Operator: Good day and welcome to the Q2 and H1 FY25 LT Foods earnings call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star, then zero, on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sumant Kumar from Motilal Oswal. Thank you, and over to you, sir.

Sumant Kumar – Motilal Oswal: Thank you. Good evening, everyone, and a very warm welcome to the LT Foods Q2 FY25 post-results earnings call hosted by Motilal Oswal Financial Services. On the call today, we have the management team represented by Mr. Ashwini Kumar Arora, MD and CEO; Mr. Sachin Gupta, CFO; and Ms. Monika Chawla Jaggia, Chief Corporate Development Officer. We will begin the call with the key thoughts from the management team. Thereafter, we will open the floor for the Q&A session. I would now like to request the management to share their perspectives on the company's performance. Thank you, and over to you.

Monika Chawla Jaggia – Chief Corporate Development Officer: Thank you, Sumant, for the introduction. Along with us, we also have Mr. Ritesh Arora, who is the CEO of the India and Far East business. Good evening, everyone, and thank you for joining us today on the post-Q2 and H1 FY25 earnings conference call of LT Foods Limited.

Before we begin, I would like to remind you that certain statements made during this call may constitute forward-looking statements. These statements are based on management's current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied. The results documents are available on our company's website as well as the stock exchanges.

I will start with a brief strategic update across our key geographies and businesses. Across markets, our priorities remain consistent: strengthening our brands, expanding consumer reach, building a differentiated portfolio, deepening distribution, and investing in capabilities that support sustainable and profitable growth.

I will start with India. India continues to be a strong growth engine for LT Foods. Our strategy is centered on premiumization, portfolio expansion, deeper distribution, and digitally enabled execution. During the quarter, we strengthened our portfolio with Daawat Biryani, Rozana Platinum, and new formats such as biryani gravy and biryani masala. We are also seeing encouraging traction in health-focused offerings, including brown, red, and black rice, while our biryani kits grew by 38% during the first half. Our brand investments are translating into measurable outcomes. Against category growth of approximately 1.3%, our branded portfolio grew by nearly 8%, supporting a 140-basis-point increase in market share on a year-to-date basis. Our total reach increased from 56.2 lakhs to 67.5 lakhs over the last year. Through our Project Vistar, we are increasing direct distribution, feet-on-street capabilities, and assortment productivity. Alongside this, investments in supply chain and sales digitalization are improving forecasting, frontline execution, and on-shelf availability. With branded basmati still significantly underpenetrated in India, we see a long runway to acquire consumers, premiumize the category, and expand into adjacent consumption occasions.

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Now I will come to the United States. The United States remains our largest international market and an important growth engine, supported by strong brands, category leadership, an established omnichannel presence, and strong distribution. We continue to strengthen our core rice portfolio while expanding into convenience-led and value-added consumption occasions. During the period, we advanced our ready-to-heat portfolio, expanding microwavable formats, and continued premiumization across Royal and Golden Star in rice. We are also investing in digital commerce and consumer discovery-to-reach capabilities to keep our brands visible and relevant as the path to purchase increasingly moves across digital and AI-enabled platforms. Our ambition is to leverage our leadership in rice to build a broader branded foods platform in North America.

If I talk about Europe, Europe continues to be an important strategic market for us. While the operating environment remains challenging, we have made meaningful progress in strengthening the underlying business and creating a more scalable platform for future growth. During the quarter, we further expanded our customer base and secured new mainstream private-label business across Germany and the Nordic markets. We have strengthened our presence in France and are expanding our commercial coverage across Europe. Together, these initiatives are increasing our participation across both mainstream and ethnic channels and substantially broadening the opportunity available to us. At the same time, we remain sharply focused on improving the quality of the business through better product and channel mix, procurement efficiencies, automation, productivity improvements, and disciplined cost management. Our strategy from here is very clear: scale the mainstream business, deepen our presence across key European markets, strengthen higher-margin opportunities, continue improving the efficiency of our operating model, and keep growing and further strengthening the Daawat brand in ethnic markets.

Overall, Europe remains in an investment and scale-building phase, but the business today is on a stronger footing than it was a few quarters ago. We have expanded our customer base, strengthened our commercial organization, and improved operational performance. Our focus now is on translating these gains into sustainable growth and progressively stronger profitability over the medium term.

The Middle East continues to be an attractive long-term growth opportunity for LT Foods, despite being a highly competitive and fragmented market. During the period, the region delivered strong volume growth, outperforming both last year and [inaudible]. Growth was supported by deeper market penetration, expansion of private-label partnerships, and continued strengthening of our core branded portfolio. We also continued investing in brand-building and consumer awareness, helping strengthen brand equity and expand our consumer franchise across the region.

