

Investor Release

Lux Industries reports strong Q2 & H1 FY21 Results

November,2020, Kolkata - Lux Industries Limited, one of India's largest hosiery producer and exporter announced its Unaudited Financial Results for the Quarter and Half ended 30th September 2020.

Key Financial Highlights are as follows:

Particulars (Rs. Crs.)	Q2 FY21	Q2 FY20	Y-o-Y	H1 FY21	H1 FY20	Y-o-Y
Income from Operations*	387.8	354.9	+9%	635.0	618.0	+3%
EBITDA	74.2	54.3	+37%	121.3	89.6	+35%
<i>EBITDA Margin (%)</i>	<i>19.1%</i>	<i>15.3%</i>	<i>+380 bps</i>	<i>19.1%</i>	<i>14.5%</i>	<i>+460 bps</i>
Profit After Tax	50.7	40.6	+25%	81.5	59.4	+37%
PAT Margin (%)	13.1%	11.4%	+160 bps	12.8%	9.6%	+320 bps

*Includes Other Income

Commenting on the Industry Trends, Mr. Ashok Kumar Todi, Chairman said,

“During Q2 FY21 we witnessed progressive recovery playing out across sectors due to CoVID-19 related concerns moderating with each passing day. Also, easing of lockdown restrictions in major parts of the country, upcoming festival season coupled with onset of winter, the demand scenario looks promising across our economy, mid-premium, and premium product categories.

On operational and financial aspects, our performance for the quarter was noteworthy considering the intermittent lockdowns on account of the pandemic. During the quarter gone by our manufacturing and distribution operations were partially impacted in some parts of the country due to extended lockdowns especially western India. However, we are seeing significant green shoots in Tier – 2 and Tier – 3 towns which continue to outperform metro cities. In addition to that we saw significant demand coming from e-commerce space compared to previous quarters.

Several initiatives undertaken by us to enhance our operating efficiencies and optimise costs in recent past are helping us yield stronger results. Going ahead we are expecting consolidation in the innerwear industry as it is fragmented with multiple small players with limited financial resources.

Also, consumers are becoming more aware and informed about the quality branded products which will help us penetrate better in organised market as well help us gain market share from the unorganised sector. Our focus has always been to improve financial and operational efficiencies. Our growth is mainly attributable to changing product mix, optimum capacity utilisation, focussed marketing and brand building initiatives.”

Commenting on the Results, Mr. Pradip Kumar Todi, Managing Director said,

“Our Company has posted healthy set of performance across all major KPIs despite ongoing CoVID-19 challenges and economic slowdown thereafter. Our revenues for the quarter grew by healthy 9% to Rs. 387.8 Crores. EBITDA and PAT stood at Rs. 74.2 Crores and Rs. 50.7 Crores respectively for Q2 FY21. With the festive season coming in we expect a demand momentum to continue in the coming quarters.

Our EBITDA Margins have seen a significant improvement of ~380 basis points to 19.1% majorly on account of increase in value added products and overall cost efficiency measures. We have also seen a healthy improvement in PAT Margins by ~160 basis points to 13.1%.

Our constant endeavour to optimise our working capital cycle has started reaping benefits. For the half year ended 30th September 2020, our working capital requirement reduced by Rs. 86 crores and is at Rs. 413 crores compared to Rs. 499 crores as September 2019. We have also reduced our debt and have now become a net cash Company.

Our proposed scheme to merge J. M. Hosiery & Co. Limited (JMHL) and Ebell Fashions Private Limited (EFPL) with Lux Industries Limited was on track and NCLT has directed meeting of shareholders and creditors of Transferor and Transferee Companies to be held on 27th November, 2020 for approval of proposed scheme of Amalgamation.

While export market was impacted in the last quarter due to supply chain disruptions, we saw some encouraging responses on export front and expect export trade to return to normalcy in coming few quarters. We continue to engage with our customers through various social media campaigns and advertisements and carry out various brand building activities which has helped us maintain strong brand recall and loyalty.

We believe that with the complement of improving exports, traction in E-commerce sales, better product mix, celebrity endorsements and high quality products should further enhance our revenues across segments.”

About Lux Industries Limited

Lux Industries Limited, incorporated in 1995 is one of the largest players in the hosiery business having a market share of ~20% of the organised industry. Products include Men's, Women's & Kids Innerwear, Winterwear, Socks & Slacks for Women in varied colours and designs. The company has ~5,000 SKU's under various Brands and Sub Brands of LUX. With focus on growing exclusive retail outlets and in providing customers with a seamless buying experience, the company's products are available in ~4,50,000 retail points spread across India. LUX has a presence across the globe with exports to 47 countries.

Safe Harbor Statement

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

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