



Analyst Meet
Q2'20-21 Results
Conference Call
20th October 2020



This presentation may contain statements which reflect Management's current views and estimates and could be construed as forward-looking statements. The future involves risks and uncertainties that could cause actual results to differ materially from the current views being expressed. Potential risks and uncertainties include factors such as general economic conditions, commodities and currency fluctuations, competitive product and pricing pressures, industrial relations and regulatory developments.

	Pre Covid	Lockdown	Current & Future
Macro Economic	Economic slowdown GDP growth 4.2%%; lowest in 11 years	Virtual standstill GDP decline of 24%	<ol style="list-style-type: none"> 1. Slow recovery: IIP decline of 8% in Aug'20 2. Lower purchasing power: ~20% salaried job losses
Demand	FMCG growth of 5-7%	<ol style="list-style-type: none"> 1. Panic buying of staples 2. Essentials benefited 3. Rationalization of spends for non-essentials 	<ol style="list-style-type: none"> 1. Diversified spending 2. Downtrading 3. Pent up demand for non-essentials
Supply	Level playing field	Complete disruption, we ramped up faster	Level playing field
Regulatory / Administrative	Improvement in Ease of doing business index by 14 places	Deferment of compliances	<ol style="list-style-type: none"> 1. Make in India 2. Farm Bill revolution 3. Eased labour law

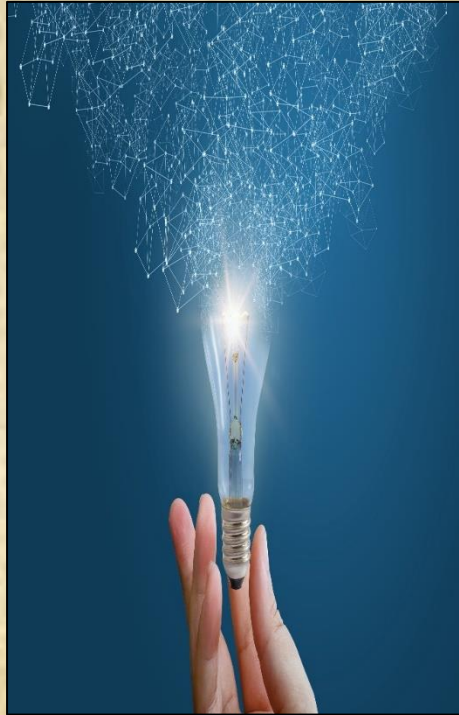
Amidst this... we focused on our strategic planks