While overall demand in the region remains strong, the quarter was significantly impacted by supply disruptions, which constrained inventory flow into the region, and a sharp escalation in freight costs further raised the landed cost and weighed heavily on profitability during this period. While we have taken active steps to mitigate these pressures through alternate routing, freight optimization, and increased pricing, the full impact of these measures will show up in subsequent quarters. We continued the momentum in our e-commerce business, where we maintained our category leadership position and delivered strong growth despite intermittent supply chain disruptions.

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Looking ahead, our strategy remains focused on expanding distribution, improving product availability, strengthening local partnerships, and increasing penetration across both branded and private-label opportunities. We believe these initiatives will further strengthen our position in the region over time.

Rest of the World: In Rest of the World markets, we continue to enjoy a leadership position across several markets. Through focused brand investments, strong execution, and continued distribution expansion, we are further strengthening our market share and consolidating our leadership position across these geographies.

If I talk about Nature Bio Foods, it is undergoing an important strategic transformation from an India-centric sourcing and export business into a globally integrated, consumer-focused organic food platform. The first pillar is moving closer to customers through deeper direct relationships with retailers and consumer brands. This transition has created near-term revenue pressure as parts of the traditional intermediary-led business are replaced, but it should improve customer ownership and value-chain participation over time.

The second pillar is portfolio and sourcing diversification. We are expanding beyond rice and developing sourcing capabilities across different geographies such as Turkey and other regions. Together with our European processing capability, this strengthens supply chain flexibility and enables a broader organic portfolio. In India, we are consolidating manufacturing through a new Madhya Pradesh facility, with the first phase expected to commence operations in this financial year. This transition involves near-term costs but should structurally improve efficiency, resource utilization, and cost competitiveness.

Our further investment in Leev also provides an entry into the Benelux organic retail market, particularly in breakfast and between-meals snacking, and creates an additional platform for downstream growth. Overall, Nature Bio Foods, the organic arm of LT Foods, is moving from an origin-led organic ingredient model towards a globally sourced, destination-focused organic food platform with deeper customer relationships and greater participation in the downstream value chain.

To summarize, across geographies and segments, our strategic direction remains clear: defend and deepen leadership in the core, broaden participation in convenience and value-added foods, strengthen consumer brands, improve the quality and profitability of international operations, and invest in digital and operational capabilities that support long-term scale. India continues to deliver strong, profitable growth. North America provides a platform to extend beyond rice. Europe and the UK are progressing through disciplined operational improvements. The Middle East is building consumer scale, and Nature Bio Foods is being repositioned for high-quality growth. Together, these priorities support our evolution into a larger, more diversified, globally relevant branded food company.

With this, I will hand over to Sachin, CFO of the company, for the detailed financial update. Over to you, Sachin.

Sachin Gupta – CFO: Thank you, Monika. Good evening, everyone, and thank you for joining us today. I am pleased to share our financial performance for the second quarter and first half of FY25.

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The first half delivered healthy, broad-based growth across all key geographies, led by different segments, even as we stepped up our investments behind our brands and maintained our focus on operational efficiency and disciplined capital allocation.

Now, let me begin with our consolidated financial performance. During Q2 FY25, consolidated revenue grew by 17% year-on-year to {? 2,153 crores ?} from {? 1,842 crores ?} in Q2 FY24, and grew by 3% over Q1 FY25. Gross profit increased by 12% to {? 758 crores ?} from {? 677 crores ?}. Gross margin for the quarter was {? 35.2% ?} compared with {? 36.7% ?} in Q2 FY24.

The change in gross margin was primarily due to two factors. First, the change in shipment terms with a related party from CIF to FOB, under which freight cost now forms part of the cost of goods sold instead of other expenditure. This classification is EBITDA-neutral. Second, the higher shipment cost across the major markets. Shipping cost as a percentage of revenue rose by almost 40 basis points, which also had an impact on EBITDA.

EBITDA grew by 13% to {? 258 crores ?} from {? 228 crores ?} in Q2 FY24 and was marginally lower than {? 263 crores ?} in Q1 FY25. EBITDA margin stood at {? 12% ?} compared with 11.4% in Q2 FY24 and 11.5% in Q1 FY25. This moderation reflects the gross-margin factor, which I just explained, and a planned step-up in advertising investment to support our brands and new launches. Advertising investment increased by 25 crores over Q1, or 2.5% of revenue as against 1.8% in Q1, a jump of almost 70 basis points.

We also continue to invest in building our health and convenience portfolio ahead of the commissioning of the RTH facility in the US, which weighed on our quarterly margins. Meanwhile, the organic food segment improved sequentially, with EBITDA of 22 crores against 10 crores in Q1 of this year. Depreciation increased with the capitalization of new assets, while finance cost was higher year-on-year due to higher supplier-funding arrangements undertaken to optimize the working-capital cycle. PAT increased by 10% year-on-year to 180 crores from 164 crores.

