



“LT Foods
Q1 FY2022 Earnings Conference Call”

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Moderator: Ladies and gentlemen good day and welcome to the LT Foods Earnings Conference Call hosted by Motilal Oswal Financial Services. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sumant Kumar from Motilal Oswal Financial Services. Thank you and over to you Sir!

Sumant Kumar: Thank you. Good afternoon everyone and very warm welcome to LT Foods Q1 FY2022 post results earning call hosted by Motilal Oswal Financial Services. On the call today we have Management Team being represented by Mr. Ashwani Kumar Arora, Managing Director and CEO, Mr. Vivek Chandra - CEO of Consumer Business, Mrs. Monika Chawla Jaggia – VP Finance and Strategy and Mr. Sachin Gupta – Group Financial Controller. We will begin the call with the key thoughts from the Management Team thereafter we will open the floor for Q&A. 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 earnings conference call. I would like to highlight the certain statements made or discussed on the conference call today will be forward looking statements and a disclaimer to this effect has been included in the results presentation shared with you earlier. Result documents are available on company’s website and have also been uploaded on the Stock Exchanges. A transcript of this call would 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 Q1 FY2022.

On sequential basis our consolidated revenue for Q1 FY2022 was up by 5% at Rs.1,223 Crores versus Rs.1,165 Crores in Q4 FY2021 on account of the increased sales from the organic business and the other income was up by 63% on account of the exchange gain which is otherwise our regular income but due to the accounting norms it has been classified as other income and one-time exceptional incentive received from the Government.

The Gross Profit was up by 4% from Rs.383 Crores to Rs.397 Crores, though the margins were reduced by 45 bps to 32.5% due to increase in input cost.

The other expenses were down by 62 bps versus last quarter.

This led to an expansion in EBITDA margins by 28 bps to 12.2% versus 11.9% in Q4 FY2021 and was up by 7.5% from Rs.138 to Rs.149 Crores.

The finance cost reduced by 12% and the overall fund cost was down from 7.45% to 4%. This led to an increase in the PBT by 16% to Rs.102 Crores while the margins expanded by 82 bps to 8.4%.

The PAT increased by 28% to Rs.76 Crores while the margins expanded by 110 bps to 6.2%. The earnings per share were also up to 29% to Rs.2.27 per share versus Rs.1.76. The cash profit is also up by 16% from Rs.91 Crores to Rs. 105 Crores.

Now I would like to update you on all the efforts taken towards strengthening the balance sheet of the company, the debt equity ratio improved from 0.66 to 0.59 times as the overall debt of the Company was down by Rs.95 Crores to Rs.1,158 Crores on Q-on-Q basis. This is to reiterate that majority of our debt is working capital debt, which is required because of the nature of our business and our focus is to maintain the debt to EBITDA ratio between two to three times which stood at 1.9 times versus 2.3 times. Current ratio also improved significantly to 1.83 from 1.70 last year. The return on capital employed was up by 175 bps from 13.7% to 15.4%. The return on equity was up by 301 bps from 12.6% to 15.7%.

On year-on-year basis, the consolidated revenue for Q1 FY2022 stood at Rs.1,223 Crores that was almost at par versus last year as there was significant pantry stocking last year across globe due to pandemic. The other income increased on account of the one-time exceptional incentives and the exchange profits.

The gross profit was up by 2% from Rs.389 Crores to Rs.397 Crores. The margins were up by 102 bps to 32.5% due to change in product mix.

The employee cost was up by 23% on year-on-year basis but if you see quarter-on-quarter it is increased only by 4%. Last year there was a good growth in the US and Europe, and we have strengthened our teams globally in the last year. The other expenses were up by 5% versus last year on account of the additional investments in the brand of approximately Rs.5 Crores and digital transformation for our supply chain and HR function also amounting to Rs.5 Crores. All these initiatives will help us to strengthen our business to bring more efficiency in the working capital and improve the service level.

The EBITDA margins reduced by 94 bps to 12.2% from 13.1% versus last year.