Striving for profitable growth

#1 Distribution & Marketing



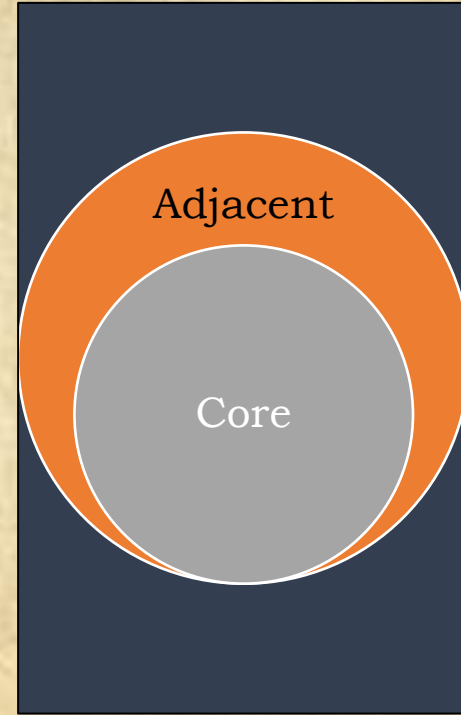
#2 Innovation



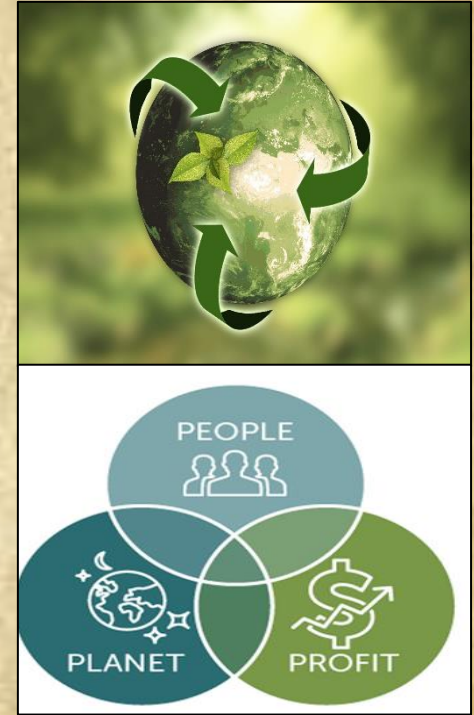
#3 Cost focus



#4 Adjacent business



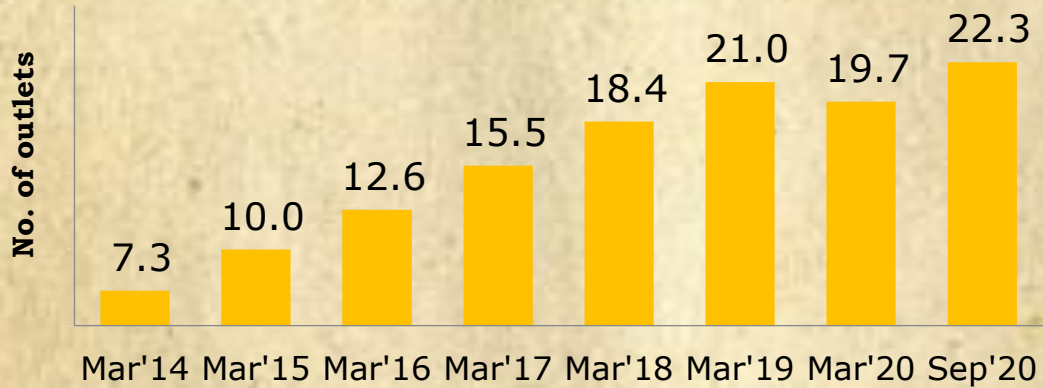
#5 Sustainability



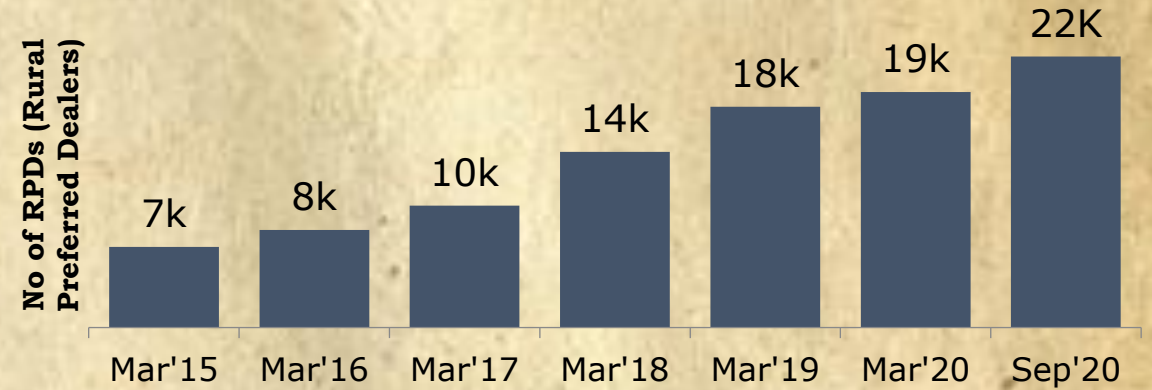


1A. Driving efficiency in distribution

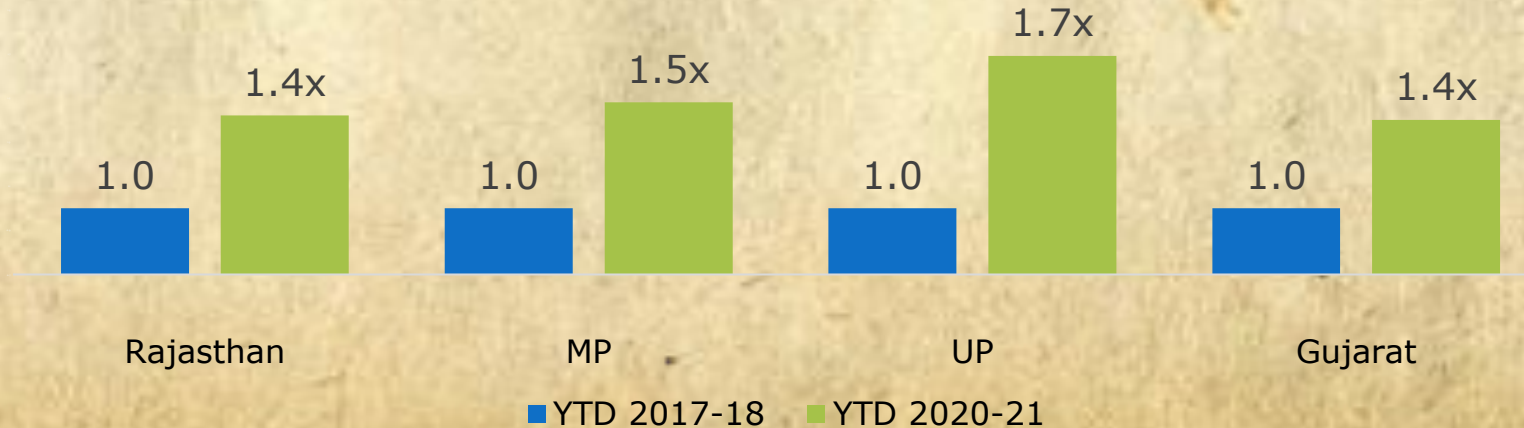
Increase in Direct Reach



Upbeat Rural distribution



Double digit growth in Hindi belt





