

Ref- LTF/ SE/ 2021-22

17th February, 2022

To:

<p>BSE Limited Corporate Relationship Department 1st Floor, New Trading Ring, Rotunda Building, P. J. Towers, Dalal Street, Mumbai – 400 001 SCRIP CODE: 532783</p>	<p>National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 SYMBOL: DAAWAT</p>
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Sub: Disclosure pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- Credit Rating Information

Dear Sir,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform that CRISIL has REAFFIRMED the Long Term Rating to CRISIL A/Positive (reaffirmed; Outlook revised from Stable) and Short Term Rating of CRISIL A1.

Detailed Rationale

CRISIL Ratings has revised its outlook on the long-term bank facilities of LT Foods Limited (LTF; a part of the LT group) to 'Positive' from 'Stable' and reaffirmed the rating at 'CRISIL A'; the short-term rating has also been reaffirmed at 'CRISIL A1'.

The outlook revision reflects a belief that the business and financial risk profiles of the LT group should continue to improve, backed by strong market position in the Consumer Speciality Rice and Rice Food Products Business, healthy brand recall, diversified geographical reach, established marketing network and robust financial risk profile. Operating income increased to Rs 3,883 crore in the first nine months of fiscal 2022 from Rs 3,499 crore in the corresponding period of fiscal 2021, aided by healthy revenue growth across all product segments (basmati rice and other specialty rice segment, organic and health & convenience segment); however, the operating margin (earnings before income, depreciation, tax and amortisation [EBIDTA] margin) declined by 110 basis points (bps) to 11.7% from 12.8% due to substantial increase in freight and input costs. Operating performance should improve as revenue increases at a compound annual growth rate of 12-15% over the medium term, supported by healthy volume sales and realisations in branded rice business both in the domestic and export markets. Revenue is projected at more than Rs 5,000 crore in fiscal 2022 and operating margin at 12%, supported by stabilisation in the overall freight cost and change of product mix towards high-margin products in the organic business segment. Organic business profitability should lead to higher consolidated EBITDA in the fourth quarter of fiscal 2022 along with better bargaining power with brands such as Daawat and Royal.

Financial risk profile has strengthened, reflected by debt-to-EBIDTA ratio of 2.0 times as on December 31, 2022, from over 3.0 times in fiscal 2019; the ratio is expected at below 2.2 times over the medium term despite increase in revenue, backed by the reducing dependency on working capital debt and absence of any large, debt-funded capital expenditure (capex).



LT Foods

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The ratings continue to reflect strong market position in the Consumer Speciality Rice and Rice Food Products Business, diversified geographical reach through strong brands (Daawat in the domestic market and Royal in the US market), established marketing network and improving financial risk profile. These strengths are partially offset by susceptibility to volatile raw material prices, changes in trade policies of key importing countries and high working capital intensity in the Consumer Speciality Rice and Rice Food Products Business.

Thanking you,

Yours truly

For LT Foods Limited

Monika Chawla Jaggia

Company Secretary & Compliance Officer

Membership No. F5150

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