



# “LT Foods Limited Q4 & FY’25 Earnings Conference Call”

**May 15, 2025**



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

**Moderator:** Ladies and gentlemen, good day and welcome to LT Foods Limited's Q4 and FY25 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 '\*' 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 Financial Services. Thank you and over to you sir.

**Meet Jain:** Thank you. Good afternoon, everyone and a very warm welcome to the LT Foods 4Q FY25 post results earning call hosted by Motilal Oswal Financial Services Ltd.

On the call today we have the Management Team being represented by Mr. Ashwani Kumar Arora – MD & CEO Mr. Sachin Gupta – CFO, Ms. Monica 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.

**Monica Chawla Jaggia:** Thank you Meet. Good afternoon, everyone and thank you for joining us on our Q4 and Financial Year '25 Earnings Conference Call.

Before we start with the key highlights of the quarter and year ended 31<sup>st</sup> March 2025, I would like to highlight that certain statements made or discussed on the conference call today are forward looking and a disclaimer to this effect has been included in the Results Presentation shared with you earlier. Result Documents are available on Company's website and have also been uploaded on the Stock Exchange. A transcript of this call will also be made available on the investor section of the Company's website.

We at LT Foods have built a strong brand by focusing on quality and smart growth. Being a global consumer food Company, we put great effort into making better products and ensuring the finest quality which help consumers trust us. By expanding globally and building a portfolio of very strong brands, we have become a top choice of many consumers. Our marquee brands Daawat and Royal are now well known for high quality basmati rice in homes across the world. This has helped us gain significant market shares in India and international markets like the US, Europe and the Middle East. We keep investing in sustainable practices, control our entire value supply chain and continue to further strengthen our global distribution network. We have significantly expanded our product portfolio to meet evolving consumer needs. We launched our RTH and RTC meal options, healthy snacks, organic foods and ingredients and health focused rice varieties that cater to the modern dietary preferences.

Over the past year, we have undertaken major expansion projects in UK and entered into high potential market i.e. Saudi Arabia. We ended the year with a strong quarter delivering a top line growth of 8% in Q4 Financial Year '25 wherein our revenue reached to Rs. 2,260 crores from Rs. 2,092 crores. This was because of increased sale from our core segment that basmati and speciality rice as well as the organic food and ingredients segment. Gross profit grew by 20% and the gross profit margin is 370 bps higher, that is 32.9% to 36.6% which is attributable to the favorable input prices. EBITDA for Q4 was up by 11% year-on-year basis at Rs. 290 crores and EBITDA margin stood at 12.8%. PBT is up by 6% from Rs. 204 crores last year to Rs. 216 crores in Q4 Financial Year '25. PAT for the quarter increased by 7% to Rs. 161 crores compared to Rs. 150 crores in the previous year. EPS is higher by 8% at 4.62 versus 4.28 in Q4 Financial Year '24. Cash profit for the quarter was higher by 9% that is Rs. 213 crores.

Now coming to our annual performance:

Our consolidated revenue for the fiscal year Financial Year '25 increased by 12% to 8,770 crores versus Rs. 7,822 crores in Financial Year '24. This is because of the increased sales across all the segments. Gross profit stood at Rs. 3,030 crores and the gross profit margins expanded by 200 bps from 32.5% to 34.5%. EBITDA increased by 8% to Rs. 1,067 crores compared to Rs. 988 crores last year. EBITDA margin was at 12.2% that is marginally lower by 40 bps. The profit after tax is higher by 2% that is Rs. 612 crores versus Rs. 598 crores last year. The earning per share is at 17.43 which is up by 2% and the cash profit increased by 6% to Rs. 797 crores versus Rs. 750 crores last year.

Moving on to the key ratios of our balance sheet:

The return on the capital employed stood at 21% in Financial Year '25 compared to 21.7% in Financial Year '24. Return on equity stood at 16.8% for Financial Year '25 compared to 19.2 in Financial Year '24. The net debt to equity ratio is at 0.2 in Financial Year '25 versus 0.1 in Financial Year '24 and the net debt to EBITDA ratio is 0.6 in Financial Year '25 compared to 0.5 in Financial Year '24. The current ratio 1.9 is there in the Financial Year '25. Our net working capital day stands at 196 days in Financial Year '25 versus 188 days in Financial Year '24.

