



**“LT Foods Limited
Q1 FY26 Earnings Conference Call”
July 28, 2025**



**MANAGEMENT: MR. ASHWANI KUMAR ARORA: – MANAGING
DIRECTOR & CHIEF EXECUTIVE OFFICER
MS. MONIKA CHAWLA JAGGIA – CHIEF
CORPORATE DEVELOPMENT OFFICER
MR. SACHIN GUPTA – CHIEF FINANCIAL OFFICER**

**MODERATOR: MR. MEET JAIN – MOTILAL OSWAL FINANCIAL
SERVICES LTD**

Moderator:

Ladies and gentlemen, good day, and welcome to the LT Foods Q1 FY '26 Earnings Conference Call hosted by Motilal Oswal Financial Services Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to

ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Meet Jain from Motilal Oswal Financial Services Limited. Thank you, and over to you, sir.

Meet Jain:

Thank you. Good afternoon, everyone, and a very warm welcome to LT Foods Limited 1Q FY '26 Post Results Earnings Call hosted by Motilal Oswal Financial Services Limited. On the call today, we have the management team being represented by Mr. Ashwani Kumar Arora, MD and CEO; Mr. Sachin Gupta, CFO; 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 team to share their perspective on the performance of the company. Thank you, and over to you, ma'am.

Monika Chawla Jaggia:

Thank you, Meet. Good evening, everyone. On behalf of the management, I welcome you all to Q1FY26 Earnings Conference Call of LT Foods. Please note that any statement made or discussed during this call, which reflects our outlook for the future or which could be construed as a forward-looking statement must be reviewed in conjunction with the risks that the company faces. A detailed disclaimer in this regard has been included in the investor presentation that has been shared on both the stock exchanges, that is NSE and BSE. The results documents are available on the company's website as well as the stock exchanges. A transcript of this call will also be made available on the Investors section of the company's website.

During Q1FY26, LT Foods reported highest ever quarterly revenue and EBITDA of INR2,501 crores and INR302 crores, respectively, grew by 20% and 17%, respectively, versus Q1FY25. The growth in revenue is supported by increasing consumer demand and preference towards our brands and entry into new countries, improved supply chain and availability of our brands and increased household penetration. The company reported EBITDA margin of 12.1% in Q1FY26 versus 12.4% in Q1FY25. A minus 30 bps dip in the margin is on account of increased investments on the brand.

- Basmati and Other Specialty Rice segment grew by 18% in this quarter, reinforcing the continued global love for our brands. Due to increasing consumer preference for healthier and sustainable food choices, our organic business reported a remarkable 32% growth in this quarter. The major portion of the growth has been contributed by soya meal. Normalized growth other than soya meal is around 18%.

- Our organic arm Nature Bio Foods launched a new facility in Rotterdam to support our global ambitions in July '25. The strategically positioned facility in Europe Gateway port handles 15,000 metric tons annually, positioning us to capture more of the EU \$45 billion organic market.
- In India, the household reach of Daawat has grown significantly from 45.56 lakh homes in March 2023 to 56.2 lakh homes in March 2025. This growth was possible due to our constant efforts on innovation, continuous investment on the brands and staying relevant to evolving consumer needs and ensuring that our products are easily accessible across the globe.
- The Snacking segment under Kari Kari has grown 40% versus last year. We have also acquired rest of 45% of the Golden Star, which we have completed in May 2025. We now proudly lead as the #1 Jasmine rice brand in the U.S.
- During the quarter, we reinforced asset built through the spectacular 4th Daawat World Biryani Day celebration in Jaipur and Indore. This celebration cements our position as the global torch bearer of Biryani.

I would like to now give an update on the geographies.

- The European Continental currently contributes around 18% of our overall revenue. Our progress in this region has been robust, achieving a 57% year-on-year growth. Notably, we have recently secured partnerships with 4 leading U.K. retailers, strengthening our footprint in this market. The spurt in the revenue is majorly attributed to the U.K. plant being fully operational in the past quarter.
- North America, that accounts for 43% of our revenue and continues to be a key growth driver with a 32% year-on-year increase. This includes the consolidation for the Jackson rice business for the quarter as well. The normalized growth of this geography is around 18%. Our flagship brand, Royal holds a dominant position, commanding a 54% share in the basmati rice imports in the region.
- India contributes to 31% of our revenue, recording a 10% year-on-year growth. Our brands collectively hold a 25% market share with category leadership in the Western region.
- The Middle East and rest of the world constitutes the remaining 8% of our revenue. We remain optimistic about scaling our presence in this geography by further strengthening the consumer mind share and market penetration.

