



"LT Foods Limited Q2 FY'26 Earnings Conference Call"

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 MS. MONIKA CHAWLA JAGGIA - CHIEF CORPORATE DEVELOPMENT OFFICER
MODERATOR: **MR. ROHAN GROVER- CEO (NATURE BIO FOODS LIMITED)**
 MR. MEET JAIN - MOTILAL OSWAL INSTITUTIONAL EQUITIES

Moderator: Ladies and gentlemen, good day and welcome to LT Foods Q2 FY'26 Earnings Conference Call Hosted by Motilal Oswal Financial Services.

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

I now hand the conference over to Mr. Meet Jain from Motilal Oswal Institutional Equities. Thank you and over to you, sir.

Meet Jain: Thank you. Good afternoon, everyone and a very warm welcome to LT Foods Limited Q2 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 key thoughts from the management team, thereafter we will open the floor for Q&A session. I would now like to request the management to share their perspective on the performance of the Company. Thank you and over to you, ma'am.

Monika Chawla Jaggia: Thank you, Meet and good afternoon, everyone. Welcome you all to LT Foods Limited Q2 FY'26 Earnings Conference Call.

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 i.e., NSE and BSE. The result documents are available on the Company's website as well as stock exchanges. A transcript of this call will also be made available on the investor section of the Company's website.

So, I would like to give you the overview of the business:

During Q2 FY'26, LT Foods achieved its highest ever quarterly revenue of Rs. 2,772 crores representing growth of 30% (normalized growth of 12% excluding Golden Star and U.S. Tariff) and EBITDA of Rs. 316 crores representing growth of 24% compared to Q2 FY'25.

For the first half of FY'26, the Company reported a record half-year revenue of Rs. 5,273 crores demonstrating year-on-year growth of 25%, (normalized growth of 15% excluding Golden Star and U.S. Tariff) and EBITDA of Rs. 619 crores representing growth of 20% compared to first half of FY'25. This robust performance is attributed to strategic brand investments, sustained growth across multiple segments and geographies, increasing consumer demand and preference for our brands and improved distribution channels across key markets. The company reported an EBITDA margin of 11.4% for Q2 FY'26 down by 60 basis points from 12% in Q2 FY'25, primarily due to increased brand investment and certain strategic initiatives and digitalization initiatives undertaken by the Company. Over the long term, the Company has demonstrated consistent performance with a 5-year compounded revenue growth of 16% and compounded PAT growth of 21%.

Additionally, LT Foods maintains a strong investment-grade credit rating of CRISIL AA- A1+, with a positive rating outlook revised in July '25.

During the quarter, LT Foods strategically expanded its presence in the European processed can food market through the acquisition of Hungary-based Global Green Kft. This acquisition marked entry into the £15 billion market segment, compounding LT Foods' existing RTE and RTC packaged food portfolio. The transaction was then at an enterprise value of £25 million, contributing an additional a £40 million in revenue subject to FDI approval. Management expects this acquisition to strengthen subgroup's competitive positioning and support sustainable long-term growth. It also establishes a third manufacturing hub in Hungary, reinforcing LT Foods' footprint across Central and Southern Europe and improving regional operational capabilities.

I would like to provide an update on Countervailing Duty (CVD) concerning Ecopure Specialities Ltd, a fellow subsidiary of LT Foods:

A public hearing was conducted on September 16, 2025, where both the parties presented their arguments before the U.S. Department of Commerce. The final determination has been extended by one month following the hearing and is now anticipated by November 17th, 2025.

Segment-wise update:

- Basmati and other specialty rice businesses recorded a 24% growth, but otherwise the normalized growth is 11.4% excluding the Golden Star and U.S. tariff, YOY growth in the first half of 2026, driven by enhanced brand investment and focused marketing initiatives that continue to strengthen consumer trust.
- Organic segment delivered a robust 26% year-on-year growth in the first half of 2026, reflecting the rising global demand for sustainable food choices and our strong presence across key international markets.
- Under our organic business arm, Nature Bio Foods Ltd has entered the B2C segment in Europe with the inauguration of a new facility in Rotterdam. The initial capital expenditure for this facility was approximately Rs. 20 crores, with a planned additional investment of Rs. 15 crores over the next three years. With this leveraging the new capability, the company will sustain sourcing from India and Africa while expanding the procurement from over 20 countries worldwide, aiming to supply premium organic ingredients to the European market. The revenue acceleration is expected to begin in the financial year 2026-2027, with an estimated incremental revenue of Rs. 400 crores over the next five years, driven by this strategic investment. With the strategic move focusing on building a stronger RTH and RTC portfolio, the Company expanded its retail portfolio with the launch of Daawat Thai Green Curry Rice Kit, and the introduction of the Daawat Thai Green Curry Kit was followed by a strong performance of the Daawat Biryani Kit which has crossed 1 million units of annual consumption since its starting.