Now I think we can open the floor for the question answers please.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. We have a first question from line of Resham Jain from DSP Asset Managers. Please go ahead.

**Resham Jain:**

Good evening. I have two questions. The first one is with respect to the gross margins, if I look at full year, your gross margin has seen good improvement, almost 33.9%, 180 basis point improvement and most of it has been visible in Quarter 4 almost (+300) basis point increase in gross margins. But when we look at EBITDA margin it has not actually flown through to EBITDA, just 30 basis point increase. So, if you can help in explaining, is there like last time you mentioned about higher shipping cost and things like that, is there anything which is sitting in other expenses and not helping the overall improvement in EBITDA margins?

**Ashwani Kumar Arora:** Evening Resham. To your question, on the logistic cost we have lost 1.7% and then we have done the advertising. So, I think 0.4% went there and then there is as you know in the UK, we have capitalized the facility, so admin cost has gone up. So, this is broadly the breakup of where the gross margin has gone. I hope that answers.

**Resham Jain:** Yes sir, this is very clear. These three factors which you mentioned, any of the three factors, are you seeing any reversal in FY26?

**Ashwani Kumar Arora:** So logistic cost, yes, it has come to normal. Advertising will be this year more because we have this year heavy spent on the consumer side. So, advertising will increase more. But logistic cost will come to normal.

**Resham Jain:** Understood. So maybe we can maintain or slightly improve margins in FY26 possibly. Is that how one should read it?

**Ashwani Kumar Arora:** Yes, that's what we are expecting.

**Resham Jain:** Okay, understood. And so, the second question is with respect to the acquisition, I think which you have done, Global Green Group. If you can just give some color on the overall transaction and how can it help?

**Ashwani Kumar Arora:** Yes, it's a canned food business, roughly 40 million. It has good synergy. I think the detail we would like to open on when the definite agreement is signed. But it's a good opportunity came to us and we will tell more about once this definitive agreement is signed. But good synergies in that, it's a proposed to acquire, today the board meeting we have proposed to query.

**Resham Jain:** Understood. Okay, I will come back in the queue. Thanks.

**Ashwani Kumar Arora:** Sure.

**Moderator:** Thank you. We have our next question from the line of Pradyumna Choudhary from JM Financial family office. Please go ahead.

**Pradyumna Choudhary:** Thanks for the opportunity. First, I just wanted to understand regarding two operational data points. One is why Europe has been so slow for us, 2% growth in Q4, that's one? And second is what would be the freight cost as percentage of revenue for Q4? I have more questions after this.

**Sachin Gupta:** So, the freight cost as revenue to sales, if you talk about the full year, it is 6.5% of my revenue.

**Pradyumna Choudhary:** Okay. No, for Q4?

**Sachin Gupta:** For Q4 it is 5.8%.

**Pradyumna Choudhary:** 5.3% you said.

- Sachin Gupta:** 5.8%.
- Pradyumna Choudhary:** Okay. And why has Europe been so slow for us?
- Sachin Gupta:** So, Europe is not slow, actually what has happened in Europe, there were two entities, Europe and UK. So, there are two separate entities. Now the UK operations are being looked by the UK operations as such. So previously Europe and UK was getting merged and consolidated. So that's the reason. Otherwise, it has also grown as per the market.
- Ashwani Kumar Arora:** Consolidated we have grown.
- Sachin Gupta:** Yes, consolidated we have grown.
- Pradyumna Choudhary:** All right. And another couple of questions. One is what is the likely impact of if there is any tariff, whatever tariff gets finalized by the US on India and that's one? And the impact of if suppose there is some sort of a recession in US given the kind of we are in more of a consumer statement kind of category. So, would it really impact us, usually in the past what sort of consumer behavior we have seen in the US? That's number one. And second, after this I will ask my last question.
- Ashwani Kumar Arora:** No, you wanted to ask a second question, or should I answer your first question?
- Pradyumna Choudhary:** Maybe you can just take this up.
- Ashwani Kumar Arora:** As far as you see the trend so there is no impact on the recession rather even in April we are seeing the good signs, so there is no impact on demand. So, we will grow, and the second thing is your question about the duty impact. So, there will be no duty impact as it has been compensated by this year we had a lower material cost. So rather, we will improve the margin this year.
- Pradyumna Choudhary:** No, like I was trying to understand more from a past behavior point of view. In the past also, whenever the US has gone into recession, what sort of customer behavior change we have seen, do they tend to down trade, do they tend to go for cheaper brands?
- Ashwani Kumar Arora:** So, what we have seen in history, we have seen 2-3 times, we acquired this business in 2008 and there was a recession in 2009-10. But what we have seen in all the times, even in Covid time and all the time when the recession come, home consumption goes up in America, especially in the food side. So historically this has happened. We have not seen any negative on the consumption side.
- Pradyumna Choudhary:** All right. And one question was how are we really positioned in the US market? Like are we amongst the lowest price players there because like from a simple exercise I did, I just went to amazon.com and I searched for basmati rice on some random US address and from whatever

