“LT Foods Limited

Q2 & H1 FY27 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Q2 and H1 FY27 LT Foods Earnings Call. 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. Sumant Kumar from Motilal Oswal. Thank you and over to you, sir.

Sumant Kumar: Thank you. Good evening, everyone and a very warm welcome to LT Foods to Q2FY27 Post Result Earnings Call hosted by Motilal Oswal Financial Services. On the call today, we have management team being represented by Mr. Ashwani Kumar Arora, MD and CEO, Mr. Sachin Gupta, CFO and Ms. Monika Chawla Jaggia, Chief Corporate Development Officer. We will begin the call with the key thoughts from the management team. Thereafter, we will open the floor for the Q&A session. I would now like to request the management to share their perspective on the performance of the company. Thank you and over to you.

Monika Chawla: Thank you, Sumant, for the introduction. Along with us, we have Mr. Ritesh Arora as well. He is the CEO of India and Far East business. So, good evening, everyone and thank you for joining us today on the post Q2 and H1FY27 earnings conference call of LT Foods Limited.

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

The result documents are available on our company's website as well as the stock exchanges. So, I'll start with a brief strategic update across our key geographies and businesses. Across markets, our priorities remain consistent, strengthen our brands, expand consumer reach, build differentiated portfolio, deepen distribution and invest in capabilities that support sustainable and profitable growth.

I'll start with India. India continues to be a strong growth engine for LT Foods.

Our strategy is centered on premiumization, portfolio expansion, deeper distribution and digitally enabled execution. During the quarter, we strengthened our portfolio with Daawat Delight, Rozana Platinum, and new formats such as biryani gravy and biryani masala.

We are also seeing encouraging traction in health-focused offerings, including brown, red and black rice, while our biryani kits have grown by 38% during the first half. Our brand investments are translating into measurable outcomes. Against category growth of approximately 1.3%, our branded portfolio grew by nearly around nearly 8%, supporting 140 basis point increase in market share on year-to-date basis.

Household reach increased from 56.2 lakhs to 67.5 lakhs over the last year. Through our project Vistaar, we are increasing direct distribution, feet-on-street capabilities and assortment productivity. Alongside this, investments in supply chain and sales digitalization are improving forecasting, frontline execution and on-shelf availability.

With branded basmati still significantly underpenetrated in India, we see a long runway to acquire consumers, premiumize the category and expand into adjacent consumption occasions. Now, I'll cover the United States. That United States remains our largest international market and an important growth engine supported by strong brands, category leadership and established omnichannel presence and strong distribution.

We continue to strengthen our core rice portfolio while expanding into convenience-led and value-added consumption occasions. During the period, we advanced our ready-to-heat portfolio, expanding microwaveable formats and continued premiumization across Royal and Golden Star and rice.

We are also investing in digital commerce and consumer discovery capabilities to keep our brands visible and relevant as the path to purchase increasingly moves across digital and AI-enabled platforms. Our ambition is to leverage our leadership into rice to build a broader branded foods platform in North America.

If I talk about Europe, Europe continues to be an important strategic market for us. While the operating environment remains challenging. We have made meaningful progress in strengthening the underlying business and creating a more scalable platform for the future growth. During the quarter, we further expanded our customer base and secured new mainstream private label business across Germany and the Nordic markets.

We have strengthened our presence in France and are expanding our commercial coverage across Europe. Together, these initiatives are increasing our participation across both mainstream and ethnic channels and substantially broadening the opportunity available to us.

At the same time, we remain sharply focused on improving the quality of the business through better product and channel mix, procurement efficiencies, automation, productivity improvement, and disciplined cost management. Our strategy from here is very clear. Scale the mainstream business, deepen our presence across key European markets, strengthen higher margin opportunities, and continue improving the efficiency of our operating model and keep growing and further strengthening the Daawat brand in ethnic market.

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

Middle East continues to be an attractive long-term growth opportunity for LT Foods despite being a highly competitive and fragmented market. During the period, the region delivered strong volume growth, outperforming both last year and growth was supported by deeper market penetration, expansion of private label partnerships, and continued strengthening of our core branded portfolio.