For the first half of FY25, consolidated revenue grew by 22% to {? 4,144 crores ?} from {? 3,400 crores ?} in FY24. On a normalized basis, after adjusting for Golden Star, which was not fully consolidated in Q1 FY24, revenue grew by 18%. Gross profit increased by 15% to {? 1,487 crores ?}. EBITDA grew by 17% to {? 521 crores ?}, and PAT grew by 9% to {? 364 crores ?} from {? 332 crores ?} in H1 FY24. EBITDA margin in this half year stood at 11.2% compared to 11.7% last year, primarily reflecting higher shipment costs and increased brand investment.

Management: Investment in this half rose by almost 29% to 139 crore. Even as we continue to invest in our brands and future growth platforms, we remain focused on driving operating leverage and efficiencies across the value chain.

Now, turning to our segment performance. Our Basmati and specialty rice business continued to lead our growth. In the first half of this year, revenue increased by 27% to 5,764 crore from 4,552 crore, with volume increasing by 11% year-on-year. The segment contributed 90% of consolidated revenue. Gross margin in this segment was 33%, while EBITDA margin was 12%. EBITDA margin in mature markets such as India, the US, and the Rest of the World stood at 15%.

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On the geographical side, India grew by 24% year-on-year, with volumes increasing by 10%, and India accounted for 29% of revenue. Our international business continues to provide significant scale and diversification. North America, which contributed 50% of our revenue, grew by 21% year-on-year, or 13% on a normalized basis after adjusting for Golden Star. The Middle East and the Rest of the World grew by 25% and contributed 9% of revenue. Europe contributed 12% of consolidated revenue during the period.

The operating environment in Europe remained challenging, particularly due to raw-material and freight-cost pressure. Even so, the European business reduced debt by 1.8 million {? euros ?} and improved working capital during the first half. In the UK, performance was impacted by lower-than-planned mainstream and industrial volumes and elevated operating costs. Price-recovery initiatives are expected to help offset freight and logistics inflation, and the business remains focused on improving volumes, inventory management, and operating efficiencies.

Now, coming to the organic and ingredient business. Revenue in this segment was 520 crore in H1 FY25, compared to 583 crore in the previous half year, reflecting the ongoing remodeling of the business. Gross margin stood at 34% and EBITDA margin was 6%. Encouragingly, the segment improved sequentially in Q2, and we continue to work on improving the business mix and operating performance.

Regarding the health and convenience portfolio, comprising ready-to-heat, ready-to-eat, and ready-to-cook products, this segment contributed 102 crore in this half year, up by 8% from 95 crore last year, even before the enhanced RTH capacity became operational. Ready-to-eat grew by 17% year-on-year, ready-to-cook grew by 28%, and ready-to-heat grew by 7% in rupee terms. We continue to invest in the category with a long-term perspective.

Now, coming to the balance sheet and capital efficiencies, where we have made meaningful progress. Inventory days reduced to 159 days from 187 days in the previous half year, while trade-payable days reduced to 26 days from 29 days. As a result, working-capital days improved significantly to 143 days from 174 days last year.

We ended this half year with a net cash position of 247 crore on our balance sheet. Return on capital employed improved to 22.4% from 22% last year. Return on equity worked out at 15.7%, and interest coverage stood at a comfortable 13.8 times. Improving working capital and capital efficiency remain priorities as we continue to invest in brand, capacity, distribution, and new growth opportunities.

Now, coming to the standalone performance. For this half year, revenue on a standalone basis grew by 14% to 2,417 crore from 2,119 crore. EBITDA increased by 34% to 223 crore, with EBITDA margin improving to 9.2% from 7.9%, and PBT also grew by 28% to 173 crore. PAT grew by 24% to 134 crore from 108 crore.

Q2 standalone revenue grew by 17% year-on-year to 1,241 crore, and EBITDA rose to 103 crore from 101 crore in Q2, with the margin moderating to 8.3% due to higher other expenditure, including brand investment. The standalone balance sheet remains net cash positive as of September 26.

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To summarize, the first half of FY25 reflected the continued scale-up of our businesses. More importantly, we delivered this growth alongside a meaningful improvement in working capital and a higher return on capital employed. Going forward, our financial priorities remain clear: sustaining profitable growth in our core Basmati and specialty rice business, improving profitability in the organic food business, scaling up our convenience food portfolio, driving efficiencies across the value chain, and maintaining discipline across working capital and capital allocation. These priorities are anchored in our strategies of strengthening the core, expanding distribution and our product portfolio, driving premiumization, and building efficiencies across the value chain.