options seem to be available, Royal brands seem to be among the lowest priced ones. So that's how we position ourselves? If you can just help with that.

**Ashwani Kumar Arora:** So Royal hold more than 55% market share. We are number one selling brand, both in the mainstream as well as in the ethnic channel. Regarding price point, there are two price point available, and the royal is on the price point you have seen. So, there are other price point, but which sells only very slow. It's only roughly 5% to 7% of the total category. And in that price point we have a Daawat, we have position there and it's also doing very well.

**Pradyumna Choudhary:** Okay, so but that understanding is correct, that we are amongst the lower priced as in the US market for basmati rice?

**Ashwani Kumar Arora:** So, there are two price points, only it's not lower, so there are two price points and we are in the range of that price point, which is roughly \$20, £20.

**Sachin Gupta:** And sometimes it happens, there might be certain schemes that might be running it in order to, there are certain times the platforms run its own schemes, that might be the case at your time when you might be seeing the price it might be lower. Otherwise, we are priced at a premium itself in most of the markets.

**Pradyumna Choudhary:** All right, thank you and all the best.

**Moderator:** Thank you. We have our next question from the line of Harsh Shah from Bandhan AMC. Please go ahead.

**Harsh Shah:** Hi sir, good evening. I just have two questions. First is that just to clarify on the last question you guys mentioned that in case of any tariffs, we will not be taking any price increase. It will be substituted by the lower RM price, right?

**Ashwani Kumar Arora:** As I said, it has been compensated.

**Harsh Shah:** Currently they have 10% base tariffs, if that remains basically, we will not take any price hike. It will be more than offset by the lower RM prices.

**Ashwani Kumar Arora:** That's right. It is offset by the lower RM cost.

**Harsh Shah:** Got it. And secondly when we look at the standalone number it's a flat kind of growth. It's flattish number revenue number this quarter. So that basically 8% India revenue growth is offset by lower pricing.

**Sachin Gupta:** So yes, you are right. In India, if you look at the previous numbers as well, our 3rd Quarter India is highest because in the West we have other schemes that goes on. That's why in the 3rd Quarter generally in India it is the highest. So that's why you are seeing that in India itself there is a de-growth of almost 9% on the quarter-on-quarter basis.

- Harsh Shah:** YOY if you look at a standalone business it is flat, right?
- Sachin Gupta:** Y-on-Y it is flat. So, Y-on-Y and yes you are right. So, it is basically because of the price here itself. So, price reduction is taking it.
- Ashwani Kumar Arora:** So, if you ask, overall, we have grown by value term 9 and volume 10.
- Harsh Shah:** That is for the consol business.
- Ashwani Kumar Arora:** No, India you asked.
- Sachin Gupta:** India if you look at the India business as such, India business in the volume terms we have grown by 12% whereas the in case of the value growth in India it is 13.5%.
- Harsh Shah:** Only the basmati rice segment in India.
- Sachin Gupta:** Yes.
- Harsh Shah:** What is the volume and value growth in fourth quarter?
- Sachin Gupta:** With the fourth quarter, if you talk about the fourth quarter itself on the Y-on-Y basis volume has increased by 15% and the value growth is 7%. So, there is the realization has decreased by 6.5%.
- Harsh Shah:** And how do you see this because of this lower paddy prices, how do you see FY26 panning out for us both if you could give us a sense in terms of India business and overall, at consol level what's the kind of volume growth and resilient value growth which you expect in FY26?
- Ashwani Kumar Arora:** So, volume growth is roughly overall the consolidated we are expecting 7%. So, consol level, consolidated, that's the volume we are expecting. This year we are expecting a full year with the integration of the balance 49, we are expecting the revenue to be Rs. 10,000 crores.
- Harsh Shah:** And if you could split between volume and value. Let's say organic business, I mean organic as an organic ex of the integration.
- Ashwani Kumar Arora:** No, this is a consol of all three verticals which is specialty rice, organic and you mean to say organically.
- Harsh Shah:** Organically ex of the integration.
- Ashwani Kumar Arora:** Yes. So roughly because there is a value degrowth. So almost same value but volume growth will be there.
- Harsh Shah:** Same value as in same like FY25 basically?

