both outsourcing and creating capacity in-house as well, primarily because we are a B2B and a B2C company. And you know what we have seen is via third party, we prefer to not have our core products being outsourced, primarily on terms of quality control. So I think in Mumbai we should be good to continue to grow strongly for a couple of years, but there would be maybe certain pockets, like I would say Punjab could be a place where we might have to add capacities in the future.

So I think that is -- we will have to do a mix of outsourcing as well as capacity expansion to continue to grow at 20%. Because you must understand bakery is a very regional business, right? So if you are doing well in one market having capacity in another market is not really going to help you.

Amit Purohit - Analyst, Elara Capital
Sure. And sir, just on the biscuit, you indicated a volume growth of somewhere close to about mid-single digit for this quarter. So the price increase is it a fair assumption of taking 7%, 8% kind of a price increase? And you're saying much more -- some more price increase is yet to be taken, right? That is how it is, right?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Yeah, there will be, Amit, some price increase being taken in October month, right? Definitely, because the kind of spike we had in commodities. So we will have some most of the price increase coming in October and maybe some partially in November.

Amit Purohit - Analyst, Elara Capital
And you think that the demand environment is still okay and your initiatives on distribution and all that will ensure that the growth momentum in the biscuit part, domestic, will continue and export will come back as -- because of the deferment of shipments.

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Correct, correct.

Amit Purohit - Analyst, Elara Capital
Sure, sure. Thank you. T hanks a lot. And lastly, sorry I missed one, on a medium term, that 14%, 15% EBITDA margin guidance should hold good, right, next year or maybe a year after that? That's the...

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Yes. T hat remains.

Amit Purohit - Analyst, Elara Capital
Sure. Thank you, sir. Thank you. All the best, sir, and Happy Diwali.

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Thank you.

Operator
Thank you. Next question is from the line of Saurabh from Sameeksha Capital . Please go ahead.

Saurabh Beria - Analyst, Sameeksha Capital
Yeah, hi. Thanks for the opportunity. First of all, my question was -- I just wanted to understand the geographic expansion dynamic which we have in place. So predominantly we are present in the North, but if we plan to expand in, say, other regions, we just have a new plant in Khopoli. So what is the mix that we are targeting in the near or midterm based on revenue contribution geography-wise, if we talk of the domestic markets?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
So I think you're asking relating to English Oven .

Saurabh Beria - Analyst, Sameeksha Capital
Yes, yes, correct.

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Right. Yeah, yeah. So I'll request Ishaan to take that.

Ishaan Bector - Whole-Time Director, Mrs. Bectors Food Specialities Limited
Sorry, I -- you know just lost your voice for a second. Can you say again, please?

Saurabh Beria - Analyst, Sameeksha Capital
So I just wanted to know from a -- hello?

Ishaan Bector - Whole-Time Director, Mrs. Bectors Food Specialities Limited
Yeah.

Saurabh Beria - Analyst, Sameeksha Capital
So like from a geographic expansion point of view, what contribution mix we are planning in the midterm to say near term in terms of revenue coming from the West or revenue coming from the North, given we are trying to expand into other regions?

Ishaan Bector - Whole-Time Director, Mrs. Bectors Food Specialities Limited
See, North, like I said, Punjab is also a very big market. We have just started another partner unit in Lucknow, r ight ? Again -- so that again I am considering to be North. S o I think between north and rest of the country, it will still be about 75-25 or 80-20. I t will continue like that because even in north, right, right now we were, let's say, sending product from Delhi into Lucknow now, we have a partner unit in Lucknow which is going to grow further markets into that area. So I would see a lot of growth continuously coming from the North, and obviously North has a higher base. So I would assume still it should be around 80-20 in the future.

Saurabh Beria - Analyst, Sameeksha Capital
And secondly -- yeah, that helps. And secondly, on the pricing point of view, if I say, we see a lot of inflationary pressure which is building up. We need to -- and also our English Oven brand is slightly on a premium side. And what I've seen at the ground level is that people usually tend to downtrade when it comes to consumption of bread or other products. We have players like Britannia or other local manufacturers. So do we see the impact of this on our volume demand per se?

Ishaan Bector - Whole-Time Director, Mrs. Bectors Food Specialities Limited
No. S o we are definitely a premium player, but I think with times changing, I think we ourselves are also adapting. So today English Oven has products which are at the INR10 price point, INR 20 price point, INR25, INR30. And then you get into the more premium varieties which are sitting at INR60 , INR70 , and then the sourdoughs that sort of come in. So wherever trade -- our trade channel needs support in terms of the right SKU and mix of products, we are providing that. I think that has changed over the past few years t hat wherever support is required -- with QCOM, I think what we are seeing is a lot of premium product is moving into QCOM, right? So...

Saurabh Beria - Analyst, Sameeksha Capital
Correct.

Ishaan Bector - Whole-Time Director, Mrs. Bectors Food Specialities Limited
To support GT, we are being very conscious of providing that value product as well.