LT Foods well-diversified geographical presence serves as an effective derisking strategy,

reducing dependency on any single market and enabling consistent performance across varying macroeconomic cycles.

There's an update on the CVD side that is reference to the CVD notice that we received by our fellow subsidiary. The company has filed a case brief on July 16, 2025, giving the past precedence wherein the AFA applied by the department was not held right by the courts of international trade. And as per the process, U.S. DoC had some questions and clarification they could have done as per process by asking for the supplement questionnaire. Petitioners have also filed their case brief and Ecopure has also filed a repetitive brief on July 24 to contest the AFA. If the DoC final results maintain AFA, Ecopure can file an appeal to the Court of International Trade as well.

I would just update you on the industry side as well.

- India is the largest producer and exporter of basmati rice, contributing approximately 90% of the global supply. The key production regions include Punjab, Haryana, Uttar Pradesh. Annual basmati rice production in India stands at 10 million metric tons, of which 6 million metric ton is exported with the remaining consumed in India.
- Within India, 70% of the rice consumption is still in the form of the loose rice, and we see significant potential for the conversion from loose to branded and packaged rice driven by evolving consumer preferences, rising awareness and increasing demand for quality and hygiene products.
- Globally, the basmati rice category is growing at a steady 7% to 8% CAGR, supported by expanding demand and increasing adoption of Indian cuisine across geographies.

LT with a legacy of over 7 decades in the basmati rice industry has successfully navigated various business cycles across both upturns and downturns, demonstrating consistent performance growth and profitability improvement. As we expect, the category continues to grow. LT Foods is well positioned to capitalize with its strong brands, global distribution network and strong supply chain on rising global and domestic demand and further strengthen its market share and drive sustainable profitable growth across the geographies.

In line with our commitment to consumer relevance, LT Foods actively monitors market trends across geographies, deeply studies the consumer preferences and is focused on launching innovative rice-based food solutions tailored to diverse consumer needs.

With this, I hand over the call to the moderator to open the floor for question and answer, please.

Meet Jain:

Thank you. Monika.

- Moderator:** The first question is from the line of JolyonJolyon from Amiral Gestion.
- Jolyon:** So maybe firstly, can you comment on the SG&A trend this quarter because it seems to be running higher than what is expected. And separately, could you also quantify the impact of freight cost this quarter because this has been consistent, I suppose, in the last few quarters.
- Sachin Gupta:** So yes, you are right. SG&A expenditure in this quarter as a percentage to revenue has increased. As stated by Monika, the major increase in the revenue is on the brand investments, which we are making. So this quarter itself, my SG&A expenditure as a percentage to revenue increased by almost 1.2%, this quarter itself. This is mainly on the brand investments.
- Jolyon:** Okay. Maybe specifically, what percentage of revenue was spent on freight? And what percentage of revenue was spent on marketing-related costs this quarter?
- Sachin Gupta:** So my logistic cost as a percentage to revenue has reduced by 90 basis points, whereas my brand spend as a percentage to revenue has increased by 120 basis points as a percentage on a year-on-year basis.
- Moderator:** The next question is from the line of Foram from Abakkus.
- Foram:** So basically, like Pakistan is experiencing severe water crisis because of obviously the suspension of the Indus water treaty. So this has led to an increase in the paddy prices. So as a company, like we were at least sitting with a year's inventory so going forward, do we expect any inventory gain and margin improvement because of this?
- Ashwani Kumar Arora:** So first of all whatever the impact is, as said in the earlier call also, we don't see much impact in the production of basmati rice. But having said that, but India contribute roughly to the export 80% of the total whatever the international market, we sell basmati, 80% is already contributed by India. India is getting stronger, stronger every year in basmati category across the globe. So Pakistan has really not bigger role to play in the international market. As far as Indian basmati is concerned, this year, the India has exported 6 million tons, roughly 15% growth over last year. So we are very positive on the category in India as well as international market.
- The total market size of rice consumption is 500 million tons globally, and basmati is just roughly 12 million tons. which is roughly 2.5% to 3%. So we see good opportunity for this Indian export to grow. And as LT Food, we have a global footprint and very strong brand and very strong distribution across the world. So we are positive on the growth and with the time improving the ROCE and all the margin metrics.
- Foram:** Right, sir. So sir, again, like with the increase in the brand spends, in the medium term, do

we expect a little bit, again, like some pressure on the margins? Or can we expect an improvement in the margins going forward?