We also continue investing behind brand building, consumer awareness, helping strengthen brand equity and expand our consumer franchise across the

region. While the overall demand in the region remains strong, the quarter was significantly impacted by the supply disruptions, which constrained inventory flow into the region and a sharp escalation in the freight cost further raised the landed cost and weighed heavily on the profitability during this period.

While we have taken active steps to mitigate these pressures through alternate routing, optimizing spends, and increased pricing, the full impact of these will show up in the subsequent quarters. Though still, we continued the momentum in our e-commerce business, where we maintain category leadership position and delivered strong growth despite the intermittent supply chain disruptions.

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

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

If I talk about Nature Bio Foods, which is undergoing an important strategic transformation from an India-centric sourcing and export business into a globally integrated consumer-focused organic food platform. The first pillar is moving closer to our customers through deeper direct relationships with retailers and consumer brands.

This transition has created near-term revenue pressure as parts of the traditional intermediary-led business are replaced, but it should improve customer ownership and value chain participation over time. The second pillar is portfolio and sourcing diversification. We are expanding beyond rice and developing sourcing capabilities across different geographies like Turkey and other regions.

Together with our European processing capability, this strengthens supply chain flexibility and enables a broader organic portfolio. In India, we are consolidating

manufacturing through a new Madhya Pradesh facility with the first phase expected to commence operations in this financial year. This transition involves near-term cost but should structurally improve efficiency, resource utilization, and cost competitiveness.

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

To summarize, across geographies and segments, our strategic direction remains clear. Defend and deepen leadership in the core, broaden participation in convenience and value-added foods, strengthen consumer brands, improve the quality and profitability of international operations, and invest in digital and operational capabilities that support long-term scale.

India continues to deliver strong profitable growth, North America provides the platform to extend beyond rice, Europe and UK are progressing through disciplined operational improvement, and Middle East is building consumer scale and Nature Bio Foods is being repositioned for high-quality growth. Together, these priorities support our evolution into a larger, more diversified, globally relevant branded food company.

Now with this, I'll hand over to Sachin, CFO of the company, for the detailed financial update. Over to you, Sachin, please.

Sachin Gupta: Thank you, Monika. Good evening, everyone and thank you for joining us today. I am pleased to share our financial performance for the second quarter and first half of FY27. The first half delivered healthy, broad-based growth across all key geographies, led by different segments, even as we stepped up our investments behind our brand and maintained our focus on operational efficiency and disciplined capital allocation.

Now, let me begin with our consolidated financial performance.

- During Q2 FY27, the consolidated revenue grew by 17% on year-on-year basis to INR3,253 crores from INR2,772 crores in Q2 FY26, a growth of 3% over Q1 FY27. The gross profit increased by 12% to INR1,058 crores from INR948 crores.

- The gross margin for the quarter was 32.5% compared with 34.2% in Q2FY26. The change in the gross margin was primarily due to two factors. Firstly, the change in the shipment terms with the related party from CIF to FOB basis, under which the freight cost now forms part of the cost of goods sold instead of other expenditure. This classification is EBITDA neutral.

Secondly, the higher shipment cost across the major markets. Shipping cost as a percentage to revenue rose by almost 40 basis point, which also has an impact on the EBITDA.

- EBITDA grew by 13% to INR358 crores from INR316 crores in Q2FY26,and was marginally lower than INR363 crores in Q1FY27. EBITDA margin stood at 11% compared with 11.4% in Q2FY26 and 11.5% in Q1FY27.

This moderation reflects the gross margin factor which I just explained and a planned step-up investment in the advertisement to support our brands under new launches. Advertisement investment increased by INR25 crores over quarter 1 or 2.5% of the revenue as against 1.8% in quarter 1, a jump of almost 70 basis point.

We also continue to invest in building our health and convenience portfolio ahead of the commissioning of RTH facility in the U.S., which weighed on our quarterly margins. Meanwhile, the organic food segment improved sequentially with EBITDA of INR22 crores against INR10 crores in Q1FY27.