- Ashwani Kumar Arora:** Yes, but there will be volume growth.
- Sachin Gupta:** There will be volume growth of almost 9% to 10% of volume. That will happen.
- Harsh Shah:** Okay, thank you. And sorry, just one more question. Do we source anything from Pakistan for our business?
- Ashwani Kumar Arora:** Not, in the last year we sourced from Pakistan but this year we don't have any position from Pakistan. It's all sourced from India. But last 2-3 years we were sourcing from Pakistan.
- Harsh Shah:** What was the proportion of that let's say of overall procurement.
- Ashwani Kumar Arora:** No, that we do roughly 700,000 tons, Pakistan be only 30, so 4% to 5%.
- Harsh Shah:** Okay, thank you.
- Moderator:** Thank you. We have our next question from the line of Abhilash Bhandari from Vasuki India Fund. Please go ahead.
- Abhilash Bhandari:** Hello sir. I have two questions. The first one is so now the Indus Valley Treaty has been cancelled. So, what will be the impact on Pakistan's basmati rice production and India's market share in the world for your basmati rice? And the second one is what will be the impact of UK FDA, if the tariffs are reduced or anything for are supply in Europe?
- Ashwani Kumar Arora:** Answering to your first question that we don't do, India doesn't do business with Pakistan. It's our Europe subsidiary which used to buy from Pakistan. So, there is no any treaty impact. So, although in this year as I said earlier that we are not buying so India was more competitive. So, this year we bought only from India and that's what we are expecting next year also we will most probably buy from India only. So, on the UK treaty there is a no negative impact on us. So, it is same, as on the brown rice there was a zero duty, this year also no change in that.
- Abhilash Bhandari:** So, what about Rady-to-Cook segment?
- Sachin Gupta:** So Rady-to-Cook segment, what you wanted to ask?
- Abhilash Bhandari:** So, would we have any impact, any benefit in the Rady-to-Cook segment if you UK agreement takes place?
- Ashwani Kumar Arora:** In UK we don't do any Ready-to-Eat. Ready to eat is more US and India centric business. So, no we are not doing any business with UK on Ready-to-Eat.
- Abhilash Bhandari:** Okay so answer one last question. What is the impact on Pakistan's production of rice due to the Indus Valley Treaty?

- Ashwani Kumar Arora:** That is too early to assess. But in the coming months we will be able to know what the impact would be. Sowing happens in the first week of July or midweek of July only able to, we will be able to know but I don't think there will be any impact here.
- Abhilash Bhandari:** Okay sir, thank you.
- Moderator:** Thank you. We have our next question from the line of Damodaran Kutty from Aequis Capital. Please go ahead.
- Damodaran Kutty:** Thank you for the opportunity. Just two questions from my side. One is on the Golden Star business. So, can you give some outlook on the margins there? Given the margins I think from your last call you had said that margins were impacted because of the freight cost and margins have had almost halved. So, for FY26 what is the outlook on margins and growth there and the impact of tariffs on sourcing there in that business? Because I believe you source from Thailand and that has at least by initial reports they are quoting a 46% tariff there. So, will it change our competitiveness in terms of sourcing? That's on the Golden Star business. And on the other question on CAPEX including, so you have the option of buying out the 50% stake including that what will be the CAPEX outlay for this year? Yes, those are the two questions.
- Ashwani Kumar Arora:** Second question Sachin will take. So, first question on the Golden Star, we source Jasmine Rice under the Golden Star brand. So, there is a specific community which consume this rice. So, they are very loyal. So, we don't see any impact on the demand side. Regarding the impact of the duty as I just said that 10% there is a duty, and we have passed on to the customer. So, we have yet to see any impact on the demand side, but we expect that there will be no impact here.
- Damodaran Kutty:** Okay, so if I get you correctly you are saying you are already passed on the 10% impact is what you are seeing?
- Ashwani Kumar Arora:** Yes.
- Damodaran Kutty:** Okay, great. On the freight cost bit if you can answer.
- Ashwani Kumar Arora:** Freight cost this year is back to normal because last year only in between the disruption came and we were not able to pass on. But this year it has been normal and it's all in control.
- Damodaran Kutty:** Okay, so you should expect margins to revert back to their normal state.
- Ashwani Kumar Arora:** Yes, that's what we are expecting, that the margin will improve.
- Damodaran Kutty:** Sure. Thanks. And if you can answer in the CAPEX front?
- Sachin Gupta:** So, regarding the CAPEX this year, what we have is almost a Rs. 340 crores of CAPEX that will be there and that will be majorly in the warehousing facilities and the RTH facility in the US. That will be there as regarding the CAPEX this year in '25-26.