With this, I request the operator to open the floor for questions.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from Bhavika Chouhan from {? Care PMS ?}. Please go ahead.

Bhavika Chouhan – Care PMS: Good evening, team. I hope I am audible. My first question is related to inventory. What is the current inventory level of Basmati rice that the company is holding, and what is the average cost of that inventory? In Q2, our inventory is quite low. What is our strategy for the upcoming season, where prices are expected to be higher?

Management: I will take the first part. Our inventory level as of September 26 was 82,000 tonnes of paddy inventory at an average rate of 43, whereas rice inventory was 260,000 tonnes at an average rate of 60 rupees.

Management: Regarding your second question about the low inventory, whatever inventory we are carrying is in line with our business plan and is sufficient for the business plan we have.

Bhavika Chouhan – Care PMS: Okay.

Management: Yes, please continue.

Bhavika Chouhan – Care PMS: It is expected that current paddy arrivals are around 20% to 25% higher. What trend are you expecting, and how will procurement be done?

Management: No, you heard it correctly. This year's Crop '26 prices are higher by an average of 22% to 25%, depending on the variety. However, as far as our business model for Crop '25 is concerned, we are sufficiently covered to deliver our plan. And yes, is it—

Bhavika Chouhan – Care PMS: Okay. The second question is related to Basmati. If I look at the Basmati rice segment, our volume growth is around 11% in H1 FY25, while revenue growth is about 22% year-on-year. However, on a sequential basis, revenue appears to have grown modestly across all our geographies. Has anything happened in our quarter-on-quarter performance? Specifically, what was our volume growth in Q2 FY25?

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Management: Coming to your question regarding growth in Q2, on a year-on-year basis, quantitative growth in Q2 was 11%, with value growing by 21% from the same quarter last year. As far as the sequential performance is concerned, our growth from the immediately preceding quarter was 6% in volume terms, whereas in value terms it was 5%.

Bhavika Chouhan – Care PMS: Okay, understood. The last question is related to our RTC segment. If I look at the gross profit margins and EBITDA margins of our RTC segment, they have declined sharply this quarter. Is there any reason for this? Is it raw-material inflation that the company is facing and is unable to pass on to the consumer, or is it something else?

Management: No. It is simply part of our strategy. Certain promotions were running in the RTH and RTC segments in this half year. This was as per the plan itself. The reduction was because sampling is netted off in our gross profit and other figures. This increased our overall EBITDA, PAT, or PBT numbers by 2 crore in this half year.

Bhavika Chouhan – Care PMS: So, there was an impact of 2 crore on our revenue and profitability, correct?

Management: Correct.

Bhavika Chouhan – Care PMS: Okay. That is all from my side. Thank you.

Management: Thank you.

Operator: Thank you. The next question is from Saurabh Bedia from Samiksha Capital. Please go ahead.

Saurabh Bedia – Samiksha Capital: Thank you for the opportunity. My question was around the Basmati rice segment. If we see the PBT for the 11.4% growth excluding the {? carry ?} impact, even the volume growth is 11%. What was the actual price increase? Paddy prices had increased. If you compare last year's paddy prices with our procurement cost, the procurement cost was higher last year. Was there any price increase? That is the broader question. {? [inaudible] ?}

Management: In value terms, in the rice segment, including the Basmati segment and specialty rice, value increased by 26%, whereas volume increased by 11.5%. There was a value increase and a per-tonne rupee-rate increase. This was almost a 13% increase. So, there was a price increase.

Saurabh Bedia – Samiksha Capital: Okay, but if we exclude the {? carry ?} impact, the organic growth was 11%, correct?

Management: Organic {? the recording of the loss is taking place, ?} but any gain is not recorded.

Saurabh Bedia – Samiksha Capital: Okay. So, that ultimately gets reflected in our OCF, correct? If we look at OCF for the first half, there was a higher inventory release because our procurement cost was lower and the selling price was higher in the first half. Is that the case?

Management: What? OCF?

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Saurabh Bedia – Samiksha Capital: We reported strong OCF in the first half compared to last year, and we had a higher inventory release.

Management: That is basically because of other factors affecting operating cash flow. In the first quarter, as you know, the paddy season happens to be in December. So, we generally have surplus cash. As I told you, we had a net cash position of 247 crore as of September 30. There is operating cash leverage during this period.

Saurabh Bedia – Samiksha Capital: My question was about inventory. Inventory release was higher in the current half compared with the previous half of FY24, correct?

Management: So, you mean to say you are asking about inventory days? If you talk about inventory days, last year it was 187 days for the half year. Now it is 160 days. Our inventory days have, in fact, improved. We are almost the same {? half year. ?}

Management: Yes.