Sachin Gupta: So yes, as a brand spend as a percentage to revenue, this will remain as such. But yes, we are expecting an improvement in the GP margins, which we had in the last -- in this quarter as well. So we are expecting a better GP almost better than this quarter itself in the coming quarters.

Foram: Okay, sir. And sir, also like Middle East has seen some degrowth of 33% year-on-year. If you could throw some insight on what is happening in these markets? And Saudi has contributed around INR16 crores in this quarter. So what would be that in the base quarter?

Ashwani Kumar Arora: So Sachin, you can add into this. So basically, Middle East includes both our branded business and private label business. So overall, what we have seen in degrowth is that we have discontinued some part of the private label business, which was not fitting into the whole strategic thing. But as far as our brands are concerned, they are growing. And as mentioned in Saudi Arabia.

Sachin Gupta: This quarter, we have done INR16 crores revenue in this quarter itself. Yes, as Ashwani ji told. Previously, we were -- this INR16 crores is wholly in our brand. Initially last year, we made a private label sales that was almost INR3 crores in this territory. So that has been replaced with our brand in this quarter itself.

Ashwani Kumar Arora: So overall, Middle East is going as per plan. So we are positive.

Moderator: The next question is from the line of Amit Doshi from Care PMS.

Amit Doshi: So congratulations on a great set of numbers. First thing is our expectations of North America and our performance, both has been quite interesting, like 33% growth in a market where we are already a leader.

And our future expectation is also 10% to 12%. So can you share some thoughts where we are already a leader, how we expect to grow at double-digit numbers? Or was there any one-offs in this 32%?

Ashwani Kumar Arora: Yes. So in U.S.A., as Monika just mentioned, the 32% is contributed, the Golden Star acquisition has completed. But if you normalize that, then the core category has grown by 18% on apple-to-apple. So we expect that the consumption will keep growing in America.

The lever for the growth is this immigration and being the -- it is getting popular in restaurant also and love for Indian cuisine. So we expect, as given in our forecast, we have given the double-digit growth, that -- we are positive on that.

- Amit Doshi:** Okay. Okay. Sir, in earlier participant question, the answer was that brand spend we incurred 1.2% of sales. Did I hear that correctly? I just wanted to confirm.
- Sachin Gupta:** No, no, no. That was incremental, incremental spend of 1.2%.
- Amit Doshi:** Okay. So I mean, what is -- because we have also mentioned that we're going to invest in brand. So as a sales, what are we targeting and what we used to incur in, say, prior years? So our thought process on brand investment is what I'm trying to understand.
- Ashwani Kumar Arora:** Broadly, it can be quarter-on-quarter difference depends on what kind of the plan is. But on an average, 3% to 4% is the plan.
- Amit Doshi:** 3% to 4%, yes. Okay. So that answers my question. Sir, this quarter, obviously, there was a huge nice growth of volumes and price has been stable. Going forward, what is the expectation considering that we will have now lower inventory paddy, which was acquired last -- I mean last season.
- So when that is likely to kick in, in the sales? And do you expect a corresponding fall in the sales prices because there was a considerable fall in the paddy prices that we acquired last season?
- Ashwani Kumar Arora:** It depends country to country. Competitive landscape force you to keep your margin in that range only. So -- but we are more focused on growth, and we are expecting as guidance is given, 12.5% to 13% EBITDA margin.
- Sachin Gupta:** Adding to it, our ROCE. So we are quite confident on the ROCE part to deliver a robust ROCE of 21% plus, which we had delivered in this quarter as well. So we are constantly focusing on increasing the ROCE percentage.
- Amit Doshi:** Understood. And sir, in the presentation, there is one of the strategy mentioned is inorganic acquisitions as well. So can you share your thoughts on which -- I mean, you are looking at newer geographies or existing geographies, but newer products, I mean newer brands, anything that you can share on what is the thought process of acquisition, the ticket size that we are looking at?
- Ashwani Kumar Arora:** The strategy is in the space of 3 where we -- our businesses, which is Basmati and Specialty Rice, organic and RTH food. So in these spaces, we always look for an opportunity. And historically, whatever acquisition has been done is mostly in Basmati and other specialty rice. So it has to have in this domain only. And of course, it has to have synergic benefit also.
- Amit Doshi:** Okay. And last question, any update on soya meal litigation that you would want to share?
- Ashwani Kumar Arora:** As Monika just mentioned, we have filed the rebuttal. And we are expecting October end the