Depreciation increased with the capitalization of new assets, while the finance cost was higher on the year-on-year basis on higher supplier funding arrangements undertaken to optimize the working capital cycle. PAT increased

by 10% on year-on-year basis to INR180 crores from INR164 crores.

- For H1FY27, the consolidated revenue grew by 22% to INR6,414 crores from INR5,273 crores in H1FY26. On normalized basis, after adjusting to Golden Star, which was not fully consolidated in quarter 1 FY26, the revenue grew by 18%. The gross profit increased by 15% to INR2,087 crores. EBITDA grew by 17% to INR721 crores. And the PAT grew by 9% to INR364 crores from INR332 crores in H1FY26.

- EBITDA margin in H1FY27 stood at 11.2% compared to 11.7% in last year, primarily reflecting higher shipment cost and increased brand investments. Brand investments in this half rose by almost 29% to INR139 crores. As we continue to invest in our brands and future growth platforms, we remain focused on driving operating leverage and efficiencies across the value chain.

Now, turning on our segment performance.

- Our basmati and the specialty rice business continued to lead our growth. In H1FY27, the revenue increased by 27% to INR5,764 crores from INR4,552 crores with volume increase of 11% on year-on-year basis. The segment contributed 90% of the consolidated revenue.

    - The gross margin in this segment was at 33%, while the EBITDA margin was at 12%. The EBITDA margin in the matured market like India, U.S., and the rest of the world stood at 15%. On the geographical front, India grew by 24% on a year-on-year basis with volumes increasing by 10%, and India accounted for 29% of the revenue.

On the international business, continues to provide significant scale and diversification. North America, which contributed 50% of our revenue, grew by 21% on a year-on-year basis or 13% on normalized basis after adjusting Golden Star. Middle East and the rest of the world grew by 25% and contributed 9% of the revenue. Europe contributed 12% of the consolidated revenue during the period.

The operating environment in Europe remained challenging, particularly due to the raw material and the freight cost pressure. Even so, the European business reduced the debt by EUR1.8 million and improved working capital during the first half. In the UK, performance was impacted by the lower than planned mainstream and industrial volume and elevated operating cost.

Price recovery initiatives are expected to help offset freight and logistic inflation and the business remains focused on improving volumes, inventory management, and operating efficiencies. Now, coming to the organic and the ingredient business. The revenue in this segment was INR520 crores in H1FY27 compared to INR583 crores in H1FY26, reflecting the ongoing remodeling of the business.

The gross margin held at 34%, and EBITDA margin was at 6%. Encouragingly, the segment improved sequentially in quarter 2 and we continue to work on improving the business mix and operating performance. On health and convenience portfolio, comprising of ready-to-heat, ready-to-eat, and ready-to-cook products.

This segment contributed INR102 crores in H1FY27, up by 8% from INR95 crores last year, even before the enhanced RTH capacity has become operational. Ready-to-eat grew by 17% on a year-on-year basis, ready-to-cook grew by 28%, and the ready-to-heat grew by 7% in the rupee terms. We continue to invest in the category with the long-term perspective.

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

We ended this half year with a net cash position of INR247 crores in our balance sheet. Our return on capital employed improved to 22.4% from 22% in the last year. Return on equity was at 15.7% and the interest coverage stood at a comfortable 13.8 times. Improving working capital and capital efficiency remains priority as we continue to invest in brand, capacity distribution, and new growth

opportunities.

Now, coming to the standalone performance. For this half year, the revenue in the standalone basis grew by 14% to INR2,417 crores from INR2,119 crores. EBITDA increased by 34% to INR223 crores with EBITDA margin improving to 9.2% from 7.9% and the PBT also grew by 28% to INR173 crores. PAT grew by INR24 crores to INR134 crores from INR108 crores.

The Q2 standalone revenue grew by 17% on a year-on-year basis to INR1,241 crores, and the EBITDA rose to INR103 crores from INR101 crores in Q2, with the margin moderating to 8.3% due to higher expenditures including the brand investments. The standalone balance sheet remains net cash positive as on September 26th.