Management: So, your question is now, inventory days are—

Management {? Ashwani ?}: ...similar compared to last year in the same H1.

Saurabh Bedia – Samiksha Capital: Okay, sir. I will get back to you on this one regarding the 10%. The second question is on EBITDA margin. I believe we are at a lower level than the earlier target margin. Earlier, we were aiming for 11.5% to 12% for this year, and since we are at the lower end in the current quarter, is there any revision in the full-year guidance? Can you provide the numbers?

Management {? Ashwani ?}: As Sachin just explained, this has resulted from two reasons for the lower margin. One is that freight costs are higher by 40 basis points, and the second is that we invested 20 basis points more in the brand. I hope that, yes—

Saurabh Bedia – Samiksha Capital: Is there any revision in the full-year guidance, or should we expect one?

Management {? Ashwani ?}: We are very confident in our business model and fundamentals. As explained by Monika and Sachin, on a region-by-region basis, some markets are in investment mode, while in the mature markets, Sachin has just explained that we are achieving more than 15% EBITDA. Once all these markets—Europe, the Middle East, and organic—reach scale, we are very optimistic that the margin profile will change.

Saurabh Bedia – Samiksha Capital: In the mature state, what EBITDA margin do we target for the organic and RTC/RTE segments?

Management {? Ashwani ?}: When I say mature market for Basmati, I mean the US, India, and some—

Saurabh Bedia – Samiksha Capital: Yes, I understand that. Once the organic and RTC/RTE businesses are in place, what EBITDA margin do we specifically target for those segments in the mature state?

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Management {? Ashwani ?}: Organic is different. It mainly operates in Europe. As that business scales up, the margin will improve in the organic business in Europe, as well as in Basmati in Europe, the UK, and the Middle East.

Saurabh Bedia – Samiksha Capital: Let me reframe my question. In the organic and RTC businesses, what—

Management {? Ashwani ?}: I will not provide a timeline, but as I said, our fundamentals are strong and our levers are working. We do not provide a timeline.

Sachin: Sachin here. Regarding the number, we are confident about the margin target that was initially given. Ashwani was explaining that we are targeting EBITDA margins of 13% to 13.5% to 14% on a consolidated basis. We are currently investing a certain portion of the money in Europe and the UK, which is diluting our overall EBITDA margin. In mature markets such as the US, Europe, and India, we have an EBITDA margin of more than 15%. Once each market scales up, our overall EBITDA margin, which is currently at 11%, will increase to almost 13% to 13.5%.

Saurabh Bedia – Samiksha Capital: Okay, understood. I will get back in the queue.

Management {? Monika ?}: To add, since you were specifically asking about the organic and RTE businesses, the organic business is in a remodeling phase. In the coming 2 years, we are targeting this business to also deliver a 10% to 11% EBITDA margin. I think that was the question you were asking.

Saurabh Bedia – Samiksha Capital: Yes, that answers it. Thank you.

Management {? Monika ?}: Yes.

Management {? Ashwani ?}: Thank you, sir. Thank you.

Saurabh Bedia – Samiksha Capital: Thank you. I will get back in the queue.

Operator: Thank you. Participants are reminded to press star and one to ask a question. We have the next question from Vipul Kumar from Sumangal Investment. Please go ahead.

Vipul Kumar – Sumangal Investment: Hi, thank you for the opportunity. A substantial amount of working capital has been released in this quarter. Is there any one-off item, or is it a seasonal phenomenon?

Sachin: It happens during this period because this is a non-peak season for procurement. Working capital is released. As I told you, we have a net cash position during this period. It will be utilized in the coming quarters as procurement takes place. It is seasonal procurement.

Vipul Kumar – Sumangal Investment: Previously, we used to share volumes by geography for each major market, such as India, the US, and Canada, but that is not part of the presentation this time. Can you provide the volume and value figures for each market?

Management {? Ashwani ?}: We have stopped providing absolute volumes, but we are giving the growth by value and by volume. For competitive reasons, we do not provide absolute volumes. We

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are giving both volume growth and value growth.

Vipul Kumar – Sumangal Investment: Would you repeat that, sir, if you do not mind?

Management {? Ashwani ?}: I said we are providing guidance on value growth and—

Vipul Kumar – Sumangal Investment: No, what was the volume growth and value growth this quarter? That is what I am asking.

Sachin: As per our presentation, India's revenue mix is 29%, while year-on-year growth in the India business is 24%. North America's revenue mix is 50%, while value growth was 21%. If we normalize for Golden Star, it is 13%. Europe's revenue contribution was 12%, and the Middle East was at 9%, with growth of 25%.

Vipul Kumar – Sumangal Investment: My last question is regarding the 13.5% to 14% EBITDA target. How much time will it take to move from 11% to that level?