decision to come from the department.

Moderator: The next question is from the line of Pradyumna Choudhary from JM Financial Family Office.

Pradyumna Choudhary: Just a couple of questions. First is, if you can just give some sense on what the HoReCa contribution is to us total U.S. revenue and the same number for our Europe revenue. The idea is I'm trying to understand whether basmati is in these countries is more consumed in home or in HoReCa?

Ashwani Kumar Arora: Yes. So for us, it's in the range of -- it depends on origin to origin. But on an average, 20% roughly goes into the restaurant and food service, what we call is HoReCa. And rest is all home consumption.

Pradyumna Choudhary: So this is for U.S. or total?

Ashwani Kumar Arora: On an average as a global consolidated average, I'm saying 20% to 25% goes for this HoReCa and the rest is the home consumption. If you talk about the category, that where the category is being consumed, then I will say 40% HoReCa and 60% home. This is I'm telling on an average, globally.

Pradyumna Choudhary: And for the U.S., this 20% to 25% will be lower or higher, the HoReCa contribution for us from U.S.?

Ashwani Kumar Arora: I think 20% will be.

Pradyumna Choudhary: All right. And second question would be, what would be our normalized growth if you adjust for this Golden Star acquisition? So what would be that? And why Continental Europe has grown 57%? Is there some adjustments or a one-off?

Sachin Gupta: Firstly, answering your question regarding the European. So the European, as Monika stated, there has been a full functioning of the U.K. facility. So we have started a U.K. facility last year itself. So that became fully operational. And that gave me an incremental revenue of almost INR80 crores in the quarter itself.

So that had a one-off effect on the increase in the revenue side. As regarding if we normalize the revenue of the Golden Star and have that what is the revenue size, then it is almost 17% normalized growth that we have witnessed.

Pradyumna Choudhary: Sir, just a couple of follow-ups. One is ideally like even if our U.K. revenue has started coming in, but it's the same market we are serving, right? So either our India revenue would

have taken a hit because of that because -- sorry, not India, the Continental Europe's revenue would have taken a hit because earlier we were supplying from European region.

So why -- like it should not really happen, right, because the market remains the same. So that's one. And second, if you can just give your comments on a couple of cost items. One is how is the paddy price trending currently? One of the previous participants spoke about rising paddy prices. If you can just allude to that.

And second, freight cost in this quarter was 5.7% of revenue. So earlier in a normalized environment, we used to see 5% of revenue. So is this going to come down further? Or is it now stabilized at a higher level? These are my questions.

Sachin Gupta:

So answering your freight cost as a percentage to revenue, you are right. It is 5.7%. This was same in the last quarter as well, the immediate preceding quarter, I'm talking about. And we expect that the logistic cost to remain as such in this -- for the remaining part of the year as well. And as regarding the revenue sales, which you stated of the European and the U.K. operations, we have -- as Monika in the opening speech has told, we have entered into new contracts in the U.K.

So they have the 4 chains which we have acquired in this quarter in the previous year, but the sales was full in this quarter, which was not there in the last quarter. So that gave me an incremental revenue in this quarter of INR80 crores.

Ashwani Kumar Arora:

Continental Europe So, has anything hit in continental Europe or not? So, continental Europe is stable. And so we have got a new growth from the new customer.

Sachin Gupta:

And as regarding the paddy prices, yes, the paddy prices as on -- in my books of accounts as on 30th June is INR29. So as Ashwani ji told, so it is -- the pricing or the things that there won't be any kind of inventory gain or loss.