Now to summarize, the first half of FY27 reflected the continued scale-up of our businesses. More importantly, we have delivered this growth alongside a meaningful improvement in working capital and higher return on capital employed. Going forward, our financial priorities remain clear

- sustaining profitable growth in our core basmati and the specialty rice business
- improving profitability in the organic food business,
- scaling up our convenience food portfolio,
- driving efficiencies across the value chain,
- maintaining discipline across the working capital and capital allocation.

These priorities are anchored in our strategies of strengthening the core, expanding distribution and our product portfolio, driving premiumization, and building efficiencies across the value chain. With this, I request the operator to open the floor for questions.

Moderator: Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from Bhavi Chauhan from Care PMS. Please go ahead.

Bhavi Chauhan: So my first question is related to the inventory. What is the current inventory

level of basmati rice that company's holding? And what is the average cost of that inventory? And in Q2, our inventory is quite low. So what is our strategy for upcoming season where the prices are expected to be higher?

Sachin Gupta: So, I will take the first part. So, our inventory level as on September 26th, the paddy inventory was 82,000 tons at an average rate of INR43. Whereas rice inventory was at 260,000 tons at an average rate of INR60.

Ashwani Kumar Arora: And second question, you said about low inventory. So, whatever the inventory we are carrying is to our business plan and is sufficient for whatever the business plan we have.

Bhavi Chauhan: So, it is expected that the current paddy arrival is around 20% to 25% on a higher side.
So , what is the trend you are expecting and how will the procurement be done?

Ashwani Kumar Arora: No, you heard it right. This year, crop '26, the prices are higher by 22% to 25% average, depending on variety to variety. But as far as our business model for crop '25, we are sufficiently covered to deliver our plan.

Bhavi Chauhan: And the second question is related to basmati. So, if I look at our basmati rice segment So our volume growth is around 11% in H1 FY27, while the revenue grew is about 22% on a Y-o-Y basis. But if I look at on a sequential basis, revenue appears to be grown modestly in all our geographies. So, like, is anything happened in our Q-o-Q performance? And just to specify, what is our volume growth in Q2 FY27?

Sachin Gupta: So, coming to your question regarding the growth in Q2, on a year-on-year basis, the quantitative growth in Q2 is 11%, with the value growing by 21% from last year's same quarter. As far as the sequential growth goes from the last immediate preceding quarter, it is 6% in volume terms whereas in the value terms it is 5%.

Bhavi Chauhan: Okay, okay. And the last question is related to our RTC segment. If I look at our gross profit margins and the EBITDA margins of our RTC segment have declined sharply in this quarter. So like, any reason for it? Like, is it raw material

inflation that companies stating that we are not able to pass on to our consumer or anything like that?

Sachin Gupta: Certain promotions were running in the RTH and RTC segment in this half year. So, it is as per the plan itself. Yes, this has been reduced because the sampling is net off in our GP and other things. So that it has increased our overall PAT or the PBT numbers by INR2 crores in this half year.

Bhavi Chauhan: Okay, so it gave an impact of INR2 crores on our revenue and profitability, right?

Sachin Gupta: Correct, correct.

Bhavi Chauhan: Okay, that's it from my side. Thank you.

Moderator: Thank you. The next question is from Saurabh Beria from Sameeksha Capital. Please go ahead.

Saurabh Beria: Yes, hi, thanks for the opportunity. So, my question was around the basmati rice segment. So, if we see the PPT reports 11.4%, growth excluding tariffs, and even the volume growth is 11%. So wasn't there any price increase, is what I mean. So basically paddy prices had increased if we see the paddy prices of last year versus the current. Even our procurement costs were higher last year. So wasn't there any price increase in the So that is the broader question, if you can give us some, some light on this?

Sachin Gupta: IOur total, in the basmati specialty, the value has increased by 26%, whereas the volume has increased by 11.5%. So there is a value increase, per ton increase, the rupee, the rating, this is almost a 13% increase. So there is a price increase.