Geography wise update:

- The North America accounts for 46% of our revenue and continues to be a key growth driver with a 47% year-on-year revenue growth, the normalized growth of 16% and excluding Golden Star and U.S. tariff. Our flagship brand revenue, Royal there holds a dominant position commanding a 54% market

share in the region and 61% share in the Basmati Rice import in the U.S. Golden Star is the number one jasmine rice brand in the region. India contributes 30% of our revenue recording a 13% year-on-year growth. Our brands collectively hold a 26% market share with category leadership in the western region. 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.

- Europe and UK currently contribute 15% of our overall revenue. Our progress in this region has been robust, achieving 31% year-on-year growth driven by expanding market reach and rising demand for our differentiated offerings. Besides, we have made investment in people and infrastructure in European Union (EU).
- The Middle East and rest of the world constitute the remaining 9% of our revenue. Of this, **Rs. 28 crores** is from Saudi Arabia.

Looking ahead to Financial Year 2026, our priority is to build a stronger, future-ready, more robust LT Foods by deepening brand equity, accelerating market expansion, investing in digital transformation and evolving through strategic partnerships. We remain committed to delivering products that represent trust, quality and value to consumers worldwide.

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

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Azharuddin Jariwala from Sameeksha Capital. Please go ahead.

Azharuddin Jariwala: Thank you for giving me the opportunity. My first question is on the working capital. We can see that year-on-year, our payable debt has increased from 19 days to 30 days. Can you please throw some light on that?

Sachin Gupta: Yes. My working capital days on the payable side from 43 days basis, the current 6-month data from the last 28 days. So, there is an increase of 15 days. This is basically on account of better negotiations which we have done from the vendors. And that has increased our working capital payable days by 15 days if you compare it with the year-on-year data.

Azharuddin Jariwala: Okay. And recently we have done an investment of £5 million in our step-down subsidiary which is LT Foods U.K. Limited. So, how are we planning to deploy the capital in the business?

Sachin Gupta: So, basically that is for the leverage. The company leveraged once. So, in order to improve the leverage ratios, investments are being made in one of my subsidiaries that is in the UK. So, we have set up our factory in London. So, in order to instill the capital and have a better debt-to-equity and debt-to-EBITDA ratio, the kind of funding is being given.

Azharuddin Jariwala: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Amit Doshi from Care Portfolio Managers Private Limited. Please go ahead.

Amit Doshi: Thank you. Sir, the mention is about this volume growth of 23% and now corresponding revenue normalized growth is 11%. So, what would be normalized volume growth? And how have you accounted for this U.S. tariff part? So, if you just can clarify so we could understand it better.

Sachin Gupta: So, yes, if you talk about the U.S. tariff, so certain portion has been the incremental revenue that has been there in the financial itself. If we normalize that revenue itself and yes, in this half year, the Golden Star has also got consolidated. So, if we normalize both the revenues, our revenue has increased on a year-on-year basis by 14.5%. That is the growth which is there.

Amit Doshi: Normalized volume growth.

Sachin Gupta: And the normalized volume growth, it was 23% that was there. The volume growth, if we reduce the Golden Star in this will be around 18%.

Amit Doshi: Okay. So, when you say U.S. tariff, so if we exclude Golden Star, I understand that Golden Star had roughly Rs. 300 crore quarterly run rate at least till last quarter, so around 130 crores-150 crores is an impact on account of U.S. tariff. So, that 50% of the goods that we sold in the U.S. is that figure? I mean, or which means that we have passed on all the tariff to the end consumer?

Sachin Gupta: So, yes. If you look at our financial numbers, almost Rs. 353 crores have come because of the consolidation of the Golden Star. Yes, we are in the process of passing it on to our customers the increase. So, that is to be seen in the coming quarters.

Ashwani Kumar Arora: So, there are two parts of duty. First the 10% duty was imposed, then 25% and then 50%. So, the first phase duty we have negotiated and we have passed on and the impact is of that. Now duty of 20%, 50% that we are in the process of negotiation with our customer.