So that has been taken care because the inventory which we have procured, that is backed by our brand sales. So that we don't speculate in having required more quantities as such.

Pradyumna Choudhary:

Sorry, I was just asking how is the current paddy pricing environment looking like?

Ashwani Kumar Arora:

I think the market is stable. On an average, I will say the paddy prices depends on variety INR34, INR35.

Pradyumna Choudhary:

So that's higher than our book price, right? Our books contain INR29. So there's been an increase. Is that the way to understand?

Ashwani Kumar Arora:

Yes, yes. But the market doesn't behave like on the present -- so all the industry player, they source in the procurement time, then they average their price and do the pricing. So it doesn't

behave like other commodity. And as Sachin said, it's mainly branded business. The only benefit we get is when the prices go up is that the new competition doesn't hurt you.

Pradyumna Choudhary: Yes. In fact, I was concerned whether we'll be able to -- like next year when these come into our inventory, whether we'll be able to pass on the increased paddy prices to our end customers. That's where my concern was.

Ashwani Kumar Arora: So the normally prices changes when the crop changes. And the FY25 prices will get an impact in the month of most probably June. So I think that's too long to forecast anything on paddy price movement.

Moderator: The next question is from the line of Hitesh Goel from Auringin Capital.

Hitesh Goel: Sir, this U.S. -- first question on U.S. growth of -- normalized growth of 18%. Is this growth also higher than your usual growth largely because there was tariff expectations, there was a deadline that after 31st July, the tariff will go up. So in this quarter, was there a lot of prebuying by the retailers, distributors in U.S.

Ashwani Kumar Arora: We don't think that, that has a bigger impact on that. This we believe that is a normal thing, has nothing to do with this buying because of this duty impact. I would say maybe 2%, 3%, if so, but not beyond that

Hitesh Goel: So we are expecting a double-digit growth this year in U.S.?

Ashwani Kumar Arora: That's what in the plan we have given, we are expecting roughly double digit, which is in the range of 10%.

Sachin Gupta: So that's the plan. Basically, yes, as Ashwani ji told, there might be certain things. But basically, this is mainly on the account of the distribution reach and which we were able to have in the U.S. in this quarter itself. That impact -- that had a positive impact on our revenue in this.

Hitesh Goel: Okay. And sir, on India business, what was the volume growth Y-o-Y? You have reported a very healthy 10% revenue growth despite paddy prices coming down, right? So if you can give us the volume growth for this year Y-o-Y?

Sachin Gupta: In this quarter itself on Y-on-Y basis, there is a growth of almost a 13% growth on a Y-o-Y basis.

Hitesh Goel: So basically, there was only 3% decline in realization on a Y-o-Y basis?

Sachin Gupta: Correct. So there is a 2% decline in the realization.

- Hitesh Goel:** And sir, basically, you have purchased a lot of inventory because due to the last crop being very -- you got good prices on the last crop. But now even in this season, actually, rice crop is pretty good, right? So the rice prices /procurement prices are going down further?
- Sachin Gupta:** Actually, we didn't procure much. We procured it as per our plan. So we just preponed it and preponed it on the season itself. So that's we did so. So generally, we procure 60% to 70% in the season itself and the remaining in the later part of the year. But because of the favorable rate and certain factors, we procured 75% in the season itself.
- So that was also within our plan itself. So that was fully backed with my brand and other sales. Considering the current scenario of what we have it would be too early to predict the next crop, what will be there.
- Yes, the sowing is better as stated by the government data, what we have, the sowing is better as compared to the last year. So the rest, it's 3, 4 months journey that will finally decide what the real harvest, what kind of crop we have.
- Hitesh Goel:** Sir, and my final question is on gross margin. Actually, if you look at Q-on-Q basis, gross margin deteriorated by 200 basis points despite your export mix increasing on a Q-on-Q basis. So what is the reason for that?
- I mean I'm talking more from a Q-on-Q perspective. Y-o-Y, there's a 70 basis point improvement in gross margin. But if you look at Q-on-Q basis, with a 200 basis point decline. And I thought it would be stable or declining, right, because procurement prices have come down.
- Sachin Gupta:** So in this, the major contributor for the decline in this gross margin is one of my segments, the organic segment. In this organic segment, my GP margins have dropped. This is mainly because of my product mix that we sold out in the organic segment. There were certain lower GP products that were sold in this quarter itself that overall impacted my GP margins.
- Ashwani Kumar Arora:** Sir, actually, in our soya meal export, the gross margin is less. So, I think the mix has affected this thing.
- Hitesh Goel:** Okay. Okay. So there is no impact on gross margin in basmati business on Q-on-Q basis. We can infer that?
- Ashwani Kumar Arora:** Yes. Organic is not in the rest of the products. This is only in the soya meal because now, as Monika said, it is also in the presentation. There is organic growth that is lead by soya meal.
- Moderator:** The next question is from the line of Meet Jain from Motilal Oswal Financial Services.
- Meet Jain:** Sir can you drill down on this organic business that we have forwarded into the Europe, the