Saurabh Beria: Okay, but if we exclude the tariff impact, the organic growth was 11%, right?

Sachin Gupta: . So, you are talking about the normalized one last year. If you exclude the tariff also, it also had a sequential effect. 25% or 50% was being imposed in the month of September or August 2026. That had a sequential impact on the last year's numbers. The normal rate of tariff for the last year was 10%, which is

currently also at 10%.

Saurabh Beria: So, I wanted to understand some unit economics on the part of, for say, when we procure paddy and in subsequent quarters or in subsequent years when the paddy costs are higher. So how do we pass on the cost? Is there any inventory gain that we mark in our books? How do we deal with the increase in paddy cost?

Ashwani Kumar Arora: So normally when the crop changes and we pass on to the consumer and the whole industry knows, it works like this. So as far as the inventory gain or loss, Sachin, you can add, we don't do any accounting in the books.

Sachin Gupta: We don't recognize any gain or loss, yes, if the loss is there, it is on the basis of cost or market price, whichever is lower. So, if the market price happens to be low, then only the recording of the loss takes place, but any gain is not recorded.

Saurabh Beria: Okay, so, that ultimately gets reflected in our OCF, right? If you look at even the first half OCF, there was higher inventory release just because our procurement cost was lower and selling price was higher in the first half. Is that the case?

Sachin Gupta: That is basically because of the other factors, the operating cash flow, as such, now because of, in the first quarter, the paddy season happens to be in December. We generally have a surplus cash. As I've told you, we have net cash position of INR247 crores that is sitting in the books as on 30th September. So, there is an operating cash leverage that happens during this period.

Saurabh Beria: My question was on part of inventory. The inventory days were higher, right, in the current half when we compare it with the previous half of FY26?

Sachin Gupta: If you talk about the inventory days, last year it was 187 days.. Now it is 160 days. Inventory days have in fact improved. So, we are almost same.

Saurabh Beria: Okay, I'll get back to you on this on in person. And secondly was on the part of EBITDA margin. So, I guess we are on a lower note than what the earlier guided margin was. So earlier we were aiming at 11.5% to 12% for this year, and since in the current quarter we are on a slightly lower end. Is there any revision in

the full year's guidance and the sustainable numbers?

Ashwani Kumar Arora: As Sachin just explained the lesser margin has resulted for 2 reasons. One is, the freight costs were higher by 40 bps, and, the second is by 20 bps you have invested more in brand.

Saurabh Beria: Yes, but is there any revision in the full-year guidance?

Ashwani Kumar Arora: So, we are very confident on our business model and and the company fundamentals. So as explained by Monika and Sachin, region by region, some markets are in investment mode, and some in the matured market, Sachin has just explained that we are getting more than 15% EBITDA. So, once all these markets: Europe, Middle East, and organic will come to the scale, we are very optimistic the margin profile will change.

Saurabh Beria: And in the mature state, what EBITDA margin do we target for the organic and RTC/RTH segments?

Ashwani Kumar Arora: No, when I say matured market for basmati, like US & India

Saurabh Beria: I get that. But, once the Organic and RTC/RTH are in place, so in the mature state, what EBITDA margin do we specifically target for those segments?

Ashwani Kumar Arora: No, no, Organic is different, they play mainly in Europe, so you know where the margin will when that scale up, the margin will improve in organic business in Europe and in Basmati Europe and UK and, and the Middle East.

Saurabh Beria: So, like, if I reframe, what I meant is in the organic and RTC, what on a such a way,

Ashwani Kumar Arora: **As** I said, our fundamentals are strong, our levers are working.

Sachin Gupta: So, we are confident on the margin target w13% to 13.5% to 14% of the EBITDA margin on consolidated basis. It is just investing certain portion of the money in Europe, UK that are diluting my overall EBITDA margin. In the matured markets like US, Europe, or Europe, US, India, we have an EBITDA margin of 15% plus. Our overall EBITDA margin which is currently at 11% will increase to

almost 13%- 13.5%.