The Company has generated significant free cash flow amounting to Rs.135 Crores driven by strong performance in Q1 FY2022 that has led to decline in overall debt by Rs.148 Crores. This further led to a reduction in the finance cost by 38% and the overall fund cost was down from 7.52% to 4%.

The PBT reduced by 7% to Rs.102 Crores while the margins contracted by 49 bps to 8.4%.

The PAT reduced by 8% to Rs.76 Crores while the margin contracted by 45 bps to 6.2%.

Now I invite Mr. Ashwani Arora to give his comments on the business outlook.

Ashwani Arora: Thank you Monika.

Good Evening and thank you for joining us on the call today.

The Company is performing well and in line with the annual operating plan.

In the international market the business has normalized, and the Company is performing well and will deliver in line with our target though there is still some impact of the pandemic in the Indian market.

We are optimistic on the outlook of the overall business as the category is growing in our core business and we are well placed to capture the growth with the combination of our strong brands such as Daawat and Royal, global supply chain hubs and wide distribution network in India and across geographies.

The organic segment is also growing in India and globally and LT Foods has been consistently capturing a significant share in this space as well.

Another growth engine for the business that is new product based on health and convenience platform are also performing in line with our expectation and we are optimistic on its growth trajectory.

The Company will continue its journey of creating a strong progressive, sustainable, profitable, and growing consumer business across all geographies.

Thank you. Now we open the session for question and answers.

Moderator: Thank you very much Sir. Ladies and Gentlemen, we will now begin the question-and-answer session. The first question is from the line of Yash Gupta from Angel Broking. Please go ahead.

Yash Gupta: Sir first question is on the volume again. Sir so this time also volume disappoints at 115 and last time also it was down so you have said that it is due to Saudi-India issues. So this quarter is the same issue continuing?

Ashwani Arora: As far as the branded volumes are concerned Mr. Yash that is growing, only there can be impact on the private label that may recover in the coming quarters. But as far as consumer branded business is concerned that is growing.

- Yash Gupta:** Any update on the Saudi market whether it is back to normal or it is still the inventory and all those issues?
- Ashwani Arora:** It will take another quarter to come back.
- Yash Gupta:** Okay so next quarter also we are expecting the same line of volume?
- Ashwani Arora:** On the branded side you will see the growth. We are growing by 8% and we are expecting the same kind of growth.
- Yash Gupta:** Second question on the China market, how much quantity we have exported there in this quarter?
- Ashwani Arora:** So China is a little slower to its peak. It is not a regular business line of LT Foods, as you know LT Foods is among the few registered companies that export to China. The opportunity was good but that is not a kind of strategic line of business for us.
- Yash Gupta:** Would you like to give any amount of quantity we exported this quarter, like last quarter or what I remember it to be around 20,000 tonnes we have done, so is there any quantity that you want to give?
- Sachin Gupta:** As far as the quantity is concerned, in Q1 we have exported 23,000 tonnes to China.
- Yash Gupta:** What is the expectation as of now almost one month of July, is it going to be in the same line or is there any change into it?
- Ashwani Arora:** It will be a little slow.
- Yash Gupta:** One more question on the domestic demand, how you are seeing the domestic demand, the pent-up demand is now normalized. So how you are looking at the upcoming quarter from July?
- Ashwani Arora:** We are very optimistic on that; we are expecting better quarter as far as India is concerned.
- Yash Gupta:** So better quarter means the India revenue growth maybe at 10% to 12%- or double-digit kind of growth or it is just another quarter of a single digit growth in the Indian domestic market?
- Ashwani Arora:** If you compare with quarter-on-quarter it will be in the range of double digit.
- Yash Gupta:** In the range of double digit, okay thank you Sir.
- Moderator:** Thank you. The next question is from the line of Nilesh Doshi from Green Lantern. Please go ahead.