Saurabh Beria - Analyst, Sameeksha Capital
Perfect. And just one last question. So from a margin point of view as already I talked of inflation. And given the expansion which we are planning, a lot of ad spend needs to be done across. So do you think the current ad spend which we are doing, the same level is expected to sustain over time? Because if you plan to increase on the marketing side, I guess there would be some pressure on the EBITDA margin. So do you think the 14%, 15% target remains sustainable over time given the

inflationary and the expansion plans which we have in place?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
So I think the 14%, 15% EBITDA very much remains as our target to get there, right? The first milestone is always 14% and then move it to 15%. So I think it's very firm and committed as per our plan that we need to move to those EBITDA percentage levels over the next coming years.

Saurabh Beria - Analyst, Sameeksha Capital
Perfect. Okay. T hank you, directors, and Happy Diwali, Happy Dhanteras to you and your team. Thanks.

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Happy Diwali. Thank you.

Operator
Thank you. [Operator Instructions] Next question is from the line of Navin from ithoughtPMS. Please go ahead.

Navin Koushik M - Analyst, ithoughtPMS
Yeah. Sir, a m I audible? Hello?

Operator
Yes, you are. Yes, you are.

Navin Koushik M - Analyst, ithoughtPMS
Yeah. C ongratulations on a set of great numbers, sir. So I just want to understand one question. It's more of an extension of a previous participant regarding the pricing in the bakery segment. So my understanding is that over the years the perception of the English Oven brand is also slightly premium, and we've added recently to our bakery portfolio on the B2 side -- B2C side on the premium end as well. So just want to understand how you've seen pricing as a lever in this market across maybe the last decade, decade and a half, h ow easy was it or has it been for you guys to raise prices before, and if it's become any easier? And let's just say maybe if you can recount one or two episodes from the past where inflation has been very high, how you've seen price hikes play out and how you expect it to play out considering you're seeing inflation go up in commodities.

Anoop Bector - Managing Director, Mrs. Bectors Food Specialities Limited
So, while price inflation is very unfortunate, but then it hits everyone . So there are no random price rises which are taken. So price rises are taken for any of our businesses very carefully, very thoughtfully, and minimal, right? So that it does not impact our customer. And in fact, being in a food processing manufacturer, we are able to give better efficiencies to a customer . I mean, if relatively they see how the inflation is hitting the kitchen and how the inflation is going to hit the bread and biscuits, it's always going to be lower because we bring in a lot of efficiencies to the system.

So effectively, we have been taking price rises during extreme situations. And there is a moment when customer is already adapted itself and understands that this has happened a nd moreover, the complete trade is also aligned towards it . Everybody understands it. So we really don't face such difficulties which are there on demand or anything like that on price rise.

Navin Koushik M - Analyst, ithoughtPMS
Yeah, my small follow-up to my first question will be, is it right to interpret the statement as we take price hikes whenever we see inflation, but when inflation goes down, we don't necessarily need to pass everything back to the...

Anoop Bector - Managing Director, Mrs. Bectors Food Specialities Limited
[Speech Overlap] So inflation, if you look at trends, inflation yeah. I n case -- I mean, no, in case there are -- when the GST reduction happened, we passed down the benefit, right? When there was inflation, we decreased our pack sizes, we increased our prices b ut as and as the GST came in, we promptly gave back to the customer. So it is something which you can't -- our pricing is very carefully taken depending on the pricing of the raw materials. So it is not that if there is a reduction of price, we will not give back. I mean, if there's a reduction of raw material, you have to adapt back and give some offers, give something else to the customer, back to the customer.

Navin Koushik M - Analyst, ithoughtPMS
Got it. S ir, m y next and final question would be regarding our new product portfolio in the bakery segment itself. And quick commerce and -- sir just mentioned earlier in the call regarding how the returns are better with respect to quick Commerce. So is it -- is my understanding right that the margins in quick commerce are actually better than GT? And just the second part to that question would be, would that help us be a little more aggressive in terms of like what kind of innovation we can do and what kind of premiumization we can do on that channel?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
So I'll quickly answer the first part and then Ishaan will take over. Our margins are better in quick commerce. Our marketing investments are much higher in quick commerce versus the general trade channel. In terms of premiumization, new product, I would request Ishaan to take it up.

Ishaan Bector - Whole-Time Director, Mrs. Bectors Food Specialities Limited
So on premiumization, like I said, we've already been doing a lot, right? We launched Naturbaked which is again like a clean label brand. We've gotten into frozen and all of our products are over INR100 in the frozen category. We've launched sourdough. So definitely that premiumization journey is happening and I think with QCOM being there, I think what works for us is that we have a strong market share, right. And what works is it is the best place to grow premiumization today, right. So I think we have an immense opportunity to expand premiumization in the coming years as long as we stay relevant and continue to grow with QCOM. So we'll definitely see that premiumization journey coming in from there.