Saurabh Beria: Okay.

Monika Chawla: And to add, because you were specifically asking for theorganic and RTH business. Organic business, the way it is in the remodeling phase, in the coming 2 years we are eyeing this business to also deliver 10 to 11% EBITDA margin. That's, I think was the question you were asking.

Saurabh Beria: Yes, perfect. That answers.

Moderator: We have next question from Vipul Kumar from Sumangal Investment. Please go ahead.

Vipul Kumar: Hi, thanks for the opportunity. So, my question is, a substantial amount of working capital has been released in this quarter. So, is there any one-off or is it a seasonal phenomenon?

Sachin Gupta: So, it happens. And during this, because this is a non-peak season for procurement purpose, the working capital is released. As I have told you, we have a net cash position during this period. Yes, it will be getting utilized in the coming quarters with the procurement coming up. It is a seasonal procurement.

Vipul Kumar: Okay, and previously we used to share, volumes by geography of each major market like India, US, but this time it is not part of the presentation, so can you give the volume and value figures for each market, please?

Ashwani Kumar Arora: We have stopped giving volumes, but we are giving how much we have grown by value and how much we have grown by volume. So, for competitive reasons, we don't give the absolute volume, but we are giving the volume growth and value growth, both.

Vipul Kumar: , what was the volume growth and value growth this quarter?

Sachin Gupta: So, as per our presentation itself, the revenue mix of India is 29%, whereas the year-on-year growth in the India business is 24%. North America, the revenue

mix is 50%, whereas the value growth was 21%. If you normalize the Golden Star, it is 13%. In Europe the revenue mix is 12%, and the Middle East is at 9% with a growth of 25%.

Vipul Kumar: Okay, and, last question, 13.5% to 14% EBITDA. So from 11% to that journey, how much time will it take?

Ashwani Kumar Arora: As a policy, we are not giving any timelines. As I said, we are very positive, optimistic that in our matured market EBITDA margin is already 15% above in Basmati. And once these 3-4 sectors will come to the scale, the margin profile will change.

Vipul Shah: And so lastly, what is your experience in a rising paddy market? Our margins generally shoot up or they come down from past cycles? What is your experience?

Sachin Gupta: If you see historically, whenever the paddy price increase, the input cost increase, we normally pass on to the consumer. And the margin profile, gives 1% gain or minus 1% sometimes. So, it is in the range of that when the prices go up or come down.

Vipul Shah: Okay, thank you, sir, and all the best.

Moderator: Thank you, sir. The next question is from Mr. Yash Mehta from Aart Ventures. Please go ahead.

Yash Mehta: Thank you for the opportunity. The advertisement and brand building cost are elevated by about 40 bps this quarter. So just wanted to know, are they going to be at this level for the rest of this year?

Ashwani Kumar Arora: So, only in our ad spend we will be making an investment of 2.3% of our revenue. In this quarter itself, our spend got increased to almost 2.5%- 2.6%. So, on a yearly basis, it will remain at 2.3%. Last year the number was 2.1%.

Yash Mehta: Okay. And are we trying to pass on the increase in the freight cost to the customers?

Sachin Gupta: Yes, in some markets, while Middle East is taking time. And Europe it is not. But in some markets, we pass on. That's how the consolidated impact is 0.4%.

Moderator: Thank you, sir. The next question is from Sahej Grewal from Value Vision. Please go ahead.

Sahej Grewal: Yes, congratulations on the strong set of the results in a tough operating circumstance, I just wanted to understand what is the expectations of our margin for the next two quarters? Do we expect the tightness to continue if the war situation escalates in the coming quarter as well?

Ashwani Kumar Arora: So in the war, main impact is on Middle East and in LT Foods, Middle East c contributes 9% to 10%. So we don't see any impact on the margin in the coming quarters. So, it will be going like this only.

Sahej Grewal: Okay, but it was my assumption that with the freight rates being high, even our exports to US and Europe would be affected with the current shipping rate problem which is there?