Management {? Ashwani ?}: We missed your specific question. Volume growth is 11%, and value growth is—

Sachin: 13%.

Management {? Ashwani ?}: 13%.

Sachin: 14%, yes. Volume growth is 11%.

Management {? Monika ?}: It is mentioned in the presentation.

Sachin: It is also in the presentation.

Management {? Monika ?}: Yes.

Management {? Ashwani ?}: Yes, what was the question?

Vipul Kumar – Sumangal Investment: I was asking about your medium-term EBITDA guidance of 13.5% to 14%, if I remember correctly. We are currently at 11%. Over what time frame should we reach our desired EBITDA range?

Management {? Ashwani ?}: As a matter of policy, we do not provide any timeline. As I said, we are very positive and optimistic that in our mature market, EBITDA margin is already above 15% in Basmati. Once these 3 or 4 sectors reach scale, the margin profile will change.

Vipul Kumar – Sumangal Investment: Lastly, what is your experience in a rising paddy market? Do our margins tend to increase or decline? Based on past cycles, what is your view?

Management {? Ashwani ?}: Historically, whenever the paddy price increases and input costs increase, we normally pass it on to the consumer. The margin profile may show an exceptional 1% gain or a negative 1% at times, so it remains within that range when prices go up or come down.

Vipul Kumar – Sumangal Investment: Okay, thank you, sir, and all the best.

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Management {? Ashwani ?}: Thank you, sir. Thank you very much.

Operator: Thank you. The next question is from Mr. Yagnesh Mehta from {? AART Ventures ?}. Please go ahead.

Yagnesh Mehta – {? AART Ventures ?}: Thank you for the opportunity. Advertising and brand-building costs are elevated by about 40 basis points this quarter. Are they going to remain at this level for the rest of the year?

Sachin: Our advertising spend will be an investment of 2.3% of revenue. In this quarter itself, our spend increased to almost 2.5% to 2.6%. On a yearly basis, it will remain at 2.3%, which is elevated compared with last year's number. Last year's number was 2.1%.

Yagnesh Mehta – {? AART Ventures ?}: Are we trying to pass on the increased freight cost to the customer?

Management {? Ashwani ?}: In some markets, yes. In some markets, it takes time; the Middle East is one example. In Europe, it is not the case, but in some markets we pass it on. That is why the consolidated impact is 0.4%.

Yagnesh Mehta – {? AART Ventures ?}: Okay. Thank you very much.

Operator: Thank you, sir. The next question is from {? Saheeshwar Grewal ?} from Value Vision. Please go ahead.

{? Saheeshwar Grewal ?} – Value Vision: Hi, sir. Am I audible?

Management {? Ashwani ?}: Yes.

Sachin: Yes, you are audible, sir.

{? Saheeshwar Grewal ?} – Value Vision: Congratulations on the strong set of results in a tough operating environment. I wanted to understand our margin expectations for the next 2 quarters. Do we expect the tightness to continue if the war situation escalates in the coming quarters?

Management {? Ashwani ?}: The main impact of the war is on the Middle East, and the Middle East contributes 9% to 10% to LT Foods. We do not see any impact on margins in the coming quarters, so margins should continue at this level. There should not be any tightness. We do not see any.

{? Saheeshwar Grewal ?} – Value Vision: My assumption was that with freight rates being high, our exports to the US and Europe would also be affected by the current shipping-rate problem.

Management {? Ashwani ?}: Yes, but in some cases we are able to pass it on, while in others we are absorbing it. That is how the consolidated figure is being impacted by 0.4%.

{? Saheeshwar Grewal ?} – Value Vision: The second question was about our UK investment. Since the FTA has not yet been signed, are you receiving any benefits? When is that facility coming up, and what do you expect it to contribute over the next 2 years?

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Management {? Ashwani ?}: The UK is definitely part of our strategy as a Basmati company. Europe, including the UK, is a big market. As far as profitability is concerned, once scale is achieved, we expect the UK business to become profitable. In the next year, we are expecting it to be profitable.

{? Saheeshwar Grewal ?} – Value Vision: What is the revenue and PAT growth guidance for the year? That is all. Thank you.

Management {? Ashwani ?}: Thank you.

{? Saheeshwar Grewal ?} – Value Vision: Sir, can you repeat the growth guidance for the year and the coming 2 quarters—revenue and PAT?

Management {? Ashwani ?}: In the coming quarters, as I said, H1 was—H2 will be very—

Sachin: We will basically maintain the momentum. We are quite positive about maintaining the performance we saw in the first half compared with the previous half year.

{? Saheeshwar Grewal ?} – Value Vision: Okay. Thank you. Best of luck.

Management {? Ashwani ?}: Thank you, sir.

