

## Results for Second Quarter and Half Year ended September 30, 2020

### LT Foods Delivers Strengthened Financial Metrics on Accelerated Second Quarter Revenue Growth and Further Margin Expansion

#### Q2 FY 21 Performance

- Total Revenue at Rs. 1,218 crore; up 24% YoY
- EBITDA at Rs. 160 crore; up 39% YoY
- Profit After Tax at Rs. 77 crore; up 64% YoY

#### 1HY FY21 Performance

- Total Revenue at Rs. 2,439 crore; up 24% YoY
- EBITDA at Rs. 322 crore; up 34% YoY
- Profit After Tax at Rs. 160 crore; up 73% YoY
- Book value per share up by 17.2%; at Rs. 55.3 per share
- Announced Interim Dividend of Rs. 0.50 per share
- ROCE improved from 14.4% to 18.6%

New Delhi, India: September 30, 2020: LT Foods Limited (NSE: DAAWAT, BSE: 532783), A 70 year old Consumer Food Company, today announced its consolidated results for the second quarter and half year ended September 30, 2020. The key consolidated financial parameters are



Particulars (₹ cr)	Q2' 21	Q2' 20	YoY(%)	1HY FY21	1HY FY20	YoY(%)
Total Revenue	1,218	984	24%	2,439	1,970	24%
Gross Profit	363	268	35%	710	539	32%
<i>GP Margin</i>	29.8%	27.3%	252bps	29.1%	27.4%	175bps
EBITDA	160	116	39%	322	241	34%
<i>EBITDA Margin</i>	13.1%	11.7%	140bps	13.2%	12.2%	96bps
PAT	77	47	64%	160	93	73%
<i>PAT Margin</i>	6.4%	4.8%	155bps	6.6%	4.7%	185bps
EPS (in ₹)	2.27	1.33	71%	4.73	2.66	78%

❖ **Accelerated Revenue Growth** - - Consolidated 1HY FY21 Revenue, EBITDA, PAT up by 24% /34% /73% respectively, led by growth in our strong flagship brands “Daawat” and “Royal”. Increase in revenue growth is driven by increase in ‘In - home’ consumption globally, supported by the Company’s robust supply chain and distribution network.

- The Company’s Basmati and Other Specialty Rice business has grown by 20% in 1HY FY21 on Y-o-Y basis. Consumers moved to packaged and branded food products during this lockdown due to brand assurance, hygiene and quality. The same is reflected in growth of our small pack business which remained strong across geographies i.e. India, US, Middle East and Europe and was also up by 20%
- In our ‘Out of home’ segment, we are seeing gradual recovery as the restrictions are being lifted
- Our E-commerce business was also up by 114% in the first half versus last year
- We also focused on the topical relevant themes with a very widely viewed and highly appreciated digital Daawat advertising on Raksha



Bandhan which promoted celebrations while maintaining lockdown norms.

- Our brand programs and advertising campaigns have resulted in 2% share gain in this quarter as per AC Nielson. We continue to strengthen our share in Modern Trade in this quarter as most super market chains resumed business activity post the lockdown.
- The Company has seen a strong growth in its Organic business and New Products portfolio.
- Our Organic business's revenue has grown by 82% during 1HY FY21 on Y-o-Y basis, aided by increase in consumer focus on hygiene, health and convenience.
- Our new products i.e. Daawat Fortified Rice, Daawat Cuppa Rice, Daawat Sauté Sauces and Royal Ready to Heat, launched under the health and convenience category saw a revenue growth of c. 69%.
- Royal Ready-to-Heat, contributing c.65% to the new products portfolio and grew by 162%. Kari Kari business which was impacted with the closure of super markets in the first quarter has made a very smart recovery in the second quarter and registered a growth 204% in the first half vs last year. We are also starting to export Kari Kari to international markets on a trial basis.