Amit Doshi: But till September, we would have already done something, right?

Ashwani Kumar Arora: Yes, that's what Sachin just said, the initial duty, which is 10%, partly we have passed on.

Amit Doshi: Okay. So, on the organic and the RTH business, both have not grown sequentially. Any reason? Because, organic last quarter we did, this EU-UK tie-ups and all. So, anything that you would want to comment on that?

Ashwani Kumar Arora: Yes, so Rohan will comment on this. So, as far as the revenue is concerned, we have grown. So, margin has gone impacted. Rohan, who is the CEO of Nature Bio Foods, he will explain more. So, Rohan, to you.

Rohan Grover: I'm happy to answer that. See, we have invested in Europe for creating a private label infrastructure here, which will make us enter into the new channel. And now that we already have that establishment, in the last six months or H1, we had to move a lot of our operations to third party, given that we were expanding 2-3 times of our capacities, what we had before. And to make that possible in the six months of period, we had to move our operations to third party. That has made us spend some extra cost, which has impacted our margins. As one of the components of why our margins are reduced. On the revenue side, I think if you see, you said it has not grown sequentially, but it has. The revenue-wise, we are seeing a good growth already from the last half yearly of last year. So, there we don't see anything. I think it's a correction that once you will read it again. On the margin side again, also we, as you know organic business does a lot of business in the non-Basmati segment. And non-Basmati, globally, its prices are under pressure partly because what India banned non-Basmati rice, just non-Basmati as a category I am mentioning. And given that there were more surplus inventory of

non-Basmati in higher production that the numbers have stated now, so this has given a high pressure on the prices globally. And because of that, we had to sell at the market prices for something which we harvested at a higher price at that time. So, that has also been shown in our margin structure that we had to have pressures on our margin. But this will all be covered up in the coming quarters.

Amit Doshi: Okay. What I meant was revenue growth sequentially. So, sequentially, based on the numbers of H1 and last Q1, I concluded that there was no growth on the revenue front.

Sachin Gupta: Correct. Amit, you are right. On quarter-on-quarter basis, immediate preceding quarter, the revenue size has remained more or less the same. But what Rohan is saying of the six months. So, you need to compare with the six months. So, there is a growth of almost 26% that is coming in the six months. Yes, the margins have, as Rohan explained, there has been pressure on the margins. But that too will be corrected in the coming year.

Amit Doshi: Got it. There is a purchase of stock in trade. There is a high jump in that. Is that something to do with some bulk orders?

Sachin Gupta: Not really, Amit. This is basically on account of the GS and the Golden Star getting consolidated. It is more of a trading. So, we are getting it packed in the pre-packed form from our suppliers in Thailand. So, it was not there last year. So, now when it is getting consolidated, there is more of that.

Amit Doshi: And same is the reason for reduction in other income as well. Correct?

Sachin Gupta: Correct. So, there was an income from the GS that was sitting in the last year. So, that has now been consolidated.

Amit Doshi: Okay. And last one. Now, this U.S. importing from Thailand, this Golden Star. So, that also has around 19% tariff. So, that also has been passed on to the customer?

Sachin Gupta: Yes.

Amit Doshi: Okay. Thank you. I will join back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Nitin Shakhder from Green Capital Single Family Office. Please go ahead.

Nitin Shakhder: Hi. Good afternoon. This is Nitin Shakhder from the Green Capital Single Family Office. My question to the management is more from an investor rather than an analyst. What is the Company's thought process in terms of a larger brand strategy to become a larger food and beverage company maybe in the next few years in terms of brand expansions, let's say like yogurt-based drinks, lassi, buttermilk, lemonade, sharbats, which go very well with rice. On the same lines, the way you've done the curry-rice meals and European processed foods venture. Is there a thought process on the strategy to become a larger company rather than just a rice brand?

Ashwani Kumar Arora: So, Nitin, good question. As a brand, Daawat is a very strong brand in India and globally. And then Royal is a very strong brand in North America. So, we have in our five-year plan how to, do the extension in this brand and what portfolio we can extend where we have a better right to win a growth opportunity. So, we have a full plan. That's how we are reasonably giving the guidance on our five-year plan. This is what we do every five years. That's the rolling part of that. So, as far as, just a rice company, we are very proud and very happy to be a specialty Basmati rice company. And the category is growing year-on-year, 5% to 7%, it's a healthy business. And so, we have a plan. So, we have a plan to grow specialty rice, dry rice—business.