B2C part? And also throw some light on the new -- further acquisition that we have a call option of 21% as well. Can you throw some light on that?

Ashwani Kumar Arora: So, Meet, till now, our business of organic that is majorly, B2B and we supply as an ingredient to the industries. Now, to further, you know, the effort to improve margin. Now, the setup that we have done, that we will supply in a smaller pack to the supermarket. So, now it will be another vertical which will be a value accretive.

Meet Jain: Okay. So currently, we have a 30% stake in Leev, and we have an option to buy a further 21%. So with the new plant of B2C, can we expect this to happen soon to leverage this segment?

Ashwani Kumar Arora: So we are in process to acquire. And definitely, partly, I will not say fully, Leev is more on ready-to-eat platform where they sell the rice cake, the lentil cake and all these. So it's purely snacking and health. So partly, it will help this plant, partly it will not.

Meet Jain: Got it. Okay. My second question is on this Middle East part. Like as you mentioned that in Saudi, we are mostly doing branded business now. So is it like we have entirely stopped the B2B business there? Or this quarter, we have taken a call to focus more on branding? How is it?

Ashwani Kumar Arora: Our Middle East strategy is mainly, you know, our own label. So, we will pursue that strategy.

Moderator: The next question is from the line of Param Vora from Trinetra Asset Managers.

Param Vora: So what I wanted to ask was that despite solid numbers, the inventory days remained to 277 days, which is considerably high. So could the management elaborate any specific initiatives or strategies that are being implemented to optimize these levels and further enhance the working capital efficiency?

Sachin Gupta: One of the things major in the basmati you have to age. So aging is important. So our inventory days, if you consider from the last quarter or the March quarter, yes, the inventory has reduced, but this is normal process. Because a new crop comes in September, a new crop comes in September-October. So, the inventory days get reduced after that and it builds up from September onwards.

Param Vora: Okay. So -- but still don't you think that 277 days is high. That's not compared to the previous year, but if you look on it on absolute terms?

Ashwani Kumar Arora: Answer is, plus/minus, this is a normal. You consider it normal.

Moderator: The next question is from the line of Rasan, an individual investor.

- Rasan:** Yes, sir. Sir, I just wanted to inquire because in the last con call, which was on January, you had mentioned that we would be getting a credit from the Supreme Court as the Supreme Court had ruled in our favor. But I don't think that, that amount of INR190 crores has been credit, right? Is there any guidance on when exactly you would be receiving...
- Ashwani Kumar Arora:** We have got that. We have got that money against Bank Guarantee, yes.
- Sachin Gupta:** That is there and we have a full amount that is sitting in my books. So it is -- yes, it is backed by bank guarantee. So we have taken an FDR against the thing.
- Ashwani Kumar Arora:** Money has come. Now it is in the High Court for the final decision. So hopefully -- but the money is there.
- Moderator:** The next question is from the line of Ishant from Ashika Institutional Equities.
- Ishant:** So congratulations on a good set of numbers. Could you please share the current inventory levels as of June 30, both the paddy and rice, so broken down by volumes as well as value -- hello?
- Moderator:** Ladies and gentlemen, the line from the management seems to have disconnected, please hold, while we reconnect. Ladies and gentlemen, the line for the management has been connected. Thank you and over to you, ma'am. The next question is from the line of Ishant.
- Ishant:** Congratulations on a good set of numbers.
- Ashwani Kumar Arora:** Thank you, Ishant.
- Ishant:** So could you please share the current inventory levels as of June 30 for both paddy and rice by volumes and value terms?
- Sachin Gupta:** The inventory in my books of accounts is 285,000 tons of paddy at an average rate of INR29 and 3 lakh tons of rice at an average rate of INR51.
- Ishant:** Okay. And so with the monsoon progressing well, how do you see rice price trending in the second half of FY '26?
- Ashwani Kumar Arora:** Ishant, you know sowing is in progress and we are expecting good crop. And the expected opening price, it depends how the crop performs. But we expect that as compared to last year, it will be roughly higher by 8% to 10% average.
- Moderator:** The next question is from the line of Vipulkumar from Sumangal Investments.
- Vipulkumar:** Congrats for a very good set of numbers. So my first question is why this RTH and RTC