- Damodaran Kutty:** Okay, you said warehousing and RT in the US Facility.
- Sachin Gupta:** RTH in the US.
- Damodaran Kutty:** Okay, 640. So, this doesn't include the stake buyout that you will have I mean the option to exercise?
- Sachin Gupta:** That will be separate. Yes, that will be a separate one.
- Damodaran Kutty:** Okay, got it. That's it from my side. Thank you.
- Moderator:** Thank you. We have our next question from the line of Meet Jain from Motilal Oswal Financial Services. Please go ahead.
- Meet Jain:** Hi sir, first question is regarding the falling prices of basmati. So, like we are seeing a falling realization for FY26 in the Indian market. This is due to the better output what we have seen in the domestic basmati production. And do we see similar kind of price fall in other geographies wherever we are present in?
- Ashwani Kumar Arora:** So, there will be impact of net of impact in US and India. I don't think there will be any impact on the other part of the world.
- Meet Jain:** So, what can be a margin trajectory going ahead? Are we expecting a stable kind of margin for FY26 as well?
- Ashwani Kumar Arora:** Yes, we are targeting in the range of 13% EBITDA margin.
- Meet Jain:** Second thing was on the logistics freight, earlier we mentioned that we will be expecting similar kind of logistic cost for our 1Q FY26 quarter as well. Are we on that stance or we are seeing better normalization in 1Q as well?
- Ashwani Kumar Arora:** The freight rate is normalized now.
- Meet Jain:** So, we can see better margins in 1Q?
- Ashwani Kumar Arora:** That's what I said. We are targeting the range of 13% EBITDA margin.
- Sachin Gupta:** So, Meet Ashwani Ji had earlier told. So, we will be investing more on the brand. So yes, the logistic cost as it is softening up. But our investments in the brand as the brand will be increasing this year.
- Meet Jain:** Correct. On the similar logistics cost are we seeing from the Thailand also for our Golden Star business, normalization in that geo also?
- Ashwani Kumar Arora:** Normalized. The freight cost globally is normalized now.

- Meet Jain:** Yes, normalized. Okay. Thank you so much. I will get back to the queue.
- Moderator:** Thank you. We have our next question from the line of Amit Doshi from Care Portfolio Managers. Please go ahead.
- Amit Doshi:** I am saying that the logistic cost has been normalized is what we are saying. If I have to just put it in numbers. Last year you mentioned 6.5% of sales was our logistic cost. So what is the likelihood of that percentage this year FY26.?
- Sachin Gupta:** So, if you flip back our Quarter 4 numbers, our logistic cost as a percentage to revenue is 5.8%. So that's what 1% or 2% downwards. So that's the normal logistic cost.
- Amit Doshi:** Okay, understood. And in terms of this Global Green Company proposed acquisition. While I understand that it is still a proposed acquisition. Just wanted to understand your thought process in terms of this funding of around Rs. 600 to 800 crores that is projected and what kind of likely margin of that products of that Company.
- Ashwani Kumar Arora:** First of all, it's value is around 25-24 million. It's not Rs. 600 crores. It's only in terms of rupees its around Rs. 200 crores. Partly we will roughly what we are proposing is 6-7 million we will put equity, rest will be through borrowing and going forward with the synergy in sales. And we are planning to put the rice factory in East Europe also because to service the rest of the part of Europe. So, all in the coming years we are expecting the return on equity in the range of 20s. That's a canned food business.
- Amit Doshi:** Yes, I don't know in the, the press release, it is mentioned €6 million cash consideration.
- Ashwani Kumar Arora:** Yes, 6 million is the equity and the rest the Company holds borrowing so that we will acquire that Company. The borrowing will also come.
- Amit Doshi:** Okay, and the margin profile of these products.
- Ashwani Kumar Arora:** So, on the margins, the EBITDA margins in the range of 6% to 7%. But with the synergies, we are expecting to improve.
- Amit Doshi:** Understand. Okay. Thank you.
- Moderator:** Thank you. Ladies and gentlemen. In order to ensure that the management is able to take questions from all participants in the conference, please restrict yourself to only two questions per participant. Should you have a follow up question, we request you to rejoin the queue. We have our next question from the line of Resham Jain from DSP Asset Managers. Please go ahead.
- Resham Jain:** Thank you for taking my question again. So, two questions. First is on the inventory. I could see that compared to last year your inventory is higher by 25% in value-terms. I think that possibly the volume increase will be slightly higher than 25% given that prices have come down, the