Ashwani Kumar Arora: Yes, but somewhere we are able to pass on and some we are absorbing. That's how the consolidated 0.4% is getting impacted.

Sahej Grewal: Okay. And the thing which was about that UK investments since the FDA and all have been signed, has there any benefit and when is that facility coming up and what do we expect it to contribute in the next coming few years?

Ashwani Kumar Arora: UK is definitely a part of our strategy as a Basmati company. UK is a big market. As far as when it will become profitable, as the scale will come which we expect in the next year we are looking it to be profitable.

Sahej Grewal: What is the growth guidance for the year and the coming two quarters? Revenue and PAT?

Ashwani Kumar Arora: In the coming quarters, as I said, as H1, H2 will also be very similar. So, we will be maintaining the momentum.

Moderator: Thank you, sir. The next question is from Rajesh Agarwal from Moneyore.

Please go ahead.

Rajesh Agarwal: So, my question is the accounting on tariff, any tariff refund, how your accounting is done?

Ashwani Kumar Arora: No, we have not.

Rajesh Agarwal: Okay. What is the status on that?

Ashwani Kumar Arora: Partly we have got the refund, and we are talking to our customer for that, whatever the understanding is.

Rajesh Agarwal: So how much time it will take for the accounting?

Ashwani Kumar Arora: I think by year end the things will be clear.

Rajesh Agarwal: Your bullish on the outlook, outlook for the company on the Basmati?

Ashwani Kumar Arora: We are very bullish as Basmati is a category growing 5% to 7%. If you see our result, India is growing double digits, West is growing, all the markets are growing. So, we are very positive on all our businesses, which is specialty rice, organic and ready to eat.

Rajesh Agarwal: So, the growth when will it go through the profitability because the margins are also for some reason or the other, the freight and all, is under pressure. When will the revenue growth and the volume growth pick-up?

Ashwani Kumar Arora: As far as the ROCE is concerned, we are improving on ROCE, this H1. It's around 23% and in the consumer space in the category, we are delivering very well. As far as further margin improvement is concerned, as I said that, in the matured market, I am repeating 15% EBITDA in the investing market, once that will scale up, the EBITDA margin percentage profile will change and further improve the ROCE part that.

Rajesh Agarwal: Okay. And so, and there was scope of any working capital improvement from here also?

Ashwani Kumar Arora: No,

Rajesh Agarwal: No. Okay. Thank you. Thank you, sir.

Moderator: Thank you. We have a follow-up question from Mr. Saurabh Beria from Sameeksha Capital. Please go ahead.

Saurabh Beria: Thanks. So I wanted to ask on how particularly are we able to reduce our inventory days because what I believe is Basmati requires a particular number of days of aging, right? And to maintain the premiumness of that. So how are we able to reduce our inventory days? And secondly, can you share the inventory cost as of March '26 and current which we had incurred?

Ashwani Kumar Arora: So, our business model is a mix of Basmati, other specialty rice, which is Jasmine and organic food. So as far as Basmati is concerned whatever the aging is required brand wise, we do that. There is no shortcut on that. And that is sufficiently covered.

Saurabh Beria: Okay, and secondly, on the part of our procurement cost as of 31st March FY26 and currently what is the cost of current inventory?

Ashwani Kumar Arora: So, as I have told you, the current inventory the paddy rate is almost INR43 per kg, whereas rice is INR60 per kg. As on March '26, the paddy rate was at INR 36 per kg, whereas the rice rate was at INR 54 per kg.

Saurabh Beria: Perfect. So do we plan of any near-term price increase because since realizations or say price growth has not been in line with the increase in our input cost. So are we not passing on completely? And secondly, how do you see the sensitivity sensitivity in the US and Indian markets post price increase? Is there usually any impact on the demand side?

Ashwani Kumar Arora: So, I will answer your last question first. The sensitivity on the demand by increasing price, we have not seen. We are in this business more than 50 years and we have seen the real test case when this duty came and majority has been passed on and we have not seen any impact on the demand.