Nitin Shakhder: My follow-up question is that, just if you could talk us through the European Processed Foods investment with Global Green, how's that shaping up? I know it's too initial right now, but what's generally the ramp-up and how is it going to be processed and what's the initial feedback?

Ashwani Kumar Arora: So, we have signed SHA. So, now we are waiting for the approval from the Hungary government. And then, once approval is there, then the transaction will consummate and it will take 2 to 3 months.

Nitin Shakhder: Thank you. All the best.

Ashwani Kumar Arora: Thank you.

- Moderator:** Thank you. The next question is from the line of Hitesh Goel from Aurigin Capital. Please go ahead.
- Hitesh Goel:** Thanks for taking my question. Can you tell me what is the volume growth in U.S. in 1HFY'26 and also in India?
- Sachin Gupta:** So, regarding the volume growth, our team will provide you with the data. You can ask our team members. So, they will provide you with the data.
- Hitesh Goel:** Okay. And in terms of input cost, how is input cost shaped up on a Q-on-Q basis? Has there been a reduction or it has been flat?
- Ashwani Kumar Arora:** I think the gross margin has improved. So, yes. So, as far as input cost is concerned, I'm sure you know that, we in a year's time, 80% of the crop, 70% of the crop we source in the month of from October to February. So, it doesn't really vary quarter-on-quarter. So, it's a year-on-year. So, our gross margin has improved. So, that impacts both the pricing power as well as the efficiency of the crop.
- Hitesh Goel:** And my final question on Middle East market, there has been decline, right? I mean, you're a very small player right now in Middle East market. Still, we are seeing a decline. So, can you talk about what is the strategy on the Middle East side, the biggest market in Basmati, right?
- Sachin Gupta:** Yes. So, it is not a decline. If you look at the first quarter numbers, there was a decline of almost 33%. So, this decline has now been in the quarter-on-quarter basis, we have improved. So, yes, the first quarter was slightly sluggish in this regard, but we are improving and we have gained quite a reasonable share in that, the loss in the sales, which was there in the second quarter itself.
- Ashwani Kumar Arora:** The Middle East is very big, so as earlier also, Middle East is one of our focus market. So, we have started from kind of green field. So, it will take time, but it is in the focus. And if you have seen in Saudi Arabia we are building the business. So, hopefully, in the next five years, we will be able to build a sizable business in the Middle East.
- Hitesh Goel:** Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Ishant Lalwani from Ashika Institutional Equities. Please go ahead.

Ishant Lalwani: Thank you so much for taking my question. So, our PAT margins were trending downwards from the past 7 to 8 quarters. And earlier, it was around 8%, now it is around 6%. So, can you just throw some light on this and your future outlook on the PAT margin?

Ashwani Kumar Arora: So, Sachin will explain more. But if you see, our ROCE has started, it's the impact of the mix, growing, adding Jasmine rice business, where absolute margin in percentage may be lower, but in terms of ROCE it is high. So, if you see, our ROCE has improved to, Sachin correct me, it's around 22%.

Sachin Gupta: 22%, right. So, yes, if you look at our PAT numbers, half year itself, it is 6.3% last year same it was 7.2. But you need to normalize certain things in this regards. Now, there was certainly the tariff which we had passed on. So, there was incremental revenue that was given in this. And yes, my, one of my segments, the Nature Bio Foods, there was organic segment. The organic segment didn't perform as per the targets. Yes, we are looking forward and having a better base in the going quarters as well. But yes, in spite of these things, our growth in the PAT margin or in the year-on-year basis is almost 8.7%. That is the growth which we have.

Ashwani Kumar Arora: That's a resultant of a lot of investment in the brands and digital. All these investments, if you see, the gross margins are improving.

Sachin Gupta: Correct.

Ishant Lalwani: Okay. Thank you, sir.

Moderator: Thank you. The next question is from the line of Raman KV from Sequent Investments. Please go ahead.

Raman KV: Hello, sir. Can you hear me? Yes, Ramanji. So, I just want to understand, it's more of a doubt with respect to the RTC. The margin declined because you had additional cost as you move toward third-party manufacture. Am I right?