procurement prices. So, I was just trying to understand, given that you mentioned that 9% to 10% volume growth is what we are expecting for the full year, is that more conservative given that your procurement has been quite good.

**Ashwani Kumar Arora:** Resham as you said rightly one is the inventory gone up because of the volume growth. And the second, the prices were very in favor of us. Normally we keep as a policy partly we buy in procurement and partly we buy in off season. But this year we thought it's a very attractive price. So, we bought more inventory than regularly we buy or of course, we are a little optimistic also as this year the prices are good. So, we are expecting that we will have better growth than the projected.

**Resham Jain:** Okay, understood. And do you mean that you bought more paddy than rice this time?

**Ashwani Kumar Arora:** Yes, more paddy.

**Resham Jain:** So, the conversion margin will also be slightly better than usual.

**Ashwani Kumar Arora:** Yes.

**Resham Jain:** Okay, understood. So, the second question is on the overall balance sheet. I think you have managed it very well and you have received I think Rs. 250 odd crores from insurance in April and you are carrying a very high inventory. So, by September do you expect the overall net debt situation would be almost like closer to zero? Because you will not buy an incremental inventory in the next six months. You will keep consummating that inventory and at the same time you have received this Rs. 250 crores additional money as well. So how should one think about the net debt situation going forward?

**Sachin Gupta:** So, Resham, you are right in that sense. So, in India our net debt position will be positive, we won't be having any kind of debt. In fact, in the month from July and onwards. So, our cash position and the net debt basis we will be positive. The debt requirement will be in the case of the European entity. So apart from that there will be no debt in the Indian or the US entity.

**Ashwani Kumar Arora:** So, India and us will be completely debt free, yes.

**Sachin Gupta:** In India there will be surplus that will be available.

**Resham Jain:** Understood. Okay. All the best. Thank you, sir.

**Ashwani Kumar Arora:** Thank you.

**Moderator:** Thank you. We have our next question from the line of Devesh Kasliwal from Antique Stock Broking. Please go ahead.

- Devesh Kasliwal:** Thank you for the opportunity, sir. On the Indus Water Treaty, I will just frame the question a little bit better over here. So, if at all India stops water and this continues and becomes structural. So, do you think output from Pakistan to Middle-east will go down and that can increase our opportunity in the Middle-east region where we are right now focusing on as well on a structurally longer-term basis?
- Ashwani Kumar Arora:** This is all political thing we can't have. But Pakistan is not at the moment is a big player to Middle-east. India like in export roughly this year we will be around 6 million tons and Pakistan is not even 700,000 tons. So, I don't think with this Indus we will have any impact from Pakistan and the basmati even is grown in the Punjab. So, they have the other sources of water also which is groundwater. So, it's all estimate but not going to change any position here to our thinking. It's not a big factor.
- Devesh Kasliwal:** Okay, thank you.
- Moderator:** Thank you. We have our next question from the line of Vipul Kumar Shah from Sumangal Investments. Please go ahead.
- Vipul Kumar Shah:** Hi sir. Thanks for the opportunity. Sir, can you give me the volume figures means India tonnage, US tonnage and Europe tonnage and value for each for the quarter and year?
- Sachin Gupta:** So, you can write it to our IR team and they will provide you with relevant data.
- Vipul Kumar Shah:** But every time means last 2-3 calls, I have raised this and on one of the occasions you have promised it to be part of the presentation. So why don't you give it on this call?
- Ashwani Kumar Arora:** Sometimes for a competitive reason we don't want to have this on. But as last call also we said if you will write to the IR we will definitely attend to that.
- Vipul Kumar Shah:** And sir, this acquisition. Due to this acquisition, all the revenue will be consolidated for this full year?
- Ashwani Kumar Arora:** Yes. We have proposed if required it would be consolidated.
- Sachin Gupta:** Yes. So, the remaining part of the year. After the acquisition the remaining part of the year the revenue will be consolidated.
- Vipul Kumar Shah:** So, what was the revenue of that entity last year?
- Sachin Gupta:** It was €40 million revenue last calendar year.
- Vipul Kumar Shah:** €40 million.
- Sachin Gupta:** €40 million.

