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Ref-LTF/ SE/ 2024-25/ **Date: February 04, 2025**

To,

BSE Limited **Phiroze Jeejeebhoy Towers** **Dalal Street** **Mumbai- 400001**	**National Stock Exchange of India Ltd.** **Exchange Plaza, C-1, Block G,** **Bandra Kurla Complex,** **Bandra (E), Mumbai – 400 051**

Dear Sir/ Madam,

Ref.: Code-532783 Scrip ID: LTFOODS

Sub: Transcript of Earning Call for the quarter and Nine months ended December 31, 2024

In continuation to our earlier letter dated January 29, 2025, filed in terms of the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding an Earnings Call organised by the Company, to discuss the Un-Audited Financial Results of the Company for the quarter and nine months ended December 31, 2024, scheduled for Tuesday, January 28, 2025 at 16:00 hours (IST).

In this regard, a transcript of the aforesaid Earnings Call is attached herewith. Further, the said transcript shall also be available on the website of the Company.

Request you to take the above information on record.

Thanking you,

Yours Faithfully,

For **LT Foods Limited**

MONIKA JAGGIA Digitally signed by MONIKA JAGGIA Date: 2025.02.04 09:30:21 +05'30'

Monika Chawla Jaggia
Company Secretary & Compliance Officer
Encl: a/a

"LT Foods Limited
Q3 FY25 Earnings Conference Call"
January 28, 2025

MANAGEMENT: **MR.ASHWANI KUMAR ARORA – MANAGING DIRECTOR & CHIEF EXECUTIVEOFFICER – LT FOODS LIMITED**
MR. SACHINGUPTA – CHIEF FINANCIALOFFICER– LT FOODS LIMITED
MS.MONIKA CHAWLA JAGGIA – CHIEF CORPORATE DEVELOPMENT OFFICER – LT FOODS LIMITED

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

Moderator: Ladies and gentlemen, good day and welcome to LT Foods Q3 FY '25 Earnings Conference Call hosted by Motilal Oswal Financial Services Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference call is being recorded.

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

Meet Jain: Thank you. Good evening, everyone, and a warm welcome to LT Foods 3Q FY '25 Post Results Earnings Call hosted by Motilal Oswal Financial Services Limited. 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'll 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: Good evening, everyone and thank you for joining us on our Q3 and 9 months Financial Year '25 Earnings Conference Call. Before we start with the key highlights of the quarter and the 9 months ended 31st December 2024, 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 the company's website and have also been uploaded on the stock exchange. A transcript of this call will also be made available on the Investors section of the company's website. I would like to begin by taking you through the key highlights of quarter 3 financial year '25. Our consolidated revenue for quarter 3 is up by 17% to INR2,288 crores versus INR1,950 crores last year on account of increased sales from all our segments.

Gross profit grew by 22% and gross profit margin is 125 bps higher from 32.6% to 33.9%, attributable to favourable input prices. EBITDA for quarter 3 was up by 7% year-on-year basis at INR263 crores and EBITDA margin stood at 11.5%. PBT is up by 3% from INR211 crores last year to INR217 crores in quarter 3. PAT for the quarter decreased by 4.7% to INR145 crores compared to INR153 crores in the previous year. EPS decreased by 5% to INR4.13 versus INR4.35 in the quarter 3.

Cash profit for the quarter was higher by 1% to INR196 crores. Now coming to 9 months performance. Our consolidated revenue for the 9 months increased by 14% to INR6,510 crores versus INR5,730 crores in the 9 months financial year '24. This is on account of the increased sales from the Basmati & Other Specialty Rice segment as rice segment as well as an increase in the organic segment.

Gross profit stood at INR2,202 crores and the gross profit margin expanded by 145 bps from 32.4% to 33.8%. EBITDA increased by 7% to INR777 crores compared to INR726 crores last year. EBITDA margin was 80 bps lower at 11.9%. The profit after tax is higher by 1% to INR451 crores versus INR447 crores last year. The earnings per share was flat year-on-year, that is to INR12.81.

Cash profit increased by 5% to INR584 crores versus INR555 crores last year. Moving on to the key ratios of our balance sheet. The return on the capital employed stood at 19.5% in 9 months financial year '25 compared to 20.3% in 9 months financial year '24. Return on equity stood at 16.9% for 9 months financial year '25 compared to 18.7% in the 9 months financial year '24.

