

The background of the slide features a rustic wooden surface. In the upper left, a branch with green olives and leaves is visible. In the lower left, a wooden bowl contains several olives, some green and some dark, with a small amount of oil. The right side of the slide has a solid blue vertical bar.

# Modi Naturals Ltd.

Earnings Presentation  
Q3-FY16/9M-FY16

*India's Finest Range of Branded Edible Oils Company*



# Executive Summary

## Company



- Modi Naturals Limited (MNL) was incorporated in 1974 by Mr. D.D Modi. The company is in the business of manufacturing & marketing of edible oils and de-oiled cakes.
- In 2010, MNL launched its first branded edible oil and has since then increased its focus from non-branded edible oils to the branded segment and has increased its presence across India in branded products.
- MNL is listed on the BSE with a current market capitalisation of ~INR 988 Mn (As on 27<sup>th</sup> Jan 2016) .

## Products



### Existing Brands:

- Oleev Olive Oils:
  - Oleev Active Oil
  - Oleev Extra Virgin Olive Oil
  - Oleev Extra Light Olive Oil
  - Oleev Pomace Olive Oil
- Mustard Oil: Tarai Shudh, Tarai Tasty+

### New Brands:

- Rizolo - Rice Bran Oil
- Olivana Wellness - massage oils
- Miller - Canola oil

### Other non-branded products:

- Sunflower Oil
- Rice Bran Oil
- Mustard Oil
- Rice Bran Wax and Deoiled Cakes

## FY15 Financials



- **Total Income** -INR 2,339 Mn
- **EBITDA** - INR 42 Mn
- **PAT**- INR 2 Mn

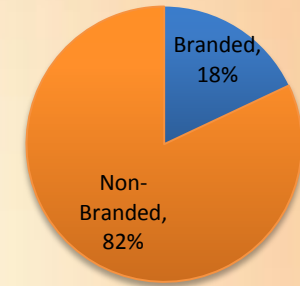


# Company Snapshot

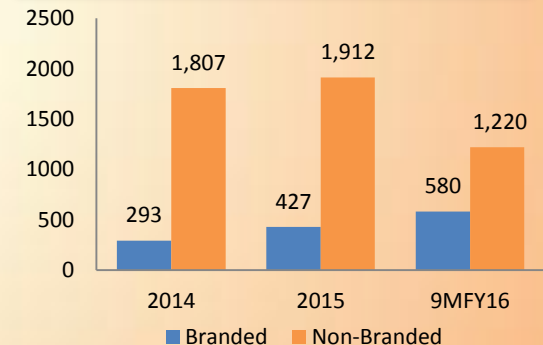
- Modi Naturals Limited (MNL) was Incorporated in 1974 by Mr. D.D Modi, the visionary entrepreneur of the Modi Group, and is headquartered out of New Delhi, India.
- The company began its operations in 1974 with an oil mill and a solvent plant to manufacture Rice Bran Oil in 1979 in Punjab.
- MNL got listed on the BSE in 1985, and started its manufacturing operation in Pilibhit, U.P. The plant has evolved today into a fully integrated 100 Tons per day refining capacity, a 300 Tons per day crushing capacity and a 400 Tons per day solvent extraction capacity.
- Since 2010 the company has slowly transitioned its business from the commoditized non-branded manufacturing and marketing of edible oils to making unique branded edible oils and also becoming India's Third largest Blended Oil Brand.
- The company's branded product portfolio includes of Oleev Olive oil, Oleev Active oil (Blend of Olive oil and Rice Bran Oil), Rizolo Rice bran oil, Tarai shudh Mustard oil, Tarai Tasty+ (Blend of mustard and rice bran oil), and Miller Canola Oil.
- In the non-branded segment the company manufactures and markets Sunflower oil, Rice Bran oil, Mustard oil and Rice Bran wax and De-oiled cakes.