segment revenue has degrown, although base is very small? And at what level of annual sales this segment will break even at EBITDA level?

Sachin Gupta:

Yes, this year, what has happened in the RTH and RTC segment, one of the products had discontinued in this category. There was Daawat Sehat that we had launched 2 years back. So we discontinued this in the last quarter -- last year quarter. So it had a revenue share. So that we lost.

So otherwise, everything is as per the plan and as per the target set up. And yes, this segment will break even in the EBITDA category once it crosses the INR350 crores mark and which we expect in 3 years time.

Ashwani Kumar Arora:

Vipul, the ready-to-heat and ready-to-cook is growing. In U.S.A. also, we are done with the capacity. We are building new capacity. The plant will be operated in the next 2-3 months. So then that will start giving us next level of growth. This new product we have launched in India, which is Biryani Rice. Now we have launched Thai curry rice kit. So that we are getting promising result on that. Even on the rice cracker side, the snacking side, we are seeing good initiative.

So hopefully, as to your question in the next 2 years, we will be on the breakeven. In U.S.A., we are already making money on EBITDA level. As far as RTH is concerned, it is only the India where we are investing in rice cracker and this ready-to-cook or ready-to-heat segment, we are trying to build up.

Vipulkumar:

Okay. And sir, my second question, why is our revenue from Middle East region is so low when the market size as per your presentation is so huge, INR40,000 crores. So is there any culture issue or the product mix are different? So how should one look at this?

Ashwani Kumar Arora:

I think that's an opportunity for us, as explained earlier also, that we were focusing on the other market for the last 3 years, we have started focusing in Middle East, although that's a very mature market, very high entry barrier. But we will deliver as per the guidance given in 5 years. The Saudi is also doing well, but very mature, very high entry barrier market.

Vipulkumar:

So what are the entry barriers? Can you elaborate, please, a little bit?

Ashwani Kumar Arora:

Like any consumer business, the entry barriers are the brand and the distribution. That's what the entry barriers are. As per the guidance given, we have strategies to grow our business, but that will be a slow burn.

Vipulkumar:

Okay. And sir, I would drop you a mail, but I want quantity and value of all regions. I asked this in every call.

- Ashwani Kumar Arora:** Please send a mail.
- Moderator:** The next question is from the line of Ketan Cheddha, an retail investor.
- Ketan Cheddha:** My question is this INR2,124 crores of the revenue that we have received in basmati and specialty segment in this quarter. Could you break that into how much is basmati and how much is non-basmati, please?
- Ashwani Kumar Arora:** First of all, you let me tell you what specialty rice is. So one is Basmati, other is Jasmine. And that's mainly 2 variety.
- Sachin Gupta:** So overall revenue size in the basmati in the basmati and specialty category, 85% is basmati, 15% is the other.
- Ketan Cheddha:** Okay, so 85%? Sorry to interrupt, 85% of INR2,124 crores number, right?
- Sachin Gupta:** Yes, yes.
- Ketan Cheddha:** Okay. Yes, sir. Please go ahead, sir. You're saying something.
- Ashwani Kumar Arora:** I'm saying mainly Basmati, followed by Jasmine and followed by regional -- Indian regional rice.
- Ketan Cheddha:** Right. And one more clarification. So whatever Basmati we sell, everything is sourced from India? Or do we source it from some other geographies as well, outside India, specifically for Basmati?
- Ashwani Kumar Arora:** Mainly India, sometime from Pakistan. Our EU operations, they source from Pakistan, but that's -- it depends on year-to-year. But this year, it's only less than 10%...
- Ketan Cheddha:** Sure, sure. And the other question I have is in terms of the future growth plans that we have shared in the presentation, I see that you mentioned the EBITDA will grow at a CAGR of 16%, whereas the PAT will grow at a CAGR of 21%. So could you help me understand what will change between EBITDA and PAT that will help us grow PAT faster than the EBITDA?
- Sachin Gupta:** So yes, it is normal. Whatever the EBITDA grows, the PAT normally grows at a faster pace if any constrain any kind of industry, any one. So yes, there are the interest and the depreciation component, which doesn't grow in the same proportion as the growth in the EBITDA percentage.
- So our PAT, what we are expecting is a growth than -- greater growth than what we are expecting in the EBITDA. But more to add to it, but we are focusing more on the ROCE, the ROCE that we project to have a 23% plus in a going forward year. So from a 21 levels, we