The debt-to-equity ratio maintained at 0.3 and the debt-to-EBITDA ratio at 1.2 in the 9 months financial year '25 compared to 1.3 in 9 months financial year '24. Current ratio remained steady year-on-year at 1.9 and our net working capital days stands at 227 days versus 225 days in 9 months financial year '24. I now hand over to Mr. Ashwani for his comments and we can open the floor for the question answer. Thank you.

Ashwani Kumar Arora: Good evening, everyone. So we can open the floor for questions.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Jolyon from Amiral Gestion. Please go ahead.

Jolyon: I have a few questions. First one, could you quantify the impact of higher freight on this quarter because I think we just run through the SG&A, it used to be 5 -- 50 basis points higher Q-on-Q. And I understand that we are still facing elevated freight prices that we have yet to pass on to our customers. So maybe just on that one first, please?

Sachin Gupta: So as regarding the freight cost, the logistic cost as a percentage to revenue in this quarter itself, if we compare on the year-on-year basis, this has increased by 2.3%. And if we compare it with the immediate preceding quarter, it has increased by 0.5%. And the current logistic cost for this quarter is 7.1%.

Jolyon: Okay. So any views on that? Is it coming down in the quarter 4? Are we going to pass it on to our customers altogether on the freight surcharges?

Ashwani Kumar Arora: Yes. So next year, we are expecting the freight rate to come down. So we are in conversation with the freight companies, the ocean freight company. And we are positive that next year -- in the next quarter, we will not have kind of a positive impact on this. So the freight cost will remain same. But next year, we are seeing it softer.

Jolyon: Okay. Sure, sure. Because I think the previous understanding was that quarter 4 is when the freight prices will normalize as we're expecting it to come down.

Ashwani Kumar Arora: Yes, because we already have inventory in the system with the higher freight cost. So even if it changes now, it will have impact in the next financial year first quarter.

Jolyon: Okay. No, that's very clear. I guess next question is on the associate earnings. So I think this probably relates mostly to Golden Star. I think it came in at around INR40 million, INR4 crores this quarter, which obviously has declined quite significantly from last year's INR117 million and also last quarter's INR88 million. So any color on this? What's happening to Golden Star?

Ashwani Kumar Arora: So again, the profit has come down because of the higher -- the steamer freight from Thailand to West Coast. So that's the main impact. So there is no decrease in price or in the raw material cost has not increased. So purely impact of freight cost.

Moderator: Thank you. We'll move on to the next question that is from the line of Nandita from Marcellus Investment Managers. Please go ahead.

Nandita: So actually, I had a couple of questions. The first one is that it says on the website that -- of the exchange that Raghunath Agro Private Limited in that -- which is a wholly owned subsidiary, you have gained taken up 4% stake. So can you please clarify how is this done? And why is the 4% stake taken in a wholly owned subsidiary?

And secondly, in the other expenses, which rose to 17% of revenues from 14.5% of the revenues last year, it was just generally freight which contributed largely to this or was there any other cost item which also led to the rise in other expenses?

Ashwani Kumar Arora: Sachin will take up this question.

Sachin Gupta: So as regarding the other expenses, other expenses, last year, it was 14%. This year, it is 16.3% on a 9-year basis. And this increase in the expense is mainly attributable to the logistic cost. The logistic costs have increased on the 9-year basis by 2%. So this is the major increase in the other expenses.

As regarding the Raghunath Agro Industries, Raghunath Agro Industries initially company had 96% holding. So the 4% holding was with one of its subsidiary, Daawat Foods. Now Raghunath -- now LT Foods is acquiring that 4% share also. Now it will be 100% subsidiary of LT Foods. I hope I have answered your question.

Ashwani Kumar Arora: And we are in the process of merging this also. So Raghunath Agro will get merged in LT Food.

Nandita: Okay. So it won't be a wholly owned subsidiary then?

Ashwani Kumar Arora: We are in the process of doing that, yes. So it will be get merged with LT Foods.

Sachin Gupta: Yes. So we are in the process of that fast rack – those are fast track merger scheme.

Nandita: Understood. Thank you so much.