Nilesh Doshi: Thank you for taking my question. In your opening remark spoke about you want to grow the business sustainable, profitable, etc., but I think every entrepreneur or businessman would want to do that, so instead of that can you take us through more granularity that how exactly you want to drive the business because we were talking about 10%-12% growth rate one-and-a-half two years ago, but now we are coming back to 6%, 7%, 8% growth rate. Also EBITDA margins are not improving. It is showing that either you are not able to pass on the cost pressure or there is some resistance or reluctance on the part of Management to do that. And in terms of cost Management your employee cost has gone up but that is not reflecting into the revenue so can you please help us understand that where you want this business to be in next three years time and where you want your EBITDA to be because you also know that one of the large peer competitors margins are at 18%, 19%, 20% and we have been struggling at around 12% for last many years in fact last two years so I would really be thankful to you if you can help us in detail understanding of the business and the strategy?

Ashwani Arora: Thank you for this question. If you see for the last three years, we have a CAGR growth of 9% and our PAT margin has grown by 45% and we have improved on both in return on equity and the ROCE. If you are saying this is in every businessman's vision, but on that vision, we have given the growth both as I said for the last three years in topline and in the bottom-line. As far as the expenses are concerned, we have half of the business in the Europe and America and the people costs are high in these regions, but we are delivering on the margin expectation.

Nilesh Doshi: Can you help us in terms of what kind of vision or a target you have, in terms of reaching let us say over the next three years on the revenue side and on the EBITDA margin side?

Ashwani Arora: We have been working on three engines, one is the core business, which is basmati business and we as a Company are very well placed across all geographies. As the category grows with our strong brand and distribution network we will do better than the category growth and we are delivering on that. As far as the organic business is concerned if we have seen for the last five years that is giving an excellent growth and last year we have grown by more than 50%. This quarter also we have given a very good growth. As far as third engine is concerned, which is the new product line which is on the convenience and health platform, we have launched Daawat Cuppa Rice that is we are getting very good response, on the Daawat Sauté Sauces we are getting very good response, we have launched RTH in America that is again giving a very good response. So as a Company and as a Management we feel that we have developed a very strong and unique business which has a global platform to grow. We are very optimistic on the business side.

Nilesh Doshi: Where we want to be Sir because one thing I am not able to understand maybe if you can help us understand in detail is that how the category can grow, how do you induce customer to use our product versus maybe other East Asian product or maybe some other rice from Brazil or Mexico or versus Indonesia so how do we induce customer especially in US and Europe that they consume more of our product. Or is it for a very price sensitive market that only if you drop a

cent or a 10 cent and then only it drives it. So can you please help us what kind of efforts are we taking so that we actually get volume growth versus we have a pricing power to take higher margin?

Ashwani Arora: Regarding USA, we have three four ethnicities which we wanted to have in our portfolio, one is Indian and kind of South Asian Diaspora. Now we are talking to the two ethnicities which is the East Asian which is the Filipinos, we have the data they have started consuming Basmati and third is the Mexican and fourth is the mainstream consumer. So our marketing programs are working to recruit all these ethnicities and if whatever the volume growth you are seeing that is the result of that we are already holding 50% market share in USA and still we are growing there.

Nilesh Doshi: Monika can you help in the data point that what kind of ad spend we have last year this quarter and this quarter?

Sachin Gupta: In this quarter the promotion spent in this quarter was Rs.22 Crores and it was Rs.18 Crores last year same quarter.

Nilesh Doshi: So other than India how much it was?

Sachin Gupta: We have increased the spend globally. In India we have increased and there was increase in the US as well of Rs.2 Crores.

Nilesh Doshi: Sir in the last call you said that there was a freight cost increase because of the container cost, which is going up, so is there any normalization coming back or you expect that to happen?

Ashwani Arora: The freight market is very bad, rather we may see little impact in the coming quarters also. So almost three times the freight cost has gone up.

Nilesh Doshi: So can we expect once that normalizes there would be some improvement in the margin, right?

Ashwani Arora: That we are expecting to be normalized and people talking in the shipping line companies are expecting that it will take another year to do that.