- Vipul Kumar Shah:** So that will be consolidated only after that transaction is completed, right, for the remainder part of this year?
- Sachin Gupta:** Yes.
- Vipul Kumar Shah:** And sir, don't you think we are stagnating since last one year? There is hardly any profit growth in spite of volume and revenue growth we are not able to translate it into profitability at the net level. So, means are we facing any competitive intensity or are we investing in the brand, how should one look at this?
- Ashwani Kumar Arora:** Definitely we are improving our margin. If you see from ROCE perspective, we have moved from 14 to 21 on the PAT level. We have grown in the 5 year from roughly Rs. 350 to 600 crores. So, we have done very well. As far as if you are talking about the percentage margin that's also moving but the mix is also changing. So, like some business has a lower working capital requirement. They have that kind of margin. We have built a very high-quality business which is generating the free cash flow higher ROCE growing. So, all factors, we are very happy with the way we are growing.
- Vipul Kumar Shah:** And so lastly over 5 years, in the continuation of that last point only if you allow. So, over last 5 years what type of market share we have gained in India?
- Ashwani Kumar Arora:** So, I don't have. But I think we have moved from 2.1 to 2.7.
- Vipul Kumar Shah:** 21 to 27.
- Ashwani Kumar Arora:** Yes. So, we have doubled our business in India in the last 5 years.
- Vipul Kumar Shah:** I am talking about market share.
- Ashwani Kumar Arora:** So that's what I am saying that, 21 to 27. Yes, that's the market share we have improved on.
- Vipul Kumar Shah:** Okay sir, thank you and all the best.
- Ashwani Kumar Arora:** Thank you.
- Moderator:** Thank you. We have a next question from the line of Lavita Lasrado from Mirae Assets. Please go ahead.
- Lavita Lasrado:** Hello. I have two questions. Can you talk about more on after the partnership with Salic, how is our Saudi business progressing? How is the margin profile in this region? Are we going to benefit down the line?
- Ashwani Kumar Arora:** It is progressing well. We are doing as per our plan, progressing well.

- Lavita Lasrado:** Can you talk more on the margin profile like is it going to help down the line in terms of increasing our margins considering the product profile that we have in this country?
- Ashwani Kumar Arora:** In the coming '25-26, our revenue will be more than Rs. 10,000 crores and at the moment Saudi is contributing only Rs. 55 crores. So, it will take some years to make the impact from the bottom line and top line. But we are positive, we are doing business as per plan in Saudi Arabia.
- Lavita Lasrado:** Okay, thank you. So, I have a second question. Can you give me channel wise contribution in India?
- Ashwani Kumar Arora:** Right now, we don't have this moment, but you can write to us.
- Lavita Lasrado:** Sure. Thank you.
- Moderator:** Thank you. We have our next question from the line of Tom from GEOJIT. Please go ahead.
- Tom:** Hi, thank you for the opportunity. I would like to know about the tariffs imposed by US. Like what is the rate and when will it be applicable? Could you throw some color on it and one another question is how are we going to pass on it to customers? Like yes, that's my question.
- Ashwani Kumar Arora:** So now it's a 10% tariff. We have already implemented the price hike, whatever the price adjustment. So, it is in effect. I hope that answer your question or something I left.
- Tom:** Yes. Passing on and how is the accounting done? Like will it be part of the other expense and revenue?
- Sachin Gupta:** So, it is a procurement cost if you talk about, it is the cost of securing that material in the US So it will be the cost of goods sold in that.
- Tom:** Okay, thanks so much.
- Moderator:** Thank you. We have our next question from the line of Hitesh Goel from Riddhish Advisors. Please go ahead.
- Hitesh Goel:** Thanks for taking my question. Sir, I have two questions. First on the RM part, so most of the procurement benefits have come through in this quarter, right? Because you already procured for the full year. Basically, right now you said that you will not pass on the tariff impact in US and you will absorb it through the RM cost decline. Now you are saying you have already passed on. Can you please clarify?
- Ashwani Kumar Arora:** Passed on means adjusted, I will correct myself. I said it has been adjusted.