Moderator: Thank you. The next question is from the line of Damodaran Kutty from Acuitas Capital. Please go ahead.

Damodaran Kutty: Congratulations on a decent set of numbers. Yes. So my question was on strategy on pricing. So given that Basmati prices have dropped this year, what will be our strategy on pricing? Will we be focusing on holding prices and improving margins or will we pass on the benefit of the lower prices to customers and focus on improving our market share?

And what implications does it have for FY '26 margins? So yes, just some color on that will be helpful. That's question number one?

Ashwani Kumar Arora: Thank you, Damodaran. So we are evaluating definitely the prices of input cost or raw material cost has come down as compared to last year. So we are evaluating our pricing strategy and seeing the competitive landscape. Hopefully, we will be ready with our complete pricing strategy by the end of February. But definitely, I think somehow we had to take some price decrease. Yes, how much we are evaluating.

Damodaran Kutty: Sure, sir. And given that, I mean, you expect freight -- this impact of freight cost to go away next year, is that -- you can expect that, that will improve your margins by around 100 basis points? I mean, because you did around 12% margins and the current year margins have come to around 11.3%.

Ashwani Kumar Arora: So definitely, in the second quarter of next year, we are expecting the margin to improve by the September result. That will have positive impact of the raw material and the freight cost.

Damodaran Kutty: Okay. Got it. And just one more question on capex. So I mean, if I'm correct, you had guided for around INR200 crores of capex this year. That included your U.K. subsidiary and the RTH facility in U.S. So any update on -- I mean, what's the number for FY -- I mean any update on the FY '25 number? And any plans of capex for the next year?

Ashwani Kumar Arora: So on the capex side, next year will be almost in the range of INR150 crores to INR200 crores. But as far as this year capex is concerned, our U.K. facility is up, we are doing the sales. On the USA, the facility will be up in the month of May next year.

Damodaran Kutty: Okay. So the capex for that has already been -- that's already been incurred or will that also come in FY '26?

Ashwani Kumar Arora: So roughly, Sachin can give you the number, INR160 crores.

Sachin Gupta: So in the current year, in the 9 months, we have incurred INR164 crores of capex till now we have incurred. And as Ashwani told, the remaining will be done in the next year.

Ashwani Kumar Arora: US capex is a little bit in the process. So will be spent during this quarter.

Damodaran Kutty: Thanks. That's it from my side.

Moderator: Thank you. The next question is from the line of Hitesh Goel from Riddhish Advisors. Please go ahead.

Hitesh Goel: Sir, a couple of questions. First is on the -- can you give us the revenue growth in third quarter for India and in exports across U.S., Europe and Middle East, just for the third quarter? Because you generally 9 months if you can give it for this quarter, please?

Ashwani Kumar Arora: So we will get back to you. But on 9 months, I think we have done in the presentation is India is 8% growth and U.S. is 17%. So we will get back to on this number.

Sachin Gupta: So if you the India and international total one, the value growth is -- India is 12% and in international, it is 11% on the quarter-on-quarter basis.

Hitesh Goel: And in international, how much is US has grown faster than Middle East because Middle East growth seems to be quite low?

Ashwani Kumar Arora: No. Middle East has grown by 37% on a 9-month basis. Although the base is small, but that's the fastest-growing territory for us.

Hitesh Goel: Okay. And sir, my second question is on RM purchase, right? So basically, we are seeing that benefit of the lower prices of input costs. Have we started because your gross margins are improving, that is because of procurement cost or we will see that benefit only next year, full benefit of that?

And secondly, on freight cost, sir, most of the companies are already saying that freight cost has started to come down in third quarter itself, and they're expecting a benefit on fourth quarter. So why are we saying that the benefit will only start coming in second quarter of FY '26?

Ashwani Kumar Arora: So as far as Europe and America, these are the 2 sectors which has got impacted. So America, we have not seen coming down even in this quarter. Europe has come down, but there is always inventory in transit. So that's why we are saying that there will be a little bit impact in quarter 4, but the bigger impact we will see in the first quarter of next financial year.

Hitesh Goel: So going by current times, how much do you think this freight rate as a percent of sales will come down? If you can give some guidance on that. Will we revert back to that 2% increase that we have seen, we'll see that full benefit coming through, only half of that will get realized in FY '26? How should we see...