1B. A&SP spends coming closer to normalcy

Key Brands on air

Good Day Cashew New Campaign



Bourbon

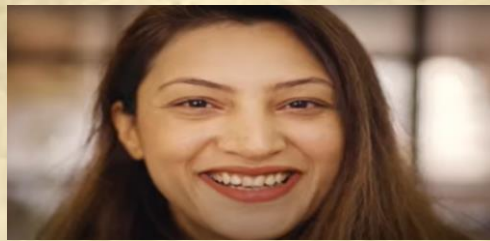


MarieGold New Thematic



Print / Digital / Activations

Good Day Smiles



MBK 40yrs & Teachers Day (TN)



Cake Mishti Moments



Family packs / Promos

Range of Family packs in Modern Trade



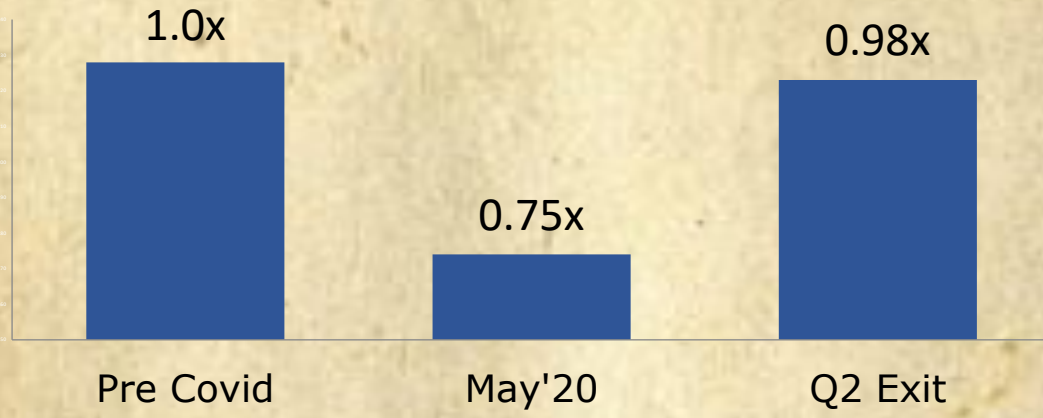
Promos





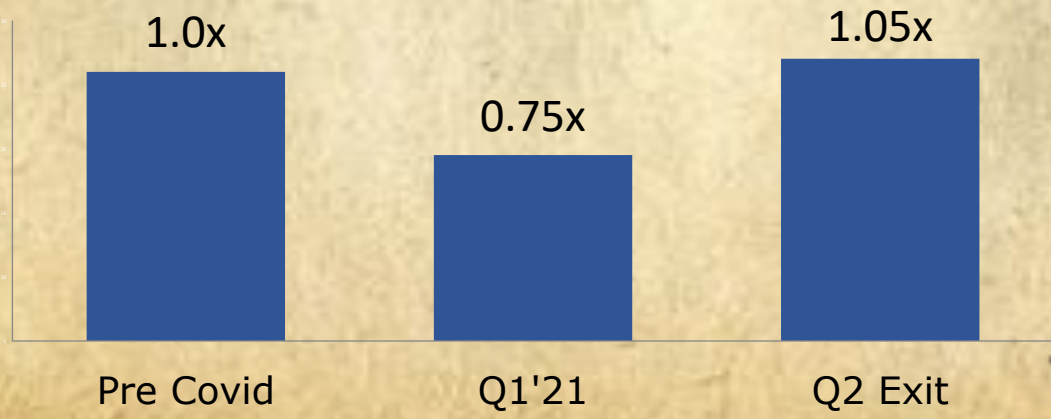
2. We focused on getting our entire range to market