Operator: The next question is from Mr. Rajesh Agrawal from {? Moneyore ?}. Please go ahead.

Rajesh Agrawal – {? Moneyore ?}: Sir, my question is about accounting for the tariff refund. How are we accounting for any tariff refund?

Management {? Ashwani ?}: We are also reading in the newspaper about it. If you are asking about the new tariff in the US, we are positive—

Rajesh Agrawal – {? Moneyore ?}: No, I am asking about the old refund, sir. You have not accounted for the tariff refund, correct?

Management {? Ashwani ?}: No, we have not.

Rajesh Agrawal – {? Moneyore ?}: What is the status?

Management {? Ashwani ?}: We have partly received the refund, and we are discussing it with our customers based on our understanding.

Rajesh Agrawal – {? Moneyore ?}: How much time will it take for the accounting?

Management {? Ashwani ?}: I think the matter will be clear by year-end.

Rajesh Agrawal – {? Moneyore ?}: Okay. Thank you, sir. You are bullish on the outlook for the company and for Basmati—

Management {? Ashwani ?}: We are very bullish. As you know, the Basmati category is growing by 5% to 7%. If you look at our results, India is growing in double digits, the Rest of the World is growing, and all the markets are growing. We are very positive on all our businesses—specialty rice, organic, and ready-to-eat.

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Rajesh Agrawal – {? Moneyore ?}: Sir, regarding growth in regular—

Rajesh Agrawal – {? Moneyore ?}: ...profitability because margins are also under pressure for one reason or another, including freight. When the revenue growth and volume growth [cut off]

Management: As far as ROCE is concerned, we are improving. It is at 1.4. ROCE is around 23%, and in the consumer space and the category, we are performing very well. As far as further margin improvement is concerned, as I said, in the mature market, EBITDA is at 15%. In the investment markets, once they scale up, the EBITDA margin profile will change and further improve ROCE.

Rajesh Agrawal – {? Moneyore ?}: Is there scope for any further working-capital improvement from here?

Management: No.

Rajesh Agrawal – {? Moneyore ?}: Okay. Fine. Thank you, sir.

Operator: Thank you. A reminder to all participants: please press star and one to ask any questions. We have a follow-up question from Mr. Saurabh Bedia from Samiksha Capital. Please go ahead.

Saurabh Bedia – Samiksha Capital: I wanted to ask how we are particularly able to reduce our inventory days, because my understanding is that Basmati requires a particular number of aging days to maintain its premium quality. How are we able to reduce our inventory days? Secondly, can you share the inventory cost as of March '23 and the current procurement cost that we incurred? That is all.

Management: Our business model is a mix of Basmati, other specialty rice such as jasmine, and organic rice. As far as Basmati is concerned, whatever aging is required, brand-wise, we undertake it. There is no shortcut on that, and it is sufficiently covered.

Saurabh Bedia – Samiksha Capital: Secondly, regarding our procurement cost as of March 31, FY23, and currently, what is the cost of the current inventory?

Sachin: As I told you, the current paddy rate is almost Rs. 43 per kg, whereas rice is Rs. 60 per kg. As of March '23, the paddy rate was 36, whereas the rice rate was 54.

Saurabh Bedia – Samiksha Capital: Do we plan any near-term price increase? Since realization growth has not been in line with the increase in input costs, are we not passing on the entire increase? Secondly, how do you see the sensitivity in the US and Indian markets to a price increase? Is there usually any impact on the demand side?

Management: I will answer your last question first. As far as demand sensitivity to a price increase is concerned, we have not seen any impact. We have been in this business for more than 50 years, and we saw a real test case when this duty was imposed. The majority of the increase was passed on, and we did not see any impact on demand.

If you look at Basmati, the global rice market is roughly 500 million tonnes, while Basmati is approximately 10 million tonnes. This is roughly 2% of the total market. Normally, in specialty rice, we do not see any impact on demand from a price increase.

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Even in the Middle East, what we are seeing is that freight cost has increased from $40 to $50 and is now more than $200. There is no impact on that.

Saurabh Bedia – Samiksha Capital: My first question was regarding any near-term price increase. I believe the increase in current paddy costs has not been completely passed on, correct?

Management: The crop has just started arriving in the first week of September. As the use of this crop increases, the price increase will be passed on. In India, we sell some of the new crop, and the price increase has already been implemented and has been well accepted.

Saurabh Bedia – Samiksha Capital: So, we will pass on this increased cost next year when we sell the inventory, correct?

Management: Correct. We are confident. Historically, such periods have occurred, and we have been able to pass on the increase successfully.

Saurabh Bedia – Samiksha Capital: Okay. Thank you. That is all.

Operator: Thank you. The next question is from Mr. Premal Shah. Please go ahead.