- Hitesh Goel:** So, basically the impact is yet to come, right? I mean in next quarter the gross margin will deteriorate because basically the raw material cost benefit has already come through. But the duty impact will come from the next quarter, right?
- Sachin Gupta:** Not really. As you know this is a basmati and you require the aging. Whatever has been procured in this season will come into effect from the second quarter, 3rd Quarter itself. So, in this quarter or the previous quarter we have a crop that was for the last year. So that kind of...
- Hitesh Goel:** So basically, more procurement benefits will be coming through as the newer inventory gets used up, right?
- Sachin Gupta:** Yes. So that's what Ashwani Ji previously told us that in the second or 3rd Quarter our impact of the GP margins further there will be improvement. There will be margin increase in the EBITDA as well.
- Hitesh Goel:** And sir, on the other expenses, basically first is obviously this freight cost you had said there's a 2% increase which has happened in last 1-1.5 years, there's been 2% increase as a percentage of sales.
- Sachin Gupta:** Correct.
- Hitesh Goel:** Now you are saying it is almost done. It is almost done, and we have already realized only 100 bps. So, this is now new normal. We will not get that more than 100 bps.
- Sachin Gupta:** Yes. So that's what we are expecting. So currently what we are seeing now that is the new normal of 1% increase decrease from the hike that was there.
- Hitesh Goel:** Okay. And my final question on advertising, I am not able to understand. Your market share is quite high in India as well as in US and our advertising spends are also higher than our competitors. So why are you spending so much on advertising?
- Ashwani Kumar Arora:** First of all, both the markets are growing in the double digit. And if you wanted to grow so then you have to keep invest behind the brand. That's what.
- Hitesh Goel:** But sir, I mean this year anyway the demand is quite strong, right? Because prices have come down. So why are we spending more on advertising expenses?
- Ashwani Kumar Arora:** If we all understand consumer business, you have to keep investing behind the brand every year, if you wanted to acquire new consumer, if you wanted to sustain in this competitive world. Whereas the category was also spending money. So, in competition if you see, its roughly Rs. 250 to 300 crores is being spent on the category alone in India. And we are spending and now we have the new consumer proposition that when you don't leave any effort then it is called as Daawat. And that has been delivered by Mr. Shah Rukh Khan and doing very well. It's very impactful and we are quite confident that, that will bring the market share gain and the new

consumer and the new growth. So, India which I can tell that in the coming 5 years also what we are expecting that India will keep growing 10% to 15% in this category.

- Hitesh Goel:** Okay, no problem, sir. Thank you and all the best.
- Ashwani Kumar Arora:** Thank you.
- Moderator:** Thank you. We have our next question from the line of Abhilash Bhandari from Vasuki India Fund. Please go ahead.
- Abhilash Bhandari:** Hi sir. So, I have just one more question. What is the revenue share of Jasmine Rice in the top line because it's not mentioned?
- Sachin Gupta:** The Jasmine, the Golden Star revenue is not getting consolidated. It is a JV. It is just the profit from the JV that is getting consolidated.
- Abhilash Bhandari:** Thank you.
- Moderator:** Thank you. We have our next question from the line of Nandita from Marcellus Investment Managers. Please go ahead.
- Nandita:** Thank you for the opportunity. I just wanted to ask what exactly has come into the other income part of the profit and loss statement this time in Q4, it has gone up from roughly around Rs. 13 crores to 30 crores. So wanted to just understand what actually happened over there.
- Sachin Gupta:** So, in this Nandita, the major portion is the exchange fluctuation profit that we have owned. And secondly, yes, so we were charging certain portion from Golden Star. So, there is the income from the Golden Star as well. So that is there. The Golden Star revenue is quite good in the 4<sup>th</sup> Quarter. So that has resulted in the increase in the other income.
- Nandita:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, this would be the last question for today and I now hand the conference over to the management for closing comments.
- Ashwani Kumar Arora:** Thank you so much for joining and look forward to see you soon. Thank you.
- Moderator:** Thank you, sir. On behalf of Motilal Oswal Financial Services Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.