SKU Range to market

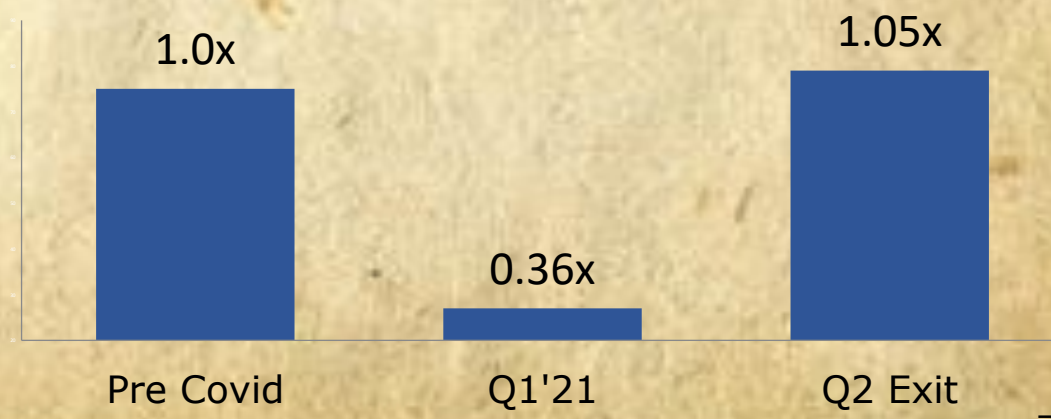


Driving Range

Bill cut efficiency



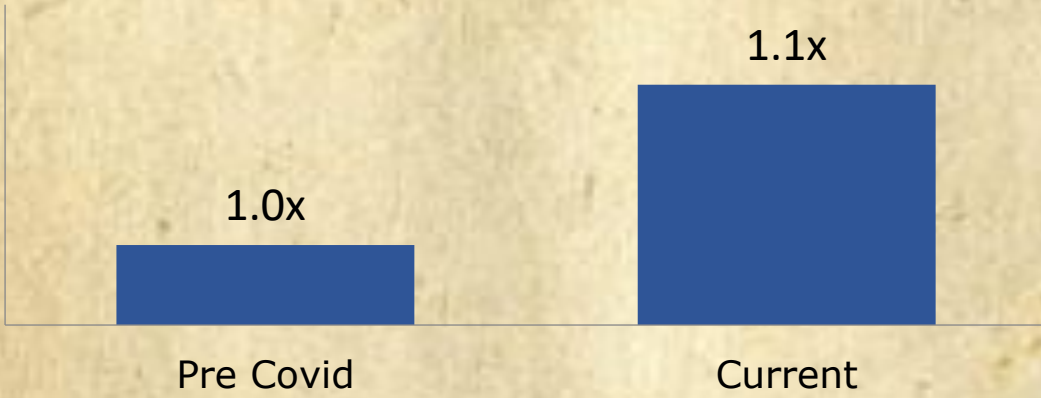
Continuous replenishment system



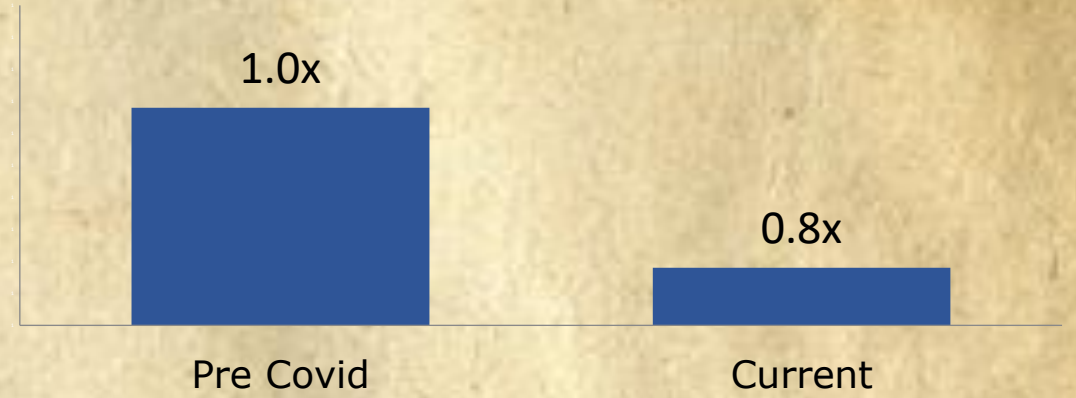


3. Sustaining cost efficiencies from previous quarter

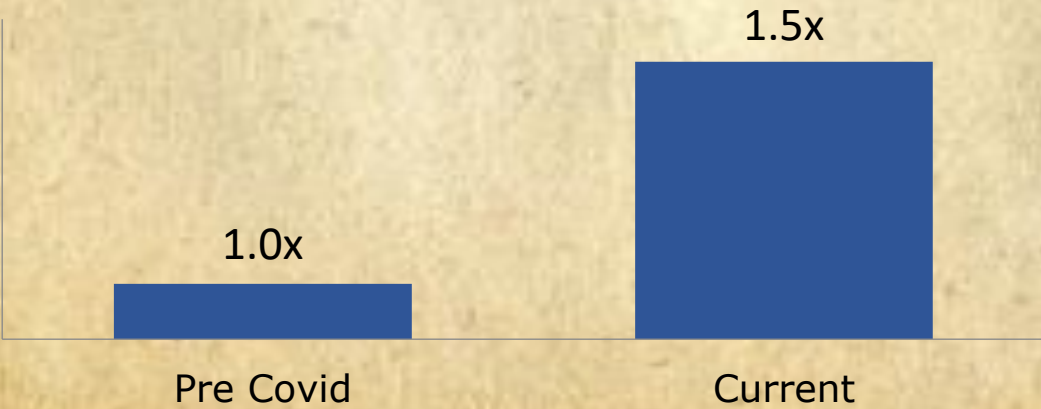
Factory productivity



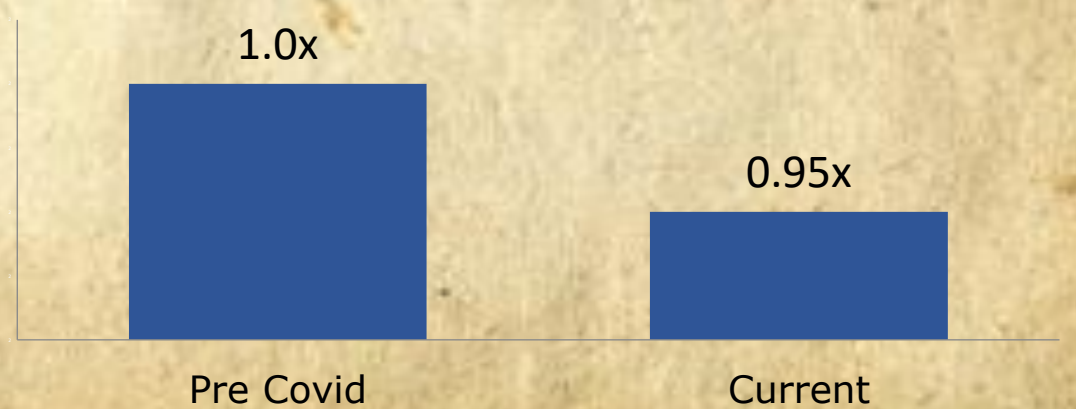
Wastages



Direct dispatch from factories



Fixed cost % to topline



4. Adjacency businesses driven hard

International



- ❑ Middle East & Africa witnessing decent growths
- ❑ Rest of International growing at a very healthy pace

Bakery Adjacency



Significant improvement in Bread profitability

Rusk grew significantly faster

Growth & profitability improvement

Dairy



- ❑ Cheese leading the growths in Dairy
- ❑ Decline in out of home consumption impacted Drinks portfolio
- ❑ Benign milk prices
- ❑ Significant profitability improvement



5. Sustainability

Reduce Plastic

Enhance the good in product

Goals	Achievement
Laminate reduction	15% per ton of FG since 13-14
Plastic Tray removal	Treat Creams
Easily Recyclable laminate	Transitioned for a major Brand
Plastic Recycling	Building capability inhouse

Goals	Achievement
5% Sugar reduction by 2022	Work underway for 2 large brands
5% Sodium reduction by 2022	Work underway for 3 large brands



Energy

Nutrition

Goals	Achievement
Fuel Reduction	35% since 13-14
Renewable power	To reach ~45% by end 2021

Approach
➤ Community based approach to improve the health and nutrition of children, adolescents and women
➤ Distribution of iron enriched biscuits
➤ Programs in 4 states and across 36,000 children



Helped us deliver a resilient performance...

Revenue

Growth

+11%

+18%

24-month Growth

Operating profit

Growth

+40%

18.7%
(+390 bps)

Operating profit %

PAT*

Growth

+23%

14.9%
(+260 bps)

PAT %

* PAT growth of 34% after adjusting for the tax gains of Q1'19-20 accounted in Q2'19-20 owing to the new taxation rates