## Segmental Sales Break Up – FY15



## Segmental Sales growth(INR Mn)



# Q3-FY16 Financial & Operational Highlights

## ➤ Q3-FY16 Financial Highlights:

- **Total Income** : INR 864.2 Mn; Growth of 18.7% YoY
- **EBITDA** : INR 18.4 Mn; Growth of 67.3% YoY
- **EBITDA Margin** : 2.1%; Growth of 60 Bps YoY
- **Net Profit** : INR 23.5 Mn
- **PAT Margin** : 2.7%; Growth of 196 Bps YoY
- **Diluted EPS** : 2.11 INR

## ➤ Q3-FY16 Operational Highlights:

- **The company launched a new brand of Canola Oil under the brand name 'Miller Canola Oil'**
  - This product has been launched currently in selected geographies under organised and unorganised retail
  - This product will open up new direct and indirect opportunities for the company
  - Whilst a new product will add to the sales, it will also help expand distribution due to a more robust product basket
- **Sales and Distribution:**
  - **Retail** - Expanded distribution to tier 2 towns in most major states in India
  - **E-commerce** - Although from a low base, our e-commerce business has grown multi-fold YoY. Our products are now listed with most major e-commerce players. We now have a dedicated team for this channel.
  - **Army Canteen Store Departments (CSD)** - Started operations with CSD and supplied first order. A very important and promising channel which will yield tremendous growth in the medium to long-term
  - **Advertising** - Launched a new TV campaign with celebrity brand ambassadors for brand Oleev.
- **Non-Branded business:**
  - Although there has been volume growth, the revenue growth has been muted due to lower edible oil commodity prices.



# 9M-FY16 Financial & Operational Highlights

## ➤ 9M-FY16 Financial Highlights:

- **Total Income** : INR 1,800 Mn; Growth of 10.8% YoY
- **EBITDA** : INR 49 Mn; Growth of 36.1% YoY
- **EBITDA Margin** : 2.7%; Growth of 50 Bps YoY
- **Net Profit** : INR 33 Mn
- **PAT Margin** : 1.8%; Growth of 160 Bps YoY
- **Diluted EPS** : 2.93 INR

## ➤ 9M-FY16 Operational Highlights:

- **Under the Branded business, the company launched a new brand of Oil under the brand name 'Olivana Wellness':**
  - This product is a very unique Personal and Baby Care brand started with olive oil for body massage
  - Great response received in the very first year
  - The company will look to expand distribution and product portfolio of this brand in the coming months
- **Non-Branded business:**
  - Achieved better efficiencies due to upgradation and capacity expansion.
  - Although there has been volume growth due to increased capacities, the revenue growth has been muted due to lower edible oil commodity prices and shutdown of plant for upgradation from May to June 2015.



# Q3-FY16 Income Statement

| Income Statement (Mn)   | Q3-FY16     | Q2-FY16     | Q-o-Q           | Q3-FY15      | Y-o-Y         |
|-------------------------|-------------|-------------|-----------------|--------------|---------------|
| Total income            | 864.2       | 507.5       | 70.3%           | 728.1        | 18.7%         |
| Total Expenses          | 845.8       | 487.4       | 73.5%           | 717.1        | 17.9%         |
| <b>EBITDA</b>           | <b>18.4</b> | <b>20.1</b> | <b>(8.5)%</b>   | <b>11.0</b>  | <b>67.3%</b>  |
| <b>EBITDA Margin</b>    | <b>2.1%</b> | <b>4.0%</b> | <b>(190)Bps</b> | <b>1.5%</b>  | <b>60bps</b>  |
| Depreciation            | 2.9         | 2.9         | 0%              | 4.9          | (40.8)%       |
| Interest                | 6.4         | 8.3         | (22.9)%         | 5.8          | 10.3%         |
| Other Income            | 18.4        | 0.0         | NA              | 0.0          | NA            |
| <b>PBT</b>              | <b>27.5</b> | <b>8.9</b>  | <b>209%</b>     | <b>0.3</b>   | <b>NA</b>     |
| Tax                     | 4           | 0.0         | NA              | 0.0          | NA            |
| <b>Profit After tax</b> | <b>23.5</b> | <b>8.9</b>  | <b>164%</b>     | <b>0.3</b>   | <b>NA</b>     |
| <b>PAT Margin</b>       | <b>2.7%</b> | <b>1.8%</b> | <b>90bps</b>    | <b>0.04%</b> | <b>196bps</b> |
| EPS                     | 2.11        | 0.80        | 157.3%          | 0.03         | NA            |