Nilesh Doshi: One more year okay. Thank you so much Sir.

Moderator: Thank you. The next question is from the line of Amitabh Sonthalia from SKS Capital & Research. Please go ahead.

Amitabh Sonthalia: Sir just wanted to again understand in line with the previous questions, as last couple of quarters the performance been lower than what we had expected. And what could be the reasons and is it also because of do the year-on-year figures look relatively weak because of the panic buying during the COVID quarter last year, was that unusually high base that we are comparing this

year's growth to? Despite all the efforts that we are making in new product launches, organic business, the cuppa rice and all the other innovative stuff that we have taken in brand building and distribution and even on the marketing side. And considering that there are well diversified geography, what the impression we got for in the December and quarter onwards, last year first half of first nine months the trajectory was looking pretty good and the Management body language was also quite positive. But December seems to have lost the momentum last couple of quarters so is there something that is different or is it just a bit of a combination of different factors and how can the trajectory change to a reasonable growth trajectory that we should be on?

Ashwani Arora: If you see, this quarter has been delivered we are quite satisfied with that if you see in the same quarter last year we are almost there and last year there was a lot of pent-up demand and we are able to hold that kind of customer base, we are very happy with that. But as I said we will keep that growth trajectory in place.

Sachin Gupta: So if you talk about the growth, if you have the Q1 numbers of 2019 so the revenue was Rs.985 Crores from there we have increased to currently a base of Rs.1,200 Crores so there is an increase of 24%. Last year because of the pandemic and there was a stocking up of materials the revenue grew. But if we take two years growth then also there is a growth of 24% and that is in line with year-on-year growth, so the Company has grown.

Amitabh Sonthalia: Right and in terms of profitability and free cash flows, etc., bit more on that. Is it at the desired level or are there any levers that would help us improve that in the remaining part of the year?

Ashwani Arora: We are generating free cash flow and if you see quarter-on-quarter and year-on-year we are distributing dividend and all working capital borrowings we are reducing that and our debt EBITDA ratio is less than two.

Amitabh Sonthalia: Right.

Ashwani Arora: All factors have improved. The ROCE has improved; the same growth journey will continue.

Amitabh Sonthalia: Your US and European business continues to be strong based on what the promise was a couple of quarters ago?

Ashwani Arora: Yes it will be.

Amitabh Sonthalia: Any sort of growth levers there for the remainder of this year?

Ashwani Arora: So the growth levers are almost the same, recruiting new consumers and having the more customers. So we are working on all the levers that will bring us the growth.

Amitabh Sonthalia: I will get back on the question queue.

- Moderator:** Thank you. The next question is from the line of Resham Jain from DSP Investment Managers. Please go ahead.
- Resham Jain:** I have a couple of questions so first is if you can just give your thoughts around the current basmati situation as an industry in terms of the prices and the kind of inventory which industry is carrying and the situation going forward?
- Ashwani Arora:** Resham if your question is around Basmati rice as an industry as a whole, they, are doing good. So I always say we have divided the basmati rice industry in two part one is that the companies which have complete control on the value chain that is farm to fork they are doing good. The category is reasonably growing and the rest of the world consumer business is growing. There is a little impact on the HORECA across the world because of the COVID situation and we are quite hopeful that when the situation will be normal then there will be an addition to the growth which the industry is delivering. If your question is around paddy prices, paddy prices are very stable and we are expecting 10% to 15% lower crop than the last year but that is in certain variety and not all the varieties so next year we may see 4% to 5% higher prices in the paddy.
- Resham Jain:** Okay.
- Ashwani Arora:** That answered your question Resham?
- Resham Jain:** Yes also if you can just highlight in terms of production, how are things, the harvesting has been completed but what is the situation compared to last year?
- Ashwani Arora:** Last year crop you are talking about or the current?
- Resham Jain:** The current which is going on, but I think harvesting is completely over right?
- Ashwani Arora:** You are talking about sowing.
- Resham Jain:** Sowing for the New Year.
- Ashwani Arora:** Sowing for the New Year already started, we are already in the first week of August so almost done.
- Resham Jain:** Also last year what I was asking was last year closing stock and all how is the situation because mills must be carrying inventory with them, is it normal?
- Ashwani Arora:** It is very normal, whatever the carryover will be going is a very normal to the average years.
- Resham Jain:** So there was this news item few weeks back that there was just residue related issues in Pakistan specifically on the basmati rice and this is for Europe. And because LT Foods has a slightly

higher share in Europe within Indian companies anything which you have heard from the customer on this side?