Navin Koushik M - Analyst, ithoughtPMS
Small follow-up, is there any product in the pipeline you can just maybe highlight, or anything you aspire to do on quick commerce? Anything at all?

Ishaan Bector - Whole-Time Director, Mrs. Bectors Food Specialities Limited
I think we have our hands full. We have Naturbaked, we have sourdough and we have frozen. So it's three things that we are working on simultaneously. I think what you will get to see is product introductions in these because like I said, our product -- we have just entered, right. So in frozen, we're just doing four or five SKUs in terms of frozen products, right, how can we expand that range. And I think there's -- from a bakery perspective, I would say probably what you have when you go to a good bakery in a metro city, you can -- today industry can bring out those kind of product

experiences through QCOM as well, right. So I think premiumization on one side we used to think is that selling a multigrain bread is premiumization, which it is, but today you can go beyond that, r ight? So just from that perspective.

Navin Koushik M - Analyst, ithoughtPMS
Thanks a lot, sir. Hope you have an amazing festive season ahead and obviously a great year ahead. Thank you.

Operator
Thank you. Next question is from the line of Yash from Edelweiss Public Alternatives. Please go ahead.

Yash Sonthalia - Analyst, Edelweiss Public Alternatives
Hi, team, thank you for taking my question. So just two quick questions. First on bakery, like you said, quick commerce has been good for us. So I wanted to understand right now, everyone in the industry is trying to focus a lot on bakery, and also some new players are entering into the space. So have you seen any impact of that competitiveness on our numbers or the growth? Or how should we see this competition growing on our numbers or maybe growth of the business?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
No, I think competition has been aggressive even in the past. Yes, I would say, we are definitely seeing startups coming into QCOM because it helps solve a distribution problem. But let's say Naturbaked was a response to competition coming in and offering cleaner label products, right? So I think as long as we are able to adapt, as long as we are able to innovate, I don't see a challenge there. I think the equal fight is constantly there in general trade where we're also doing a lot of hard work.

In fact, I feel like a lot more hard work happens in general trade. That's where we don't see new players coming in, that's where the sort of legacy players are more fighting for market share. But on the QCOM bit, I think as long as the organization is willing to adapt, to innovate, I think which is what I've been talking about, right, with frozen, with sourdough, with Naturbaked , I think we can fight out the newer players s o

Yash Sonthalia - Analyst, Edelweiss Public Alternatives
Makes sense. And second, on the biscuit side, now in the domestic biscuit, the price parity is somewhere or the other there. So I want to understand how to see this 5%, 6% volume growth going ahead or maybe end of the quarter, how it has been when the price parity was there in the market. So how should we see the volume growth going ahead in the H2?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
So, okay, there's almost a price parity now, right? We -- our prices are pretty close to the best of the competition. In terms of volume growth, maybe around close to 5%. Objective is to keep growing this to a high single -digit and get close to double digit. That's a journey we are on, and that's why investing both in brands, distribution aggressively, and also on premiumization. Yes. So objective is that this 4% to 5% volume growth should get to a high single -digit and then cross over to double -digit over the next few quarters.

Yash Sonthalia - Analyst, Edelweiss Public Alternatives
Got it. S ir, b ut just my question was more from a sense of now we have seen price parity. So any

early signals of that high single -digit already coming in into the picture for the biscuit business?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Sorry, I didn't get you. Would you just repeat it?

Yash Sonthalia - Analyst, Edelweiss Public Alternatives
So what I'm saying is basically mid of the quarter or maybe end of the quarter, we were already seeing some pricing parity in the biscuit side. So has we also seen then the volume growth coming back into the picture of high single -digit what we are estimating going ahead?

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
[Speech Overlap] So the price value -- price parity has been there. So it's only the price increase which is coming in now again in the quarter two and quarter three because of commodity price increase, right? And he volume increase largely led by the distribution expansion, right? A nd so that's a key driver of the volume growth, which is expanding distribution and throughput per outlet. Our focus is also on our bigger outlet, which we call Cremica Preferred Outlet, and they contribute as of now 13% to 14%, and we want to take it to 20%. So these are the two key drivers of volume growth that we are aggressively working and investing behind, and we will keep up moving up the volume growth, as I told you, from 5% towards the high single -digit.

Yash Sonthalia - Analyst, Edelweiss Public Alternatives
Thanks a lot. That's all from my end. Happy Diwali and Happy Dussehra to the team.

Manu Talwar - Chief Executive Officer, Mrs. Bectors Food Specialities Ltd
Thank you. Happy Diwali.

Operator
Thank you. Due to interest of time, that will be the last question for today. I now hand the conference over to the management for closing comments.

Anoop Bector - Managing Director, Mrs. Bectors Food Specialities Limited
Thank you, everyone, for joining us. I wish everyone a very Happy Diwali and a Happy New Year. I hope we have been able to answer all your queries. In case you require any further details, you may please contact us or MUFG Intime, our investor relation partner. Thank you so much.

Operator
[Operator Closing Remarks]