# 9M-FY16 Income Statement

| Income Statement (Mn)   | 9M-FY16     | 9M-FY15     | Y-o-Y          |
|-------------------------|-------------|-------------|----------------|
| Total income            | 1,800       | 1,624       | 10.8%          |
| Total Expenses          | 1,751       | 1,588       | 10.3%          |
| <b>EBITDA</b>           | <b>49</b>   | <b>36</b>   | <b>36.1%</b>   |
| <b>EBITDA Margin</b>    | <b>2.7%</b> | <b>2.2%</b> | <b>50 bps</b>  |
| Depreciation            | 9           | 14          | (35.7)%        |
| Interest                | 22          | 19          | 15.8%          |
| Other Income            | 19          | 0           | NA             |
| <b>PBT</b>              | <b>37</b>   | <b>3</b>    | <b>NA</b>      |
| Tax                     | 4           | 0           | NA             |
| <b>Profit After tax</b> | <b>33</b>   | <b>3</b>    | <b>NA</b>      |
| <b>PAT Margin</b>       | <b>1.8%</b> | <b>0.2%</b> | <b>160 bps</b> |
| EPS                     | 2.93        | 0.23        | NA             |



# Historical Income Statement

| Income Statement (Mn)   | FY13        | FY14        | FY15        | 9M-FY16     |
|-------------------------|-------------|-------------|-------------|-------------|
| Total income            | 1,946       | 2,098       | 2,339       | 1,800       |
| Total Expenses          | 1,883       | 2,052       | 2,297       | 1,751       |
| <b>EBITDA</b>           | <b>62</b>   | <b>46</b>   | <b>42</b>   | <b>49</b>   |
| <b>EBITDA Margin</b>    | <b>3.2%</b> | <b>2.2%</b> | <b>1.8%</b> | <b>2.7%</b> |
| Depreciation            | 14          | 14          | 12          | 9           |
| Interest                | 18          | 16          | 29          | 22          |
| Other Income            | 0           | 0           | 0           | 19          |
| <b>PBT</b>              | <b>31</b>   | <b>16</b>   | <b>1</b>    | <b>37</b>   |
| Tax                     | 10          | 8           | 0           | 4           |
| <b>Profit After tax</b> | <b>20</b>   | <b>8</b>    | <b>2</b>    | <b>33</b>   |
| <b>PAT Margin</b>       | <b>1.0%</b> | <b>0.4%</b> | <b>0.1%</b> | <b>1.8%</b> |
| EPS                     | 1.83        | 0.74        | 0.14        | 2.93        |



# Balance Sheet

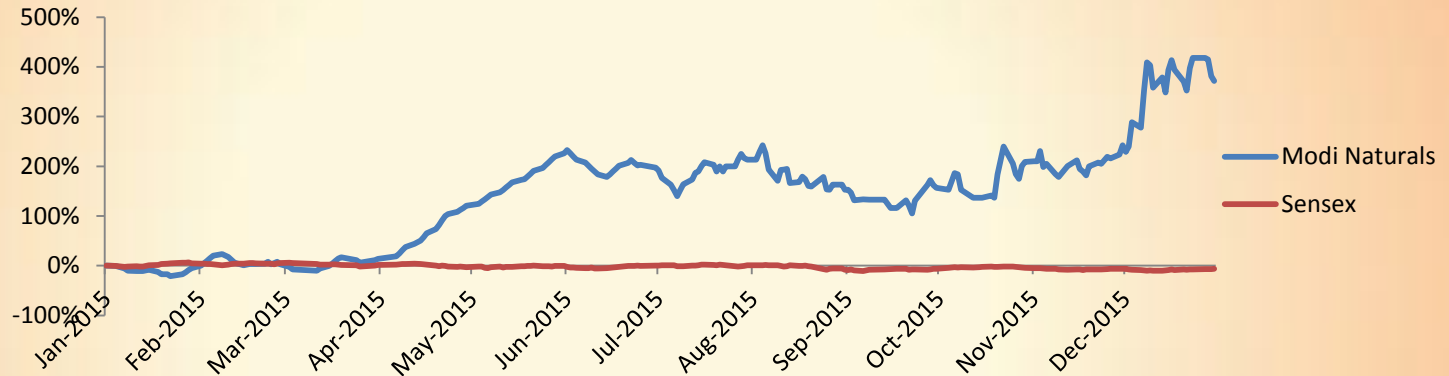
| PARTICULARS (MN)                          | Mar-13     | Mar-14     | Mar-15     | H1FY16     |
|-------------------------------------------|------------|------------|------------|------------|
| <b>EQUITY AND LIABILITIES</b>             |            |            |            |            |
| <b><u>Shareholder's Funds</u></b>         |            |            |            |            |
| (a) Share Capital                         | 111        | 111        | 111        | 111        |
| (b) Reserves & Surplus                    | 175        | 184        | 185        | 194        |
| (c) Money received against share warrants | 0          | 0          | 0          | 0          |
| <b>Total Shareholder Funds</b>            | <b>287</b> | <b>295</b> | <b>296</b> | <b>305</b> |
| <b><u>Non- current liabilities</u></b>    |            |            |            |            |
| (a) Long-term borrowings                  | 5          | 3          | 1          | 2          |
| (b) Deferred Tax liabilities (Net)        | 26         | 29         | 28         | 28         |
| (c) Other Long term liabilities           | 1          | 1          | 0.4        | 0.3        |
| (d) Long-term Provisions                  | 4          | 5          | 6          | 6          |
| <b>Total Non- current liabilities</b>     | <b>36</b>  | <b>38</b>  | <b>36</b>  | <b>38</b>  |
| <b><u>Current Liabilities</u></b>         |            |            |            |            |
| (a) Short term borrowings                 | 169        | 213        | 281        | 285        |
| (b) Trade payables                        | 93         | 144        | 97         | 30         |
| (c) Other current liabilities             | 34         | 53         | 52         | 75         |
| (d) Short term provisions                 | 8          | 8          | 7          | 17         |
| <b>Total Current Liabilities</b>          | <b>304</b> | <b>418</b> | <b>438</b> | <b>407</b> |
| <b>Grand Total</b>                        | <b>626</b> | <b>750</b> | <b>770</b> | <b>750</b> |