- Sachin Gupta:** No. So, the margin decline in this is basically on account of the certain kind of promotions and the brand investments which we have done. So, there was an incremental brand investment which was done in the RTC and RTE segments in order to accelerate the sales.
- Moderator:** Thank you. The next question is from the line of Rajesh Agarwal from Moneyore. Please go ahead.
- Rajesh Agarwal:** The availability of crop because of the rains, Basmati crop showing the acreage has increased by 1.5%. So, if we need to grow by double digit, the crops will be available for the next year?
- Ashwani Kumar Arora:** That's a good question, Rajesh. As explained, the crop size is 1.5%. But as LT Foods, we contribute only of the total crop 7% to 8%. Okay. So, enough crop available as far as LT Foods is concerned to grow. But this is a cyclical, some year it grows by more than the demand. And then the carryover take through. This is how the typically cycle goes, sometime more, sometime at par. And then the prices will be a little bit firm up and again, the growth will come.
- Rajesh Agarwal:** So, availability won't be a problem for the next year?
- Ashwani Kumar Arora:** No.
- Rajesh Agarwal:** And second, sir, your outlook on the tariff, how much can be passed on? How much has been passed on? So, how much heat either we have to take or?
- Ashwani Kumar Arora:** We are in the process. I think the next two months will tell us the impact of this, but we are in the process.
- Rajesh Agarwal:** But nothing has come in this quarter? Because we had a strong quarter
- Ashwani Kumar Arora:** Initially, when there was a 10% duty, that we have taken partly price increase. Then the 25%, then again 25%. There were three phases.
- Rajesh Agarwal:** Okay. But our stocks are available there now still for the Christmas season?
- Ashwani Kumar Arora:** Yes, fully available. We are very well presented on the shelf. Things are normal.
- Rajesh Agarwal:** Okay. Understood. Thank you, sir. I wish you best of luck.

Ashwani Kumar Arora: Thank you so much. We need this.

Moderator: Thank you. The next question is from the line of K. P. Shankara Rao, an individual investor. Please go ahead.

K.P. Shankara Rao: Just one question. There is an excellent improvement in revenue and operational profit that did not get converted into PAT. I think there was already a question previously, but I did not fully understand. What are the top reasons for non-conversion of this operating profit into PAT?

Ashwani Kumar Arora: Yes, there are 2-3 reasons for that. In our scenario, we are investing in our brand. So, our brand investment as a percentage to revenue has increased. Likewise, we are investing in our digital initiatives and making future ready organizations. So, that kind of investment as a percentage to the revenue has increased in this half year. Likewise, because earlier the Golden Star, the share of profits was there. There was no revenue as such assigned. So, my overall profits, the share of profit used to reflect directly to my PAT numbers and getting a better return ratios. Now this year, with the consolidation of the Golden Star, the overall revenue and other size of the business is getting consolidated. So, yes, we have grown, but at the same time, there are certain reasons associated with the PAT not following the growth of the revenue.

K.P. Shankara Rao: Okay, thank you.

Moderator: Thank you. The next question is from the line of Prashanth, an Individual Investor. Please go ahead.

Prashanth: Hello, gentlemen. So, first of all, thanks for the opportunity. I have a simple question. If we look at the balance sheet as of 30th September, you have cash and bank balances of around Rs. 600 plus crores. And also you have short term borrowings of around something Rs. 1,200 crores. Now this year looks like a dichotomy. And we have an interest of around Rs. 50 plus crores for the half year. So, why should the company pay interest on short term borrowings when it has cash of Rs. 600 plus crores?

Sachin Gupta: Yes, you are right in that sense. But at the same time, you need to understand the geographical locations at which we operate. There are different companies in which we are operational. So, there are foreign companies. We can't have, because

of my foreign companies, they are relatively new. So, there you require the loan for the working capital. Whereas the same kind of cash, because in India, the procurement season hasn't started. We are sitting on the cash. So, that will be utilized in the coming quarters. So, that is because of my global operations.

Ashwani Kumar Arora: So, India, we are cash surplus. Internationally, we have a borrowing. So, that's what Sachin wanted to explain. We can't transfer. But, whatever the surplus money we have. So, we are getting same better returns than what we are paying.

Sachin Gupta: So, it is in line with what kind of interest rates that we are paying. So, we are managing that kind of overall percentage of the ratio.

Prashanth: Okay. And if we take the borrowing, short term borrowing, I mean, what would be the blended cost of borrowing?