Ashwani Arora: Not really Resham, we have not heard. I have also read the newspaper and I have confirmed with the customers but we have not heard anything.

Resham Jain: Lastly Sir what is the kind of growth you are expecting this year and what will be the absolute debt level at the end of this year?

Ashwani Arora: So full year growth we are expecting 7% to 10% and as far as the free cash flow is concerned the free cash flow, we generate will go into reducing the borrowing unless and until some opportunity come on the inorganic side.

Resham Jain: Understood so no major capex this year?

Ashwani Arora: It is a very regular capex in the range of Rs.70 Crores-Rs.80 Crores and we are investing capex mostly in the green energy. This year we are putting 3.5 megawatt of solar power. This year we have started 3.2 megawatt from the husk as a fuel, we will generate power. So we will be generating roughly around 4.5 to 5 megawatts of power through our own generation.

Resham Jain: Got it Sir. Thank you very much and all the best.

Moderator: Thank you. The next question is from the line of Amit Doshi from Care PMS. Please go ahead.

Amit Doshi: Thank you Sir. You have mentioned the other income includes onetime government incentive so can you quantify what was that incentive for?

Ashwani Arora: It is a government subsidy; it was in the range of Rs.6 Crores to Rs.7 Crores.

Amit Doshi: Is it something that we receive annually, or it is?

Ashwani Arora: It is by US government for the COVID they have some incentive.

Amit Doshi: Okay so it is pure one. Sir in terms of our realization, you had mentioned last quarter because of that non-basmati exports and the China exports, etc., our realizations were down but this quarter also the realizations are still low. So what could be the reason this quarter?

Sachin Gupta: If you talk about the realization are within the range. They are 105 in case of the international and that was same as 106 of June FY21,so the realizations are not low this time.

Amit Doshi: Okay I think on the presentation I was just working out maybe I will just rework.

Sachin Gupta: Yes If China business is being included the realizations are not low this is within the parameters.

Amit Doshi: Okay so you are saying 105 is the international and domestic one would be?

Sachin Gupta: It is 48.

Amit Doshi: The HORECA business you mentioned, so 20% or 25% of our domestic business is HORECA is that correct?

Ashwani Arora: In India yes.

Amit Doshi: I believe outside we are not much into HORECA.

Ashwani Arora: Overall if you talk global revenue 10% to 12% comes from HORECA.

Amit Doshi: Okay but for domestic I think it is around 20% or so?

Ashwani Arora: Yes 20% to 25%.

Amit Doshi: Now what portion do you feel it has recouped back for pre-pandemic levels?

Ashwani Arora: 10% to 12% has been recouped.

Amit Doshi: Still 90% is remaining or you are saying 10%-12% out of 20?

Ashwani Arora: We were supposed to get 25% revenue from the HORECA now we are getting 10% to 12%.

Amit Doshi: Okay so around 50% has come back.

Amit Doshi: In the organic food business Leev that we took stake in a quarter or probably two quarters back, so how is that doing and how are we accounting for the revenue and the bottom-line in these current books of accounts?

Ashwani Arora: We do not hold the majority of that, we have just done an investment around 30% stake in that company.

Sachin Gupta: That is an associate so straight profits and losses are coming and there is no consolidation of the revenues.

Amit Doshi: Only annually the share would have gotten accounted?

Sachin Gupta : Yes that is accounted.