| PARTICULARS (MN)                  | Mar-13     | Mar-14     | Mar-15     | H1FY16     |
|-----------------------------------|------------|------------|------------|------------|
| <b>ASSETS</b>                     |            |            |            |            |
| <b><u>Non-Current Assets</u></b>  |            |            |            |            |
| (a) Fixed assets                  |            |            |            |            |
| (i) Tangible assets               | 199        | 189        | 180        | 179        |
| (ii) Intangible assets            | 1          | 1          | 1          | 1          |
| (iii) Capital work-in-progress    | 0          | 2          | 1          | 4          |
| (b) Long-term loans and advances  | 4          | 5          | 7          | 6          |
| (c) Other non-current assets      | 6          | 18         | 32         | 49         |
| <b>Total Non-Current Assets</b>   | <b>209</b> | <b>214</b> | <b>220</b> | <b>239</b> |
| <b><u>Current assets</u></b>      |            |            |            |            |
| (a) Current investments           |            |            |            |            |
| (b) Inventories                   | 304        | 402        | 396        | 300        |
| (c) Trade receivables             | 61         | 106        | 118        | 151        |
| (d) Cash and Cash equivalents     | 33         | 19         | 12         | 21         |
| (e) Short-term loans and advances | 12         | 5          | 8          | 29         |
| (f) Other current assets          | 7          | 5          | 15         | 9          |
| <b>Total Current Assets</b>       | <b>417</b> | <b>536</b> | <b>549</b> | <b>511</b> |
| <b>Grand Total</b>                | <b>626</b> | <b>750</b> | <b>770</b> | <b>750</b> |



# Capital Market Data

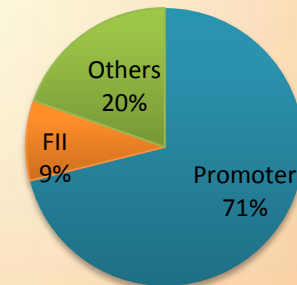
## Share Price Movement (As on December 31st, 2015)



## Price Data (As on December 31<sup>st</sup>, 2015)

|                                   |              |
|-----------------------------------|--------------|
| Face Value (INR)                  | 10           |
| Market Price (INR)                | 89.6         |
| 52 week H/L (INR)                 | 101.95/15.00 |
| Market Cap (INR Mn)               | 996.72       |
| Equity Shares Outstanding (Mn)    | 11.12        |
| 1 Year Avg. Trading Volume ('000) | 7.8          |

## Share holding pattern (As on September 30th, 2015)



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