Sachin Gupta: Overall, on the rupee terms I am talking about, that is around 7%. That includes the bank charges as well.

Prashanth: Okay. That's all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Meet Jain from Motilal Oswal. Please go ahead, sir.

Meet Jain: Thank you. My question is regarding the Basmati segment. So, in terms of domestic market, we have seen a 13% kind of growth. So, on this, how do you look at the second half of FY'26? And also in terms of the overall outlay of the domestic market? As you know, we have seen a very good production as well as the recent floods impacted. So, how is the overall demand supply scenario for the domestic market?

Sachin Gupta: So, Meet, India category is growing in the range of 7% to 8%. And similarly, international also is the latest thing. So, as far as so, demand is good. Production is at par with the last year, but there is a carryover from the last year. So, we see no issue on the supply side. I hope that answer your question.

Monika Chawla Jaggia: Yes. The second part is answered, the first part was how it's going to the second half would be, second half guidance.

Ashwani Kumar Arora: Second half, as you know, in America, there is a little bit turbulence, although we are in the process of this price, but the next two months will tell the things, but we are reasonably optimistic about that. So, yes, but rest business looks promising. India looks promising. Europe looks promising and rest of the world also looks promising. U.S. is, we have to watch for the next two months.

Meet Jain: Understood. And the organic segments are announcing the acquisition--

Ashwani Kumar Arora: Rohan can explain more on the second half on the organic, he's in control. Yes, Rohan, please.

Rohan Grover: Yes, as I shared with you a little while ago, that we have made some investments here, which has given us a slight dip in the margin. On the revenue side, as you've seen, the half yearly has grown by 26% from previous years. We had to prepone some of the shipments given that to the U.S., given that this duty was 10%, 25% and 50%. But we see that the business is sustainably growing and we would rebound in the second half of the year. And coming years on our strategies also, we are getting into the new private label channels here in Europe. And just not knowing about the U.S. fully today, but so far the organic segment remains strong and sustainable. And we believe that we will rebound it to our last year's numbers by the end of the year.

Ashwani Kumar Arora: Thank you, Rohan.

Rohan Grover: And in terms of the margin, will we see a similar kind of margin organic for the next two quarters as well, the higher cost weighing on the margin, or it was this quarter can happen only in the organic segment. It will take one more quarter to settle down. But by the end of the year, we believe that in the fourth quarter, we will be back with our margin structures that we have been enjoying for the past few years. And coming on to the convenience and health segment, the RTC segment. So, I believe this quarter has already seen a big effect of Daawat Sehat. And despite that, we have grown only by 9%. So, just on the outlook for this segment, the RTC and RTE segment also, we have doubled the capacity in the U.S. market. What kind of run rate of growth can we see coming quarters in the RTC segment? And also, is the U.S. market weighing on this segment as well?

Ashwani Kumar Arora: So, Meet, it is doing very well. So, mainly the revenue of ready-to-eat and ready-to-cook come from USA. But we have a capacity constraint. So, the production of

the second unit, which we have just built in last year, has gone a little delayed. So, I'm sure in the next quarter it will start and then we will see growth. But as far as demand is concerned, that is growing. But we were not able to capture that demand because of our constraint in the production.

Meet Jain: Okay. So, we can see a similar run rate in the next quarter as well. And from Q4, we can see the capacity ramping up from the new plant, Quarter 4?

Ashwani Kumar Arora: Yes.

Meet Jain: And from this, will there be a certain impact on the EBITDA also? Because we have guidance for around Rs. 300 crores to Rs. 400 crores will go EBITDA break-even or EBITDA positive. So, are we on line with this or can we expect this in FY'26?

Sachin Gupta: So, yes, Meet, we are in line. So, yes, because of this delayed production one, so we are delayed by almost 6 to 9 months delay that has happened. So, yes, the kind of break-even will also be certainly deferred to 6 months to 7 months. So, that is there. But we are on line for achieving the 400 crores and having a break-even.

Meet Jain: Understood, sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Rajveer Tandon from Ventura Securities. Please go ahead.

Rajveer Tandon: I'd like to ask you about the impact on the financial statements of the new acquisition. So, what is the deal structuring and how has it been taking place?

Sachin Gupta: So, the deal size is €25 million. So, that's the enterprise value we are buying at. And we have signed the SHA and we will get an approval in coming 2-3 months.