#### ❖ Margin Expansion

- Gross Margins expanded by 175 basis points from 27.4% to 29.1% in 1HY FY21 and 252 basis points in Q2 FY21 from 27.3% to 29.8% on Y-o-Y basis. This is on account of change in brand mix towards higher gross margin products and impact of lower input cost. The Company saw a double-digit growth in the Premium segment across geographies.
- The EBITDA margins also expanded by 96 bps to 13.2% vs. 12.2% last. The other expenses as a percentage to sales were up by 80 bps on account of variable cost for increased sales, professional charges for



digitalization of Supply Chain Project and additional CSR spends. In absolute terms, EBITDA was up by 34% from Rs. 241 crore to Rs. 322 crore aided by higher Gross Profit.

- The overall Profit Margins also expanded by 185 basis points to 6.6% in 1HY FY21 and by 155 basis points on Y-o-Y in Q2FY21, led by reduction in finance cost. Management expects the input prices to remain stable going forward as the forecast on harvest and monsoons is good

❖ **Strengthening Financial Metrics**

- The Company has generated significant cash flows amounting to Rs. 436 crore driven by strong performance in 1HY FY21.
- Total Debt decreased by 150 crore to 1,124 crore on Y-o-Y basis that led to an improvement in Debt-Equity ratio from 0.86 to 0.64 and Debt-EBITDA ratio from 2.6 to 1.7
- Return on Capital Employed improved by 422 basis points to 18.6% and Return on Equity improved by 583 basis points to 18.1% in 1HY FY21

❖ **Strategic Focus** - The Company has been relentlessly working on all its Strategic Pillars of Growth, Margin Expansion and Strengthening of Financial Metrics. With the ongoing pandemic, the Company has adopted the “New Normal” with agility by implementing various Go-to-Markets strategies that have yielded positive results and strengthened the market share of its brands across geographies.

❖ The Company also has well-defined Free Cash Flow allocation strategy in place wherein post utilizing the funds for its growth initiatives and paying off its debt to maintain a Debt-EBITDA ratio between 2x and 3x, the remaining would be awarded amongst its shareholders. The Company has also adopted a revised dividend distribution policy and in-line with this same has **announced an Interim Dividend of Re. 0.50 per share in this half year**



- ❖ LT Foods remains committed towards creating a progressive, sustainable, profitable and growing business to build value for its stakeholders

*Commenting on the financial results, Managing Director & CEO, Mr. Ashwani Arora said that, , “We have delivered yet another strong quarter with growth across our segments, as demand for ‘In Home’ consumption remained strong during pandemic while ‘Out of home’ consumption stayed under stress. We were able to capture the share of increased growth with the combination of the Strategies adopted by the Company and efforts of our People in implementing them along with investment in our strong brands, robust distribution network, supply chain. With Farm to Fork approach, the Company has demonstrated the strength of the business in these unprecedented times. We are confident that the Company will continue this momentum of growth going forward as well.”*

#### **About LT Foods Limited:**

**LT Foods Ltd.** [NSE: DAAWAT, BSE: 532783], An 70 year old Consumer Food Company delivering the finest quality rice and rice based food brands, providing taste and nutrition in more than 60 countries. LT Foods and its subsidiaries in India and globally are proud producers of organic agri ingredients, supplying them to leading businesses in Europe and the U.S. for the past 25 years. The Company has consolidated revenue of around Rs. 4,184 crore as on FY20. Its flagship brands ‘DAAWAT ‘and ‘Royal’ enjoy leading positions in India and US respectively and have strong market share in other countries as well. The Company’s integrated operations cover a global footprint with procurement, milling and processing for Basmati Rice centered in India whereas further value addition and marketing – distribution are available worldwide. The Company has 5 processing facilities in India, 2 packaging units and one Ready-to-Heat facility in the US and 1 processing facility in Rotterdam. Key markets for LT Foods’ brands besides India cover the U.S., the U.K., Europe, Middle East and Far East. The rice portfolio comprises brown, white, steamed,



parboiled, organic, quick cooking brown Rice, value added and flavored Rice. In Rice, the Company's brands include DAAWAT, Royal, Heritage, Gold Seal Indus Valley, 817 Elephant, Devaaya and Rozana. The organic food product range includes Rice, Soya, Pulses, Oil seeds, Cereal grains, Spices and Nuts. The Company is also into rice-based convenience products that include sauté sauces, rice based premium snacks and staples.

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