Ashwani Kumar Arora: I will say half, half will come here.

Hitesh Goel: And procurement cost benefits, some you will -- you didn't answer that procurement cost benefits will come through next year only or will start coming in fourth quarter itself?

Ashwani Kumar Arora: We sell the age product. So it will come -- it will start coming in the second quarter of next year.

Hitesh Goel: And sir, just a final question. So in procurement cost in India, I believe that this will be passed on, right, because it's a fairly competitive space. In exports like U.S. and all, can you retain that benefit?

Ashwani Kumar Arora: No, we are living in a competitive landscape. So India, for sure, in the food service, we have to immediately pass on that benefit. But in consumer space, you can have a better margin. I cannot disclose everything here. But as I said in the second quarter we are expecting the better margin.

Hitesh Goel: Okay sir. No problem. Thank you.

Moderator: Thank you. The next question is from the line of Meet Jain from EY. Please go ahead..

Meet Jain: Meet here from Motilal Oswal. So my question is regarding the organic food segment. We saw 26% kind of growth this quarter as compared to earlier in the high 30%, high 40%. So I just want to get some flavor on the growth trajectory of the organic segment?

Ashwani Kumar Arora: Yes. Organic this year, we have grown around 37%. But next coming year, we are expecting that the growth will be in the range of 10%, double-digit growth.

Meet Jain: So any update on the Uganda facility on this?

Ashwani Kumar Arora: Yes. Uganda is a small part of our business. So basically, the soya business. So we do both from India as well as from Uganda. That is doing good.

Meet Jain: Okay. And lastly, on the domestic growth rate. So I just wanted to get some flavor on the domestic demand environment and the pricing environment for Basmati rice. And apart from that, in terms of international, as you highlighted, Middle East has been growing at a very strong pace on a low base and international also is growing overall by 11%. So can you throw some light on the domestic business, like how the growth has been? And what challenges are we facing in this business right now?

Ashwani Kumar Arora: So domestic business, you're asking about the Specialty rice Basmati rice?

Meet Jain: Yes. So Specialty Rice and the Basmati Rice?

Ashwani Kumar Arora: So on the 9 months, we have grown by 8%. But now the -- in India, especially the demand looks slow, but international we are doing the double-digit growth in Specialty Rice.

Meet Jain: Thank you sir. I will get back in the queue.

Moderator: Thank you. The next question is from the line of Sakshi Chhabra from Swan Investments. Please go ahead.

Sakshi Chhabra: So my question was regarding UK and Saudi Arabia. So what sort of revenue would you be expecting in FY '26 from these two facilities?

Ashwani Kumar Arora: Next year, you're asking?

Sakshi Chhabra: Yes, sir. Next year.

Ashwani Kumar Arora: EUR 145 million size from both units.

Sachin Gupta: So basically, EUR 145 million from the European and the U.K. unit, what we are expecting in the FY '25, '26.

Sakshi Chhabra: Sorry, 145?

Sachin Gupta: EUR 145 million.

Sakshi Chhabra: Okay. That is from the UK as well as...

Sachin Gupta: UK and the European facility.

Sakshi Chhabra: Okay. And from Saudi Arabia?

Ashwani Kumar Arora: Saudi, we will be doing roughly -- so we have -- for the next 5 years, we have made a plan of doing Saudi SAR 435 million. So we have -- what do you call is setting the whole thing in Saudi Arabia. So next year, we are 20,000 tonnes, we have a plan to do that.

Sakshi Chhabra: Okay. All right. And the capex that is being done in Saudi Arabia, so what exactly is that going towards?

Ashwani Kumar Arora: So we have not done any capex till now. So the plan is in the future, in the next 5 years to do the capex, which will be in the kind of convenience and convenience platform basically and some packaging facility.

Sakshi Chhabra: Okay.

Moderator: Thank you. The next question is from the line of Shloka Kapadia from Carnelian Capital. Please go ahead.

Shloka Kapadia: I wanted to ask why is the other income come down Q-o-Q?

Sachin Gupta: The other income basically has come down because of the exchange that has been booked in the income from operation. That is basically on account in the accounting treatment, it has been reclassified. Otherwise, the other things have remained intact.