If you see Basmati is roughly globally the market size of rice is 500 million ton and Basmati is just approximately 10 million, which is roughly 2% of the total market. So normally in the specialty rice we don't see any impact on the price

increase on the demand. Even in Middle East what we are seeing the freight cost has gone up by $50, $40 now it's say more than $200. So, there is no impact on the demand.

Saurabh Beria: And my first question regarding any near-term price increase because I believe the increase in current paddy cost has not been completely passed on, right?

Ashwani Kumar Arora: The crop has just started coming in the first week of September and as this crops use will come, the price increase will be passed on like in India some crop we sell the new crop already price increase has been given and very well accepted.

Saurabh Beria: Perfect. But we will pass on this increased cost next year, right? When we sell off the inventory during the second half

Ashwani Kumar Arora: Yes. We are confident this kind of period has come and we have been able to pass on successfully.

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

Premal Shah: Yes, good afternoon. My basic question is what is the latest crop outlook update with looking at this weather impact in the current year for Basmati specifically?

Ashwani Kumar Arora: Last year crop there is no carryover and demand has grown by on an average 4% to 5% India and export together. So, this year the prices have opened as on an average 25% against last year. Initial variety is 35%, but in some we are eyeing that roughly 25% of the prices will be high against last year.

Premal Shah: Okay. And would the finished product pricing also increase to the same range, 20%-25% or higher?

Ashwani Kumar Arora: So, the material cost is roughly 70%. Proportionately, the pricing will reset.

Premal Shah: And so, what are the current local finished product prices like just now? Because they were I guess about between 87% to 95%, I think in the first quarter of this calendar year. So where would they be hovering just now?

Your finished product like Daawat is selling their rice in the open market. Is

the price range about INR110- INR115 per kg compared to what it was in the first quarter at about INR85- INR90?

Ashwani Kumar Arora: Our most premium product now sells INR250 a kg, which last year same time used to be around INR220 price to consumer. So that's about 15% increase..

Premal Shah: Yes. I mean to say what is your average realization currently, say in the month of October, approximate average realization per kg putting all the different grades and brands together of Daawat?

Ashwani Kumar Arora: Around INR80.

Premal Shah: Around 80. Okay. And in compared to the first quarter of this year?

Ashwani Kumar Arora: So, almost 8% improvement over Q1.

Premal Shah: 8%. Okay. Yes. Got it. Thank you.

Moderator: Thank you, sir. We have next question from Mr. Saurabh Beria from Sameeksha Capital. Please go ahead.

Saurabh Beria: Okay, just last question from my end. Do we even benefit from the falling rupee if we compare rupee last year versus the current year? Do we hedge that exposure, or any impact is seen in the top lines?

Ashwani Kumar Arora: So as far as forex policy is concerned, We are following for the last 10 years 50-50. 50% we hedge and 50% we keep open. And as you said, if the rupee depreciates, we get benefit.

Sachin Gupta: So, we are benefiting, as an exporter rupee depreciating is always beneficial. Yes, it has been because we have a policy of purchase as well. Somewhat it gets offset with the purchasing trend as well. So as far as the rupee is concerned, rupee depreciation benefits us.

Saurabh Beria: So, if you can quantify like for the current normalized growth of 22% which Basmati segment had, Basmati and specialty rice, how much was the forex impact if you can quantify on that part?

Ashwani Kumar Arora: If you talk about the forex on a on a constant dollar basis, it should be almost a 4%-5% of the cost dollar value impacting.

Saurabh Beria: If you can give a percentage of the total top line, how much impact was that of the forex?

Ashwani Kumar Arora: 4%,-5% is the impact.

Saurabh Beria: Okay. Perfect. So, but still if I do the math, company reports 22% growth in first half of FY27 in the Basmati and specialty rice. 11% was the volume growth, around 12% you said was the realization growth. So that realization according to you includes the forex impact because the math doesn't go there.

Ashwani Kumar Arora: Correct. It includes the value terms because we report in the rupee terms. It includes the forex impact.

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

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

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

This document has been edited to improve readability