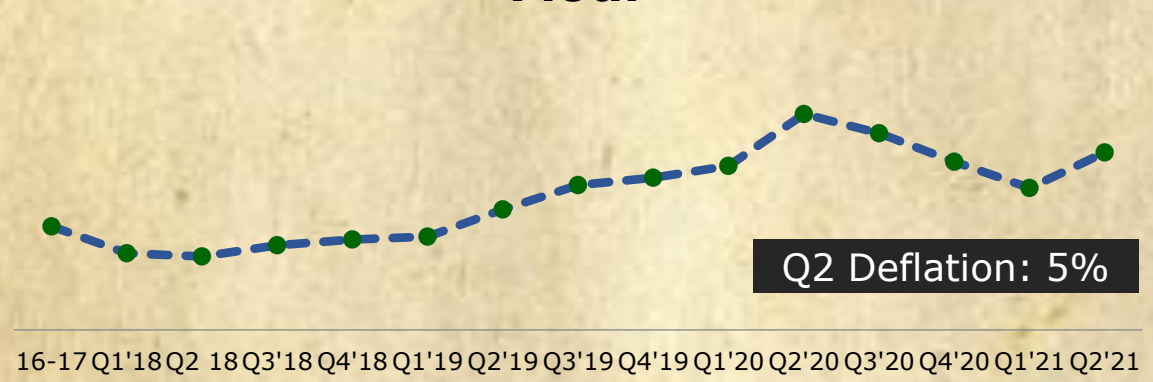


Commodity.. Overall Q2 inflation @ ~2-3%

Positive outlook on good monsoon & harvest

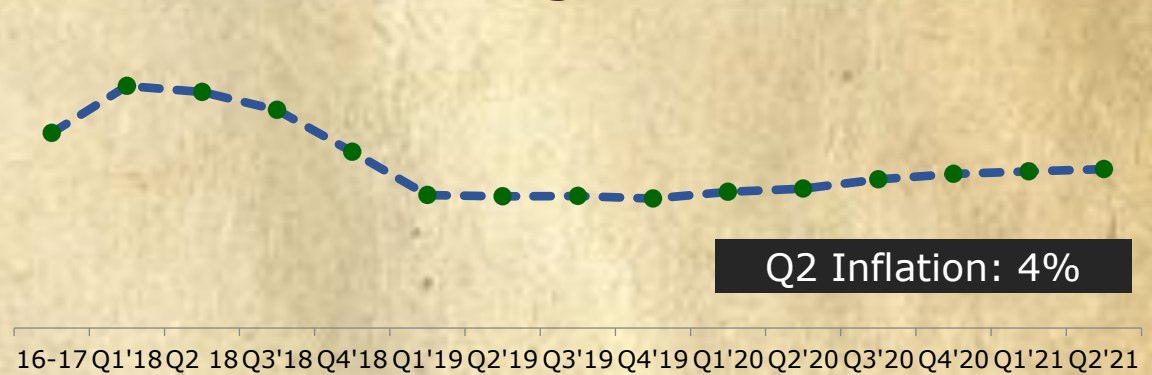
Flour

Rs./kg



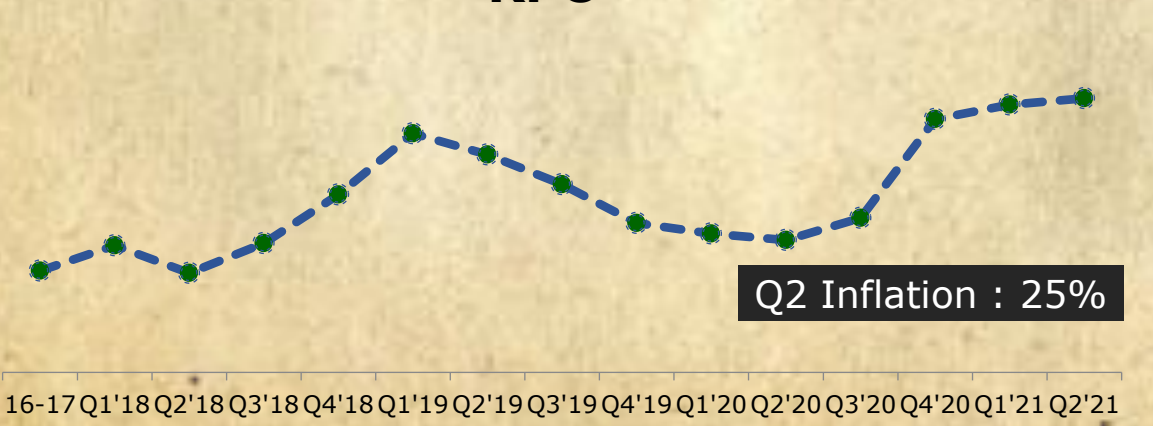
Sugar

Rs./kg



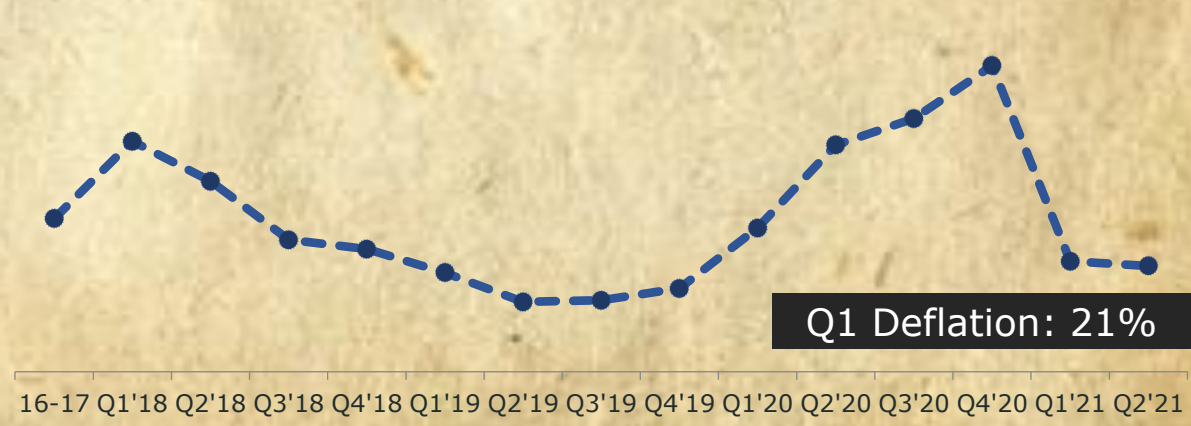
RPO

Rs./kg



Milk

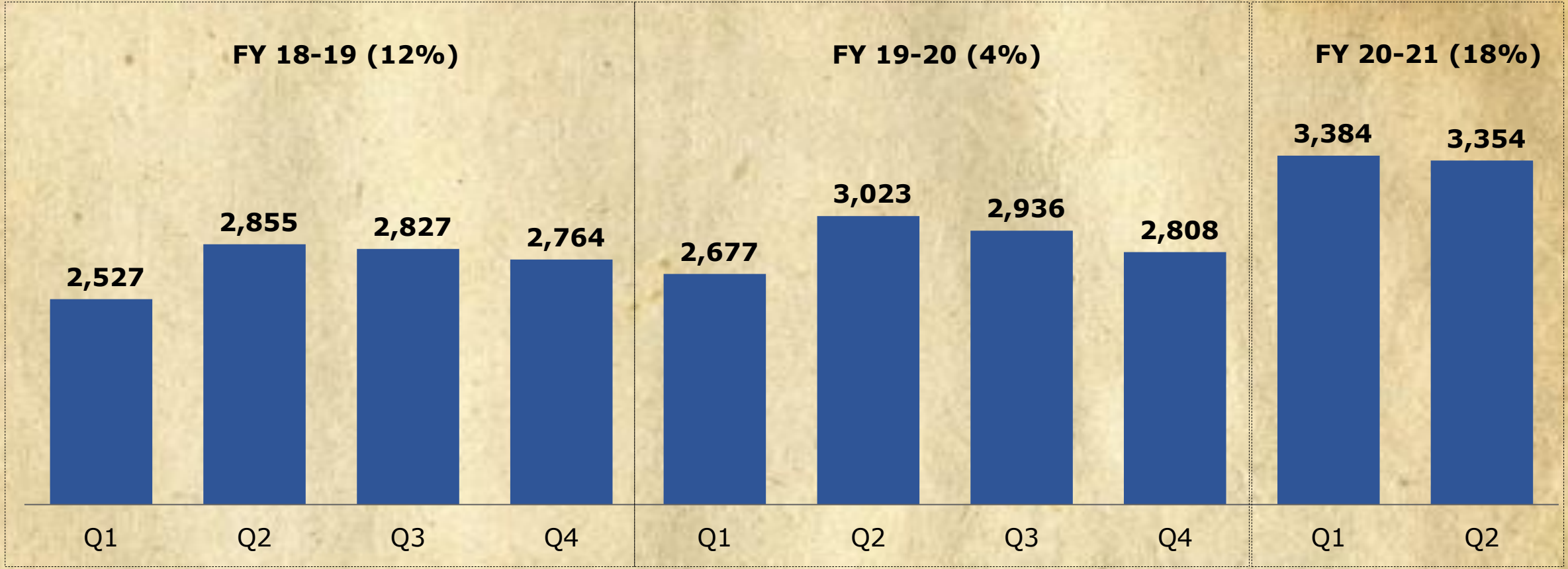
Rs./Ltr



Q2'20 Financials



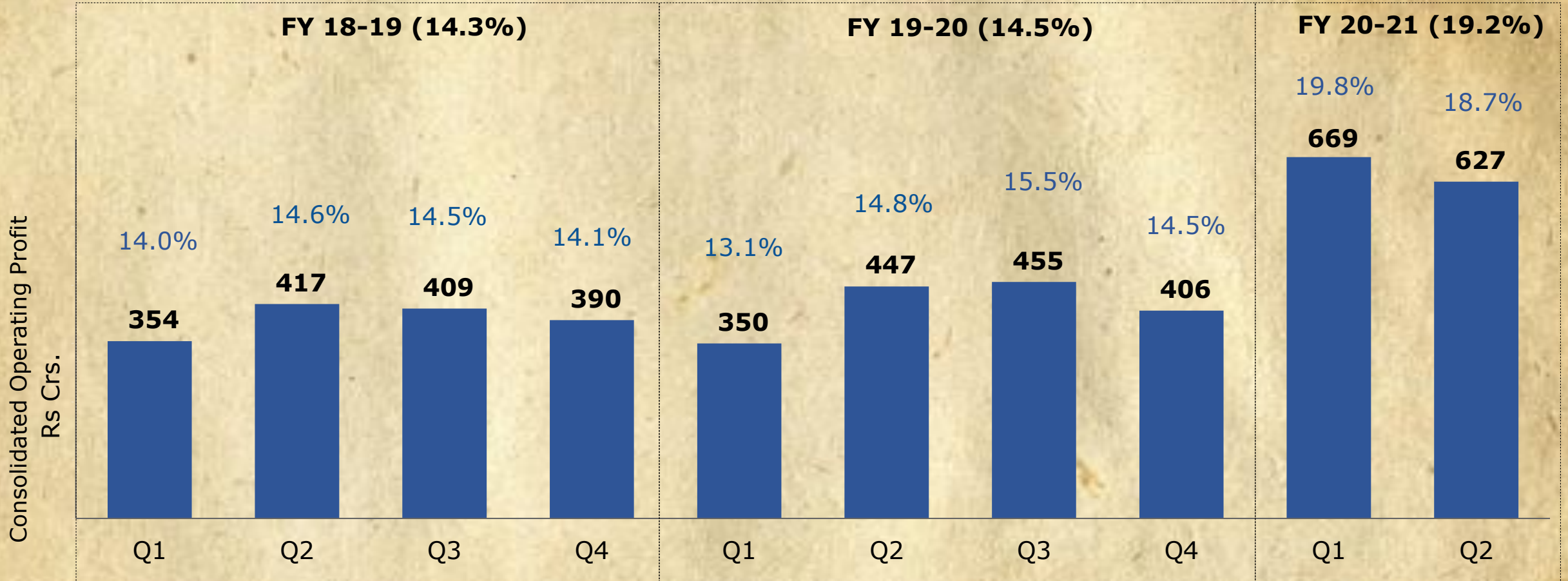
Revenue growth



	Q1	Q2	Q3	Q4	Q1	Q2
Growth%	6%	6%	4%	2%	26%	11%
24 month growth%	20%	19%	15%	12%	34%	18%



Improved profitability



	Q1	Q2	Q3	Q4	Q1	Q2
Growth%	-1%	7%	11%	4%	91%	40%