Monika Chawla Jaggia: 100% acquisition, basically, because you asked for the structure. So, after the FDI approval, it will become 100% acquired by LT Foods, a fellow subsidiary.

Rajveer Tandon: It's an all-cash deal?

Sachin Gupta: So, yes, it is an all-cash deal.

Rajveer Tandon: Okay, so what is the value of the fixed assets and how much would be the intangibles and goodwill that will be coming into the balance sheet?

- Sachin Gupta:** So, yes, there will be certainly the intangibles. It will be in the tune of €6 million to €7 million of intangibles that will be there. The remaining will be the asset value.
- Rajveer Tandon:** Okay, got it. Alright, thank you.
- Moderator:** Thank you. The next question is from the line of Subhankar Ojha from SKS Capital. Please go ahead.
- Subhankar Ojha:** Hi, thanks. So, basically, regarding the acquisition only. So, what has been the past couple of years trend of this entity? I mean, we have mentioned that €40 million was the last year revenue. How has it been growing or is it like, last 2-3 years, has this business been growing there?
- Ashwani Kumar Arora:** Not really. They were having some financial constraints. So, they were not growing. But as far as category, that is growing. And that is the kind of one of the pieces to have all the resources in place to grow that business.
- Subhankar Ojha:** Okay. And is it a profitable one in terms of EBITDA level?
- Ashwani Kumar Arora:** It is profitable.
- Subhankar Ojha:** Alright, secondly sir, so basically this current 50% tariff, you said that when the 10% was applicable, we passed on. So, right now, as we speak, how much of the tariff have we been able to pass on?
- Sachin Gupta:** So, we are in the process. 10% is whatever the proportion we have already passed on. The rest is still in negotiation.
- Subhankar Ojha:** Okay, alright, got that. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Krushi Parekh from BugleRock PMS. Please go ahead.
- Krushi Parekh:** So, my first question is India-centric and how is the competition shaping up, especially when it comes to modern trades? And even when it comes to this quick commerce? Because I believe that the top two players in India have a dominant market share in the quick commerce, at least. So, how is the trend and how are we geared to compete in this segment?

Ashwani Kumar Arora: The category is growing. And Daawat is the second largest brand. We are growing at 13%. Very healthy growth. As Monika just told you, we are increasing our household. And we are fully equipped from every aspect, from the strength of the brand. We are investing behind the brand. If you see, in the H1, we have invested double money in advertising. So, that's how we are getting the growth. So, we are very strong.

Krushik Parekh: So, any indication on the competition kind of intensity increasing, staying same or decreasing? Because what I've been gearing down to is that some of the companies I mean, all these players are now looking to have some other set of brands as well, considering the dominant position that the two players have.

Ashwani Kumar Arora: I don't know. I have not understood your question exactly. But we are in a stronger place, I can say. We are extending our brand to the strength of our brand. And we have a better right to win.

Krushik Parekh: I understand. And just from your overall strategy perspective, what are the top 3 or 4 considerations that we have whenever we are looking to enter into a new product category and or maybe even acquiring a business? So, for last, 2-3-4 odd years, we have been on this spree of acquiring some of the smaller businesses or getting into a new product category. So, what are the key considerations that we have?

Ashwani Kumar Arora: Very good question. So, as a company, as a brand, we have two strengths. One is Daawat as a brand. They have a name. And second, we have a distribution. So, as a strategy, we will grow around this. So, wherever, the possibility will come where we can leverage the equity of the Daawat, we will expand there. And that will be more the rice plus. On the other than rice acquisition, we will be evaluating which has a synergy with our distribution. And as Daawat is a kitchen brand. So, we will be around that, if that is the answer you're looking for.

Krushik Parekh: So, largely, it's the distribution synergy that we are looking for and coming in the periphery of where we are present?

Ashwani Kumar Arora: Yes.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand over the conference over to the management for closing comments.

Monika Chawla Jaggia: Thank you, everyone. On behalf of the management of LT Foods Limited, we thank you all for joining us on our post earnings call today. We hope we have been able to address majority of your queries. You may reach out to me or our investor relation partner Ernst & Young for any further queries that you may have and they would connect with you offline. So, I would request the moderator now we can close the call. Thank you all.

Sachin Gupta: Thank you.

Ashwani Kumar Arora: Thank you.

Moderator: Thank you. On behalf of LT Foods and Motilal Oswal Financial Services, that concludes this conference. Thank you for joining us and you may now disconnect your lines.