

Press Release

Salient Points on Financial Results for Q2 / H1 of FY2016-17

		Q2 - 16-17	Q2 - 15-16	Increase / (Decrease)
Total Revenue (Net)	₹ In Lacs	8,700	8,771	(0.8%)
Exports	₹ In Lacs	2,214	2,420	(8.5%)
Profit After Tax (PAT)	₹ in Lacs	413	501	(17.6%)
PAT (as % of Revenue)	In %	4.7%	5.7%	(100 bps)
EBITDA (in %)	In %	9.6%	9.1%	50 bps

		H1 - 16-17	H1 - 15-16	Increase / (Decrease)
Total Revenue (Net)	₹ In Lacs	17,399	16,689	4.3%
Exports	₹ In Lacs	4,511	4,224	6.8%
Profit After Tax (PAT)	₹ In Lacs	851	875	(2.7)
PAT (as % of Revenue)	In %	4.9%	5.2%	
EBITDA (in %)	In %	9.6%	8.6%	100 bps
E P S	Per share	5.76	5.92	
R O C E	In %	16.9%	18.8%	(190 bps)
Inventory & Debtors	₹ In Lacs	12,163	10,908	
	Days of sale	128	120	
Working Capital Borrowings	₹ In Lacs	4,050	2,450	

Exports

In Q2 of FY 16-17 the exports shipments over Rs.500 Lacs were held-up in warehouse, due to sudden traffic restrictions imposed around port area in Kolkata in the second fortnight of September, 2016. These were eventually shipped in early October, 2016. As a result exports in Q2 of 16-17 are showing a negative growth of 8.5%, and consequently H1 - 16-17 export growth is at meager 6.8%. This also contributed to increase in inventory as on 30.09.16 to that extent.

Domestic

Domestic sales lower than expected mainly on account of weaker economic scenario leading to subdued demand and high competitive intensity across markets. This coupled with the fact that some geographies have performed below par on account of internal reasons like Team, Distributor or Channel partner change or corrections as long term measures and also some delayed launches not contributing to the revenue as per expectations. But all these leading to a higher level of inventory at the quarter end.

H2 of FY 16 – 17 - way forward

The export revenue for October, 2016 was Rs.843 lakhs (October, 2015 Rs.260 lakhs) and YTD export growth till October stands at decent 19.4% over same period last year. We expect to maintain a growth of around 20% in the remaining period too.

With H1 at 5% growth in Domestic (excluding Corporate / Institutional), we should be in a reasonable position to push to grow by least double digit in H2. Although in the month of November, there may be some temporary impact of demonetisation of higher value currency.

With all the work happening on taking fewer, bigger and stronger bets in H2 we have a good chance to push the growth double digit into early teens. The following are some of the initiatives which may pave the way for a successful H2.

1. Fewer and Bigger Bets: Few brand launches but Big launches in terms of strengthening existing power brands and taking competition head-on and direct on certain high volume competitive products.
2. Creating a more robust Sales Organisation Structure and Transforming Sales System and Processes for healthy and sustainable growth.
3. Turning around weaker geographies and powering ahead on opportunity market by making more investments, thereby fortifying markets, where LINC is strong.
4. Focus on refreshing existing range and bringing in newer range and products in existing and higher price segments.
5. Streamlining and restructuring Sales promotion and discount spends so as to make it more effective in market.
6. Introducing a better demand forecasting and planning tool to streamline demand planning and thus improvement over inventory level.

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