- Amit Doshi:** How is it that I believe it is a very small size compared to Daawat business but just wanted to know because it is an organic business and our organic business is also doing quite decent so just to understand that part?
- Ashwani Arora:** So you have got the answer, or you have left any?
- Amit Doshi:** I am asking how is the business doing or that organic business Leev of course we have stake but just to understand if you can give some perspective as to how it is growing?
- Ashwani Arora:** It is small business, but I do not have an update on that, we will let you know.
- Amit Doshi:** Recent current government push about this fortified rice. They are planning to have some sort of a policy where this fortified rice by the end of compulsion for this malnutrition, etc.. So I believe we will not be in that segment but any comments or any that you believe in rice industry per se?
- Ashwani Arora:** The government's policies we are executing it very well, all the PDS rice they have made mandatory to do the fortification in rice at least 70% of whatever the PDS they are getting. So the government is very serious on that, but we have also a small business both as a supplier of fortified rice kernel that is a very small business for us. But we have launched Daawat Sehat, which is fortified rice and we are getting extremely very good response from the market and consumer is very well in the need of this and we are doing good on that.
- Amit Doshi:** The last question on the legal matter side any update, that insurance matter that has been pending for quite some time now?
- Ashwani Arora:** We had a date yesterday and it is doing good. We are expecting if no lockdown comes and court will remain working, we are assuming that in the six months time we will get a verdict, the case is going very positive.
- Amit Doshi:** Okay thank you and wish you all the very best.
- Moderator:** Thank you. The next question is from the line of Amit Vora from PCS Securities. Please go ahead.
- Amit Vora:** Good afternoon and thanks for taking my question. One thing I wanted to understand what are the current realizations. Of course you did mention about the quarter gone by but how are they shaping up now?
- Ashwani Arora:** Amit what exactly is the question on the realization?
- Amit Vora:** As I understand 105 international 48 India was the realization in Q1 so what are in Q2 how are they being?

- Ashwani Arora:** In the same range.
- Amit Vora:** If you can give me the number on other income there was some exchange benefit that has been received so what is the quantum of that number?
- Ashwani Arora:** So if you can just send your question then we will get back to you on with the exact number.
- Amit Vora:** Okay and on China volume what has been the exact volume, if I missed that if you have given that earlier?
- Ashwani Arora:** That is 23,000 tonnes.
- Amit Vora:** Alright and this kind of volume are you going to continue for the rest of the year sending it to China?
- Ashwani Arora:** China is not a kind of strategic line of business. It is a good opportunity that came but it is slowing down.
- Amit Vora:** One feedback that is on the presentation the way you have given your revenues is including the other income and that is changing the way you are looking at gross margins, how I am seeing it is that after removing the other income the gross margins have actually hit by approximately 100 bps so I do not know if you can just look into that as well?
- Ashwani Arora:** Thank you for the feedback.
- Sachin Gupta:** Just to say that this other income is a part of the business income it is accounting requirement that states me to give this in the other income category otherwise my other income is a part of the income that is an exchange income and I have a normal business that should be part. But accounting states this as other income, so that should be included.
- Amit Vora:** Yes in that case if you can just specify what the exact amount in terms of exchange rate so we can knock off the one off that whole point?
- Ashwani Arora:** Valid feedback. In future we will take care of that, very valid feedback.
- Amit Vora:** Thank you.
- Moderator:** Thank you. The next question is from the line of Amitabh Sonthalia from SKS Capital & Research. Please go ahead.
- Amitabh Sonthalia:** This was actually a little bit of a non-performance related question for the quarter. Generally we have been an investor friendly Company putting our data, meeting people for quite some time now. But the level of institutional interest in our Company is dismally low. If you leave out

Rabobank who has been on a exit phase and probably reduced their stake to zero you just have one mutual fund with a 3.5% stake and no FI and nothing and this interest in the consumption space and the food space in India is so high, the average PE in the industry is more than 50. Our PE continues to be like almost single digit. So what is the reason and what is the Management doing to address this extreme valuation gap which kind of is not healthy. You are not a new Company or a new Management that people do not know about or have not met or recognized. Why is it that especially given the bullish environment in the stock markets today where even upstarts and newcomers in your business in the food business in general not basmati particularly but branded food business are commanding huge amount of interest and valuations from all kinds of players institutions especially and people are willing to pay a huge premium. And there is a complete lack of interest in anybody LT Foods stock. So just have you kind of introspected on this and what is something some measures you can take to kind of improve the image of the Company or is this an ongoing process because it has been a long wait for your investors?