Shloka Kapadia: Okay. And can you also give me the geographical mix for the revenue for this quarter?

Sachin Gupta: So in the Basmati and the Specialty segment, India contributed 34% and the America contributed 39%; Europe, UK 15% and the rest of the world, it was 12%.

Shloka Kapadia: Can you give in terms of total sales?

Sachin Gupta: In terms of tonnage, you are talking about?

Shloka Kapadia: In terms of total revenue, can you give me a mix of how much is Europe, India, North America and rest of the world contributed?

Sachin Gupta: In terms of total revenue, then India is contributing 30% America, 40%. The rest of the world, it is 12% and the remaining is UK, Europe. That is 18%.

Shloka Kapadia: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Tom Kadavil from Geojit Financial Services.

Tom Kadavil: Yes, I would like to know the Basmati Rice volume and average realization?

Sachin Gupta: 9 months, we have made revenue sales of 525,000 tonnes with an average realization of INR103.

Tom Kadavil: Okay. And for the quarter?

Sachin Gupta: For the quarter, that is 185,000 tonnes and an average of INR105.

Tom Kadavil: Okay. And the international and India volumes, do we have a separate allocation?

Sachin Gupta: That you can raise to our IR team and they will provide.

Tom Kadavil: Okay. And what about the procurement cost of rice average?

Sachin Gupta: So the average procurement rate this year as Ashwani has told, it has reduced by 10% to 15% and our average procurement rate of the paddy is INR32.

Tom Kadavil: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Yash Mehta from Aart Ventures. Please go ahead.

Yash Mehta: Yes. Sir, I just wanted to know what is the kind of volume growth do you expect in Q4 and in FY '26?

Sachin Gupta: We will be -- the overall growth for full year, we are expecting around 12%? 12%.

Yash Mehta: For FY '26, right?

Ashwani Kumar Arora: Yes, full year basis.

Yash Mehta: Okay. And for Q4 FY '25?

Sachin Gupta: So we are -- we will be maintaining that growth rate what we have achieved during this and the overall year growth will be in the range of 12% to 13%.

Yash Mehta: Okay. Thank you very much.

Moderator: Thank you. The next question is from the line of Vipul Kumar Anupchand Shah from Sumangal. Please go ahead.

Vipul Kumar: Sir, can you give the market share in India? What was our market share in Basmati segment last quarter? And what was the same last year same quarter?

Ashwani Kumar Arora: So we are holding now 28% market share in India. And last year, it was 30%.

Vipul Kumar: So we have lost 2% market share, right?

Ashwani Kumar Arora: Yes. Because we have some segment we have left because of the nonprofitability. And -- but overall, the growth is 8%.

Vipul Kumar: So we have deliberately vacated the market share?

Ashwani Kumar Arora: Yes, yes. Maybe we were having some challenges in terms of margin and all these things. So that we have left.

Vipul Kumar: And sir, my second question relates to organic foods. So once we reach revenue of INR1,000 crores, what type of margin we can expect from that business because that business should naturally have much higher margin.

Ashwani Kumar Arora: Yes. So the major business of food business will come from U.S. This year, we have done INR100 crores of business there, and we have set up the new facility. So the demand is more than 15% year-on-year, we are growing. So this we are thinking both organic and inorganic. So organically, we will build this business in the next 5 years around INR500 crores. The next INR500 crores, we are...

Monika Chawla Jaggia: Organic business is INR1,000 crores, what would be the profit...

Ashwani Kumar Arora: I'm sorry, I misunderstood the question.

Vipul Kumar: No problem, sir. So my question was what type of margin improvement we can expect once we reach INR1,000 crores revenue in the organic segment?

Sachin Gupta: So our target in the organic segment is to have the EBITDA margin in the range of 14% plus. So that's what we are targeting at with the growth in the revenue at 10% to 12% in the revenue growth. So that's our target. And currently, it is -- we have increased our margin. So it is 11% plus this year.

Vipul Kumar: And can you give the revenue and tonnage geography-wise for this quarter and for 9 months, please?

Sachin Gupta: So that you can ask the question to the IR team and they will revert back to you.

Vipul Kumar: So previously, this was always a part of our presentation, but somehow it has been discontinued. So I would suggest that if it is not competitively harmful, then you should make it part of your presentation. That is my suggestion?