24 month growth%	19%	30%	24%	14%	89%	50%

Consolidated Operating profit as per published results

Percentages indicate operating profit % to Consolidated NSV



Key Financial Lines – Consolidated (Reported)

Particulars	Q2'20-21	Growth %
Net Sales	3,354	11%
Operating Profit	627	40%
Profit Before Tax*	670	34%
Profit After Tax (Owner's share)	498	23%#

Particulars	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21 Q1	20-21 Q2
Profit from Operations%	5.7%	8.0%	9.3%	13.2%	12.9%	13.8%	14.3%	14.5%	19.8%	18.7%
Profit before Tax%	5.8%	8.3%	12.2%	14.7%	14.5%	15.4%	16.1%	16.1%	21.8%	20.0%
Profit after Tax%	4.2%	5.8%	8.9%	9.9%	9.9%	10.2%	10.6%	12.3%	16.1%	14.9%

* Factors interest on bonus debentures @ Rs. 5 Cr per month starting Sep'19.

PAT growth of 34% after adjusting for the tax gains of Q1'19-20 accounted in Q2'19-20 owing to the new taxation rates



Plans to meet growth in demand

Greenfield plans: TN, UP, Bihar

Brownfield plans: Odisha, Ranjangaon



Dairy backend expected to be commercialized in FY 22-23



Evaluating **Co-packing opportunities in Africa**



Monitoring **consumer insights & behavior** which will be suitably incorporated in our **medium-term strategy**



Evolving landscape on laws: **Labour Code, Farm Bill.**