expect this to grow to 23-plus level.

Moderator: The next question is from the line of Pradyumna Choudhary from JM Financial Family Office.

Pradyumna Choudhary: Just a couple of follow-ups. One is you said that the consolidated normalized growth adjusting for the Golden Star acquisition was 17%. But if I just look at your numbers, I think Golden Star in this quarter would have been around INR300 crores, right?

Sachin Gupta: Correct. Correct. So -- but as Monika stated, it got consolidated in 31st May. So after that, the revenue was getting consolidated.

Sachin Gupta: Only 1 month sales was there.

Pradyumna Choudhary: Understood. And second, I'm still not able to wrap my head around this Europe 57% growth, right? Because Europe would be almost, must be around INR400 crores, INR450 crores quarterly revenue rate. And even if INR60 crores has come from U.K. facility, even then that 57% adjusted for the INR60 crores also looks like a very high number.

Sachin Gupta: So yes, the European sales in this quarter, if you include the Europe -- U. K. as well, that was INR376 crores in the rice and the specialty segment. Last year, it was INR239 crores. The incremental U.K. sales this year contributed almost INR80 crores. So if we eliminate, if we normalize that also, there is a 24% revenue growth that came in the European operations this year.

Pradyumna Choudhary: And what's driving this growth?

Ashwani Kumar Arora: So both, it's a mix of Daawat, which is growing. Second, we have done a little bit the B2B sales. And third is we call it, the label we pack for the stores. So all 3 has led to growth.

Pradyumna Choudhary: All right. All right. Like -- but it's not coming more from a private label, right? It's coming majorly from branded growth?

Ashwani Kumar Arora: All 3 revenue drivers, brand, the kind of B2B sale and which we do private label for the stores. So partly in all the three, this growth is driven by.

Pradyumna Choudhary: Understood. And my another question was on the organic side, why was Daawat Sehat discontinued?

Ashwani Kumar Arora: It is not on organic side. So it was under the value-added thing. So we launched fortified rice in India, which has not much appreciated by the consumer, not got response so we discontinued.

- Pradyumna Choudhary:** All right. Because it seems like it was contributing quite significantly to your segment revenue.
- Ashwani Kumar Arora:** Yes. So we have -- we pushed it very strongly. We invested money. We put in our full distribution, but it has not worked as per our expectation.
- Moderator:** This was the last question for the day. I now hand the conference over to the Monika ma'am for closing comments.
- Monika Chawla Jaggia:** Thank you. On behalf of the management of LT Foods, thank you all for joining us on our earnings conference call today. We hope we have been able to address majority of your queries. The nature of our business and the operating segments and the geographic market don't generate highly dynamic part of variations, so making semiannual reporting cycle more aligned with our operational rhythm and better positioned to deliver the meaningful comprehensive insight to our investors.
- So, starting from Q2FY26, we will conduct our earnings call semiannually. In the meanwhile, you may reach out to me or our Investor Relations partner, EY, for any further queries that you may have, and they would connect with you offline. We now close the call. Thank you all.
- Ashwani Kumar Arora:** Thank you.
- Sachin Gupta:** Thank you.
- Moderator:** Thank you. On behalf of Motilal Oswal Financial Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.