Ashwani Kumar Arora: Thank you. We will consult internally and...

Vipul Kumar: Yes. So whom should I contact for this?

Monika Chawla Jaggia: You can reach out to us. Monika, you can send an e-mail to either to IR or to myself at monika.jaggia@ltgroup.in.

Vipul Kumar: And sir, last question, have we received any insurance claim or still no?

Ashwani Kumar Arora: I think the last -- the Supreme Court has given the final verdict. So by 10th of March, we are expecting the money should come.

Vipul Kumar: Okay sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Anshul Jain from M Tiger Consultant Private Limited.

Anshul Jain: I actually have three questions. One is on the margin front. Can you give some broad sense on the EBITDA margins for the domestic business of Basmati Rice and the export business?

Sachin Gupta: So our India business, the total EBITDA of my basmati special is 12.3%. So internationally, we are at a higher margin by 2%.

Anshul Jain: Got it. And my second question is actually interlinked that what would be the realization of the domestic and the export market?

Sachin Gupta: So my domestic realization is at INR64 and my international is INR144.

Anshul Jain: Got it. And lastly, can you give some ballpark sense on the tonnage in terms of -- very broad sense in terms of the distribution between how domestic tonnage is and the export tonnage is?

Ashwani Kumar Arora: So half, half. So we do around 600,000 tonnes. So half we sell in India and half we export, yes.

Anshul Jain: Okay. And the 600,000 tonnes would be all Basmati that you're referring to, right?

Ashwani Kumar Arora: Yes. This is from India, but we import from Pakistan also, and we import from -- Jasmine from Thai also. So I'm only telling you what we do from India.

Anshul Jain: Got it. Got it. Okay. And lastly, could you explain why there was some market share that you mentioned previously in one of your questions, some market share sense that you gave on decline or intentional decline?

Ashwani Kumar Arora: I said, there is a price point which price to consumer is INR50. So that is very, very competitive. So we -- as a strategy, we thought that on that price point, we will make money and not the market share. But as far as our premium segment is concerned, we have improved our market share and we are growing also.

Moderator: The next question is from the line of Jolyon from Amiral Gestion. Please go ahead.

Jolyon: So I think last quarter, there was a comment on working capital where we are actually stocking our inventory on anticipation of higher demand, especially in the U.S. and India. So maybe on that, has it out according to our expectations? So that's the first part of the question.

And the second part is, are we expecting a working capital to normalize in the coming quarters? Because as I'm looking at the presentation, it is that working capital days at 227. So we will go down or up maybe in the next 1 or 2 quarters as that demand opportunity kind of play out?

Ashwani Kumar Arora: Excuse me; let me understand the question from my colleague.

Sachin Gupta: So let me answer. So basically, as you know, this is the peak season. The peak -- this is the procurement season and the procurement happens in the month of December. So our working capital, if you compare it with the March itself, the March will be much lower.

The last year, December, the working capital days were 225. This year, it is 227. So more or less, they have remained stable. So we are eyeing that and we will maintain our working capital days as we are in the March. So they won't be getting increased. So yes, we have additional procured because of our demand we anticipate in the next year. So still, we will be maintaining that working capital days and we'll be maintaining our return on capital...

Jolyon: Okay. No, no. Maybe more specifically, inventory days are 268 for the 9 months of 2025, whereas it was 248 last year. So obviously, there's a jump of 20 days. Are we expecting inventory days to be structurally higher going forward?

Sachin Gupta: So yes, but we will still be maintaining that working capital days. So yes, the inventory days have moved by 20 days, but the working capital days, we will be maintaining and that inventory, which we are holding, that is basically because of the -- which we are getting the increased demand, expected demand in the -- globally, which we are at.

Moderator: The next question is from the line of Resham Jain from DSP Asset Managers. Please go ahead.

Resham Jain: So I have a few questions. So first one is in the last two calls, we mentioned that the freight cost has been a little elevated. So is there any update there? How is the freight cost moving now? And how are you booked? Because typically, I think you book in advance typically for some portion of your shipments. So any update on the freight costs?