Ashwani Arora: Thank you Mr. Amitabh for putting this question. As far as the Company business model is concerned the Company is growing consistently both in terms of the topline and the bottomline. We are delivering to the expectation as far as making the balance sheet strong the debt EBITDA ratio is less than 2. If you see all parameters, LT Foods is doing extremely very well. Regarding the valuation I think we are making all our efforts to make this investor community to understand, this is very good Company to invest in. So I hope one day we will be able to make them understand that this is good company.

Amitabh Sonthalia: Yes, my thoughts on that Sir is that you have a very strong US business, and which is under appreciated. How many companies in India have a sizable business like yours under a branded business in the US. Pardon me for my assumptions here but maybe the Company should be a little more aggressive in doing some roadshows to meet investors to get the story out maybe even look at institutional placement, so that there is some interest in the Company because that is one thought. And the other of course is that is there maybe you can consider something like a buyback or if your stock continues to be undervalued that is a strong tool that even the highly valued companies globally and in India also follow as a way to reward shareholders and for signaling effect that partly signaling partly to return cash partly to correct the valuation gap if there is any. Maybe it is time for you to consider that as well I understand you want to conserve cash for growth, etc., but it is maybe instead of giving dividend or increasing dividend rather perhaps I would strongly urge you to consider.

Ashwani Arora: All the feedback is well noted, and we will work on that.

Ashwani Arora: Alright. Thank you.

Moderator: Thank you. The next question is from the line of Nilesh Doshi from Green Lantern. Please go ahead.

- Nilesh Doshi:** I think I would like to reiterate with the previous question that I think you need to do something in terms of creating a good visibility for a branded business. Very less number of companies can take such pain to create a branded business especially in US and Europe. So maybe you need to strengthen your team or see that there is a good visibility, as a Company as an investment and institutional participation is really required, second is it possible to get the EBITDA breakup between the three segments basmati organic?
- Ashwani Arora:** We will let you know.
- Nilesh Doshi:** Second is in the new product portfolio are we making any losses currently?
- Ashwani Arora:** We are investing in new businesses that need money too, so we are investing.
- Nilesh Doshi:** So is that loss is actually hurting the overall margin on the blended basis?
- Ashwani Arora:** Maybe I will say 0.5% to 1%.
- Nilesh Doshi:** Okay not beyond that. What is the response in the new product going forward? How do you see currently?
- Ashwani Arora:** As I said it is very well accepted wherever we have launched. For the test we have launched on the Amazon online we are getting good response.
- Nilesh Doshi:** Any kind of thought process you have Sir that this business can be of a very, very big size over the next five years?
- Ashwani Arora:** As I said in the next five to six years, the roadmap is to have roughly around 15% of the revenue should come from the new product of lines. and we are heading towards that as far as product development is concerned. We are now going into the next phase of getting into the market and we are very positive on that.
- Nilesh Doshi:** That is interesting and any more products you are looking to add into the category?
- Ashwani Arora:** I cannot disclose at the moment, but few products are in the pipeline.
- Nilesh Doshi:** That is great Sir wish you all the best and thank you.
- Moderator:** Thank you. Ladies and gentlemen this was the last question for today. I now hand the conference over to the Management for the closing comments. Over to you!
- Ashwani Arora:** Thank you everyone for your continued support. Hope we were able to address all your queries. Should you have any further questions, please feel free to contact our Investor Relations team. Thank you and we look forward to connecting with you again. Thank you and stay safe.



LT Foods
July 30, 2021

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

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