Premal Shah: Hi. Am I audible?

Operator: Yes, sir.

Premal Shah: Good afternoon. My basic question is about the latest crop outlook. Of late, if we consider the weather impact in the current year, what is the outlook specifically for Basmati?

Management: As far as the crop is concerned, it is more or less like last year's crop. However, there was no carryover from last year's crop, and demand has grown by an average of 4% to 5% across India and exports. This year, prices opened at an average of 25% above last year. For the initial varieties, the increase was 35%, but for some varieties it was lower. On average, we are expecting prices to be roughly 25% higher than last year.

Premal Shah: Would finished-product pricing also increase by the same range of 20% to 25%, or higher?

Management: Material cost is roughly 70%. Pricing will reset proportionately.

Premal Shah: What are the current local finished-product prices? They were, I believe, between 87 and 95 in the first quarter of this calendar year. Where would they be currently?

Management: Do you mean whether the impact of the cost has been passed on?

Premal Shah: No, what I mean is the finished product, such as Daawat rice or whatever is available in the open market. Is the price range currently around 110 to 115 per kg compared with approximately 85 to 90 rupees in the first quarter? That is what I am trying to ask.

Management: If you mean the open market, that means retail—

Premal Shah: Yes, in that sense. That is right.

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Management: In our retail category, our most premium product now sells at Rs. 250 per kg. This is Daawat Biryani, which at the same time last year used to be around 220 rupees. This is the price to the consumer.

Premal Shah: That is about a 13% increase. Okay.

Management: Yes, that has already been taken.

Premal Shah: Are you able to say what your current average realization is, approximately for October, per kg—

Management: It is—

Premal Shah: —putting all the different grades and brands of Daawat together?

Management: Around 80 rupees.

Premal Shah: Around 80. Compared with the first quarter of this year?

Management: [off-mic discussion] {? First quarter 74 was ?}

Management: Yes, {? 74 ?}.

Management: By what percentage has it increased?

Sachin: Almost 10% [cut off]

Management: [off-mic discussion] Yes, 10%.

Sachin: An 8% to 10% improvement over Q1. Correct, 8%.

Premal Shah: Sorry, how much? 8%?

Management: Improvement over Q1 of this year.

Premal Shah: Yes, but how much?

Management: 8%.

Premal Shah: 8%. Okay.

Management: Yes, 8%. 8%.

Premal Shah: Got it, sir. Thank you very much.

Operator: Thank you, sir. We have the next question from Mr. Saurabh Bedia from Samiksha Capital. Please go ahead.

Saurabh Bedia – Samiksha Capital: This is my last question. Do we benefit from the falling rupee if we compare the rupee last year with the current year, or do we hedge that exposure? Is any impact seen in the top line?

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Management: As far as the forex policy is concerned, Sachin can add to this. We have followed a 50-50 policy for the last 10 years. We hedge 50% and keep 50% open. As you said, if the rupee depreciates, we definitely benefit.

Sachin: Yes, we benefit. As an exporter, rupee depreciation is always beneficial. It has been beneficial because we also have a purchase policy, and purchases take place both during and outside the season. To some extent, this is offset by the purchasing trend as well. As far as the rupee is concerned, rupee depreciation benefits us.

Saurabh Bedia – Samiksha Capital: If you can quantify it, for the current quarter's normalized growth of 22% in the Basmati and specialty rice segment, how much was the forex impact?

Sachin: If you talk about forex on a constant-dollar basis, it should represent almost a 4% to 5% impact on the dollar value.

Saurabh Bedia – Samiksha Capital: On our top line, what percentage of the total top line was impacted by forex?

Sachin: The 4% to 5% that I mentioned is the impact.

Saurabh Bedia – Samiksha Capital: If I do the math, the company reports 22% growth in the first half of FY25 in Basmati and specialty rice. Volume growth was 11%, and realization growth was approximately 12%. According to you, does that realization include the forex impact? The math does not otherwise work.

Sachin: Correct. It includes the value terms because we report in rupee terms. It includes the forex impact.

Saurabh Bedia – Samiksha Capital: Perfect. Thank you.

Sachin: Yes.

Operator: Thank you. Ladies and gentlemen, I now hand the conference over to LT Foods management for closing comments. Over to you.

Management: On behalf of the management of LT Foods Limited, we sincerely appreciate your participation in our post-earnings call today. We hope we have been able to address most of your queries and provide clarity on our performance and outlook. For any further questions or follow-up, feel free to reach out to me or our investor-relations partner, Ernst & Young. The team will be happy to connect with you offline and assist with any additional information you may require. Moderator, we can now close the call. Thank you.

Operator: Thank you. On behalf of Motilal Oswal, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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