Ashwani Kumar Arora: So Resham, we do a contract, but the contract apply in the next financial year. As far as U.S. sector is concerned, the freight rate has not came down to the last level, which was the bottom one. On Europe sector, the freight has started softening. And as I said just now, that the impact will come in the first quarter of next financial year. But definitely, Europe has started softening freight.

Resham Jain: So what is that quantum out of the total kind of freight cost you have, how much reduction can happen because of this Europe fall?

Ashwani Kumar Arora: Yes. So the last year, the 5% was the logistic cost. And this year is 7.2%. We are expecting it to come down to 6%.

Resham Jain: Okay. Okay. Sir, the second question is on rupee depreciation. We have seen a very kind of steep movement in the currency in the last 2, 3 months. I don't know whether you've already commented in your initial remarks, but -- and we have a very large export business. So how are you seeing this export movement impacting us in any way, positively, negatively?

Ashwani Kumar Arora: Although the rupee depreciation is good for export, and therefore, nothing negative impact for us. So we are only covered to our policy, and we are positive on that.

Resham Jain: Okay, understood. So next year, overall, with freight costs coming down and currency also positive kind of movement, the margin, which you did in FY '24, close to 12.1%, which has softened in this year, you expect this margin should normalize in '26?

Ashwani Kumar Arora: Yes, for sure. That's what we are expecting that financial year '26 will be better. So it will start reflecting in the quarter 2 of the next financial year.

Resham Jain: Understood. Sir, last one is with respect to the profit from associate. Can you confirm if most of the profit from associate is coming from Golden Star?

Ashwani Kumar Arora: Yes, you're right, Resham. Yes.

Resham Jain: Because, sir, what I've seen is that the profit from associate has been gradually coming down from last 5, 6 quarters. It was close to INR11-odd crores last year. We touched almost INR50 crores, which was just INR4 crores in this quarter. So is there any one-off there or any other kind of pressure in that business?

Ashwani Kumar Arora: So actually, that business is growing 20%, the Golden Star business. And the only impact was the steamer freight. And the highest impact has happened from Thai to the West Coast. So -- but the business is growing extremely very well, growing more than 20% what you call it the GPN, all things is impacted. So it's only the freight has impacted.

Resham Jain: And similar to these the India freights.

Ashwani Kumar Arora: You have asked the question. The Golden Star when we bought that business was third largest brand of Jasmine. Now this year, it has become the #1 selling Jasmine rice brand in America.

Resham Jain: Yes. Congratulations on that. Sir, just to complete this margin part in Golden Star, the freight cost, similar to what you mentioned from Q1 onwards, one should see a reduction in freight cost. Is this true for Golden Star also? Or there the freight movement is going to behave differently than the India business?

Ashwani Kumar Arora: Resham, the impact, we are in the process of doing our freight contract. Hopefully, that will be -- I will say also be at the same level as India.

Resham Jain: Okay. So basically, we will -- we should see an improvement in Golden Star next year?

Ashwani Kumar Arora: That's what we're expecting.

Resham Jain: Okay sir. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Prushti Patel from Avendus Capital. Please go ahead.

Prushti Patel: So my question was, so as per your press release earlier, we can see that certain joint ventures and subsidiaries have dented up. So can you shed some light on which ones have affected the same and why?

Sachin Gupta: So on the press release -- one of the press release was relating to acquisition...

Monika Chawla Jaggia: They're saying we have opened a subsidiary -- that's the question, right? We have opened up the subsidiaries -- that's you're asking?

Prushti Patel: No. I mean to ask, so which subsidiaries and joint ventures that are already existing, which have dented our PAT this quarter?

Sachin Gupta: That is the Golden Star, the Golden Star JV that has dented our PAT numbers. So Golden Star in the U.S.

Prushti Patel: Okay. May I ask why?

Ashwani Kumar Arora: Because of the freight...

Prushti Patel: Sorry?

Ashwani Kumar Arora: Freight part, ocean freight has increased.

Prushti Patel: Okay. I had another question. So regarding the ready-to-eat and ready-to-cook segment, what according to you is going to drive our margin expansion given that we want to pivot into higher-margin products rather than volume-led growth. And since we also expect our revenue mix to be 10% from this segment by FY '29?

