November 17, 2017

RECORD Q2 REVENUES (Rs. 87 CR) AND EBITDA (Rs. 17.75 CR – 20.4%)

The Board of Directors of Tasty Bite Eatables Limited have on November 13th, 2017 announced the results for the second quarter (July – September 2017). Here are the key performance highlights:

- Revenues for the quarter at Rs. 871 mn are record revenues for the Company and reflect a 46% growth over last year. Both business segments have grown robustly with our consumer products sales growing 57% to Rs. 615 mn and our food service business back on track with revenues of Rs. 232 mn while other income increased to Rs. 21 mn

- For the half year, revenues are up 24% over last year, with the consumer business growing 30% and the food service business showing a growth of 7%. Gross margins for this period grew to 27.1% versus 26.5% LY on account of lower material costs and higher productivity even as freight and logistics costs increased globally.

- Material costs for the quarter at 58.3% of revenues are well controlled and were lower than last year (61.2%). Our program to make strategic purchases in several of our A-category items such as onions, tomatoes, lentils and rice have yielded good results. This has also been aided by good agricultural yields that has resulted in lower commodity inflation during this period. This situation is expected to continue across most of our commodities for the rest of this fiscal. We see no major concern in this area.

- Our newly commissioned sauce manufacturing line allows us to manufacture preservative-free sauces. This has set us apart from competition and we have already started manufacturing products that meets the increasing demand from consumers and customers for clean label products. This is very much in sync with our stated mission to manufacture and market *natural* products to ensure the health and wellness of our consumers.

- EBITDA margins of the business for this quarter at Rs. 177 mn (20.4%) doubled from LY and grew significantly faster than revenue growth (46%). This was on account of both healthier gross margins and operating leverage from a larger revenue base.

- As referred to earlier, the INR has appreciated sharply over last year. Average exchange rate of USD during the quarter was 64.35. Our strategy of hedging our foreign exchange risk provided good returns during the quarter. We recognized an actual rate of 66.04 based on our forward contracts We continue to take hedging positions as per the triggers set under our daily monitored hedging strategy. At present we have 83% of our forward 12 month net dollar inflows hedged at an average rate of Rs. 66.64.

Our current ratio at 2.0 improved on account of better working capital management. Our profitability ensured that our increase in working capital was funded through internal accruals and we had paid down all of our short term working capital debt at the end of September.

Capacity Expansion

- After an aggressive timeline to add capacity in both our RTS line (taking capacity up to 210,000 packs per day) and setting up a completely new sauce manufacturing line (with the ability to manufacture hot-filled preservative-free sauces) we are happy to report that both these lines are functioning well and as per design. This capacity will allow us to meet customer orders for the rest of the year in our RTS business and allow us to get a larger share of business from our existing sauce customers.

- Business demand in the next fiscal year (2018) will require us to add incremental capacity for our RTS business. Plans are being drawn up to add an incremental 50,000 meals per day capacity in our existing campus. This capacity will allow us to meet anticipated growth in the new year.

General

- Your Company was well prepared for the GST transition that happened starting July 1, 2017. Our ERP system and other processes have been appropriately changed as required to account for all input tax credits and GST payables.

- This was also the first quarter where our results were reviewed by the Company's new statutory auditors, BSR & Associates. The financials have been prepared adopting IND-AS (Indian Accounting Standard). Major changes include reclassification of preference share from equity to a financial liability that comes up for repayment in August 2018.