Ashwani Kumar Arora: So in the ready-to-eat business, the bigger business is coming from U.S.A., around INR100 crores. So already, the EBITDA is positive, is around 7%. It's the India, which is not profitable at the moment, but we are optimistic that with the scale, it will come on the breakeven in the next 3, 4 years. But as far as U.S. is concerned, it's a positive. It's a 26% growing, and we are setting up the new facility also.

Prushti Patel: Okay, sir. So by when do we expect it to be profitable in India?

Ashwani Kumar Arora: In year '27, that's what we have mentioned in the presentation.

Moderator: Thank you. The next question is from the line of Arjun Balakrishnan, an individual investor. Please go ahead.

Arjun Balakrishnan: I've been following your company quite a long time. I mean, I've been invested for the last 5 years. One question I have is that the margins have never expanded. So 5 years back in 2019, we're still doing an EBITDA of about 11%. And now we are okay, off and on, we are about 12.5%, and then we are back to the 11%.

Can we ever get to 14%? I mean we've been promising 14% in 4 years, I don't see the road map, and I'm quite worried about that. There's significant volume growth agreed, our revenues have doubled in the last 5 years. But you would expect any business to have operating leverage to kick in. But our business seems to be honestly struggling to have operating leverage kicking in. Any thoughts on that?

Ashwani Kumar Arora: So Arjun, actually, the business is doing very well. I wanted to give you the exact numbers. So in a 4-year time, if you have seen -we have grown 17%. That's very great. And the profit has grown by 32%. But in the last 4, 5 years because our business comes 60%, 65% from international market and a lot of disruption was coming in COVID time in the Red Sea.

But the focus was to make sure that we have a great service level, and we should capture the growth most. And that's what we have opted the strategy, and we are very successful in that. That's why we have grown 17%. Our profit has grown by 32%. In terms of percentage, we are positive that hopefully, there is nothing disruption comes. We will be there in terms of the margin expectation on the EBITDA side also.

We have improved on the ROCE. So as the raw material prices have come down, and we are hopeful that the EBITDA margin in terms of percentage will improve. But important is we are focusing on ROCE, and we have done extremely very well on that in terms of growth, in terms of improvement in ROCE in terms of PAT growth.

Arjun Balakrishnan: No, I think I would totally agree that you have done quite well in the last 4, 5 years. And we're seeing the next line of growth, I hope is on margin expansion. Volume growth is definitely there, right?

Ashwani Kumar Arora: You were saying, I thought -- let me -- Yes.

Arjun Balakrishnan: No. From a stock market perspective, we have gained a lot here. I mean 5 years has been a great return. But I'm just -- from an investing point of view, I'm just looking at the numbers.

Ashwani Kumar Arora: No, no. We're very positive that in terms of percentage also, the EBITDA margin should improve. And the focus is on the ROCE. As given advisory that we are targeting to improve to above 20%. We are already there, but the internal target is to take it to the range of25%.

Arjun Balakrishnan: So last year, if you -- sorry, go on.

Sachin Gupta: So last year, if you compare our different segments, the Basmati and the Specialty segment delivered an EBITDA margin of 13%, 13.5%. It is basically the investments which we are making in the other segments, be it the RTC and RTH that is driving. Yes, this year, the freight cost had impacted -- Yes, that's pulling me. Otherwise, we are on the target of achieving that EBITDA margin what we have given the guidance.

Arjun Balakrishnan: Yes, you're right. I agree. I agree. That's pulling it down. My final question is on the insurance claim. So if it gets in, do you think that will be recorded in the subsequent quarter because you had taken a hit -- I mean, then the claim, I remember when it was long back, right? You had taken a portion of the claim as a hit on your bottom line. Will that get added on in the next quarter?

Ashwani Kumar Arora: We are quite hopeful that by 10 March...

Sachin Gupta: The money will be received, but the profit as recording of the profit because still the case is being heard in the High Court. So the money will be received. The recording of the profit because we have taken a hit, that will be recorded once we received the verdict from the High Court.

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

Ashwani Kumar Arora: Thank you so much. If any question unanswered or you have more questions, you can reach us on Investor Relations desk. We will be happy to answer that and looking forward to see you or hear you soon. Thank you.

Moderator: Thank you, members of the management team. Ladies and gentlemen, on behalf of Motilal Oswal Financial Services, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.