



LT Foods Ltd.

**DAAWAT**

THE FINEST BASMATI



#1 in US



Investor Presentation – February 2016

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# Evolution of LT Foods

**DAAWAT**  
THE FINEST BASMATI



# Evolved from a Rice Trader to...



## 1985-1995

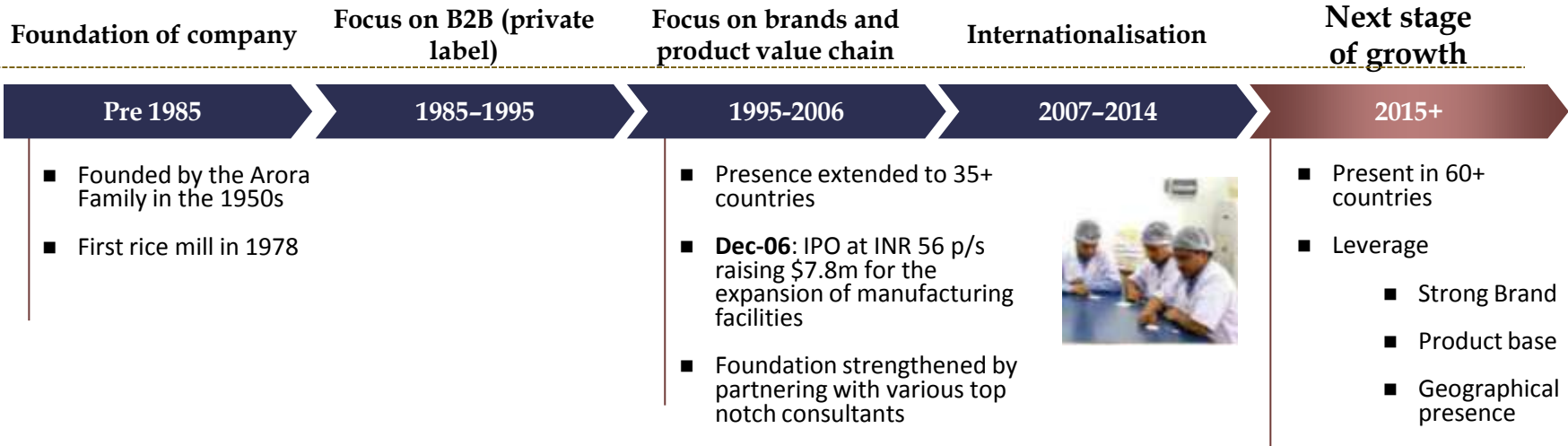
- Incorporation of LT Overseas Ltd
- Launched 'Daawat' brand in 1985
- 'Daawat' brand still in developing stages – launched the brand internationally in c. 20 countries

## 2007-2010

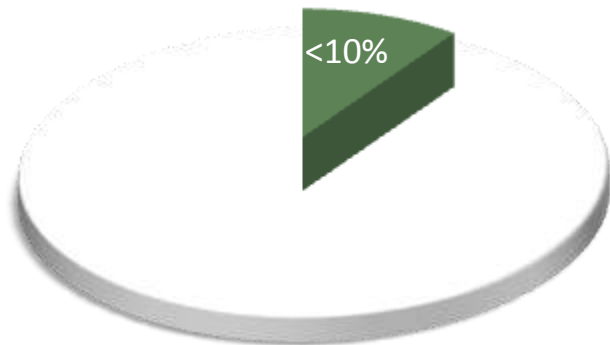
- Acquired 'Royal' brand in US
- Rabo PE invested equity capital of c.\$10m

## 2011-14

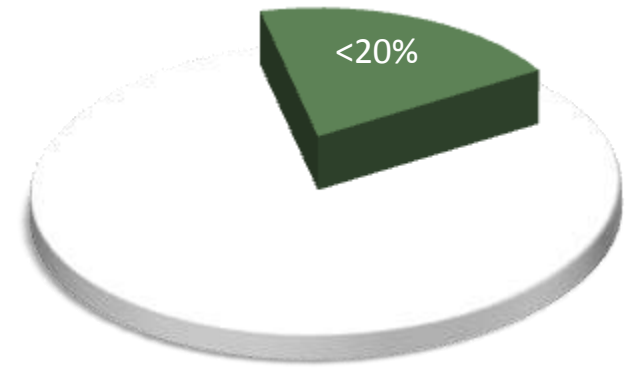
- Daawat reached #2 among basmati rice brands in India
- Launched value added staples and rice-based snacks



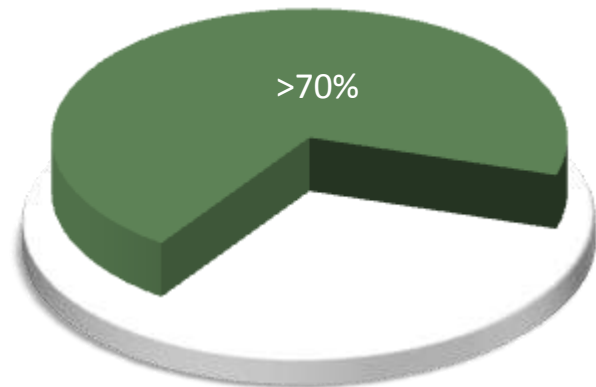
# ...A Leading Branded Speciality Rice Player...



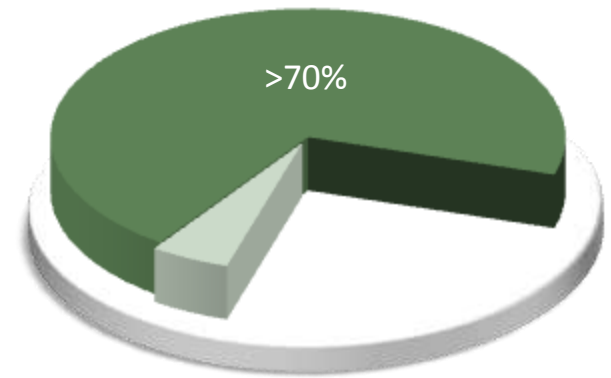
**1985-95** Focus on B2B  
(Private Label)



**1996-2006** Focus on Brands &  
Product Value Chain



**2007-14** Internationalization



**NEXT** Stage of Growth

# A Specialty Food Company...

## Branded Basmati rice



### Premium



### Health



### Horeca

### Mid-price

### Value

## Value added staples



Wheat flour

Refined flour

Chickpea flour

Semolina

Flattened rice

## Other products



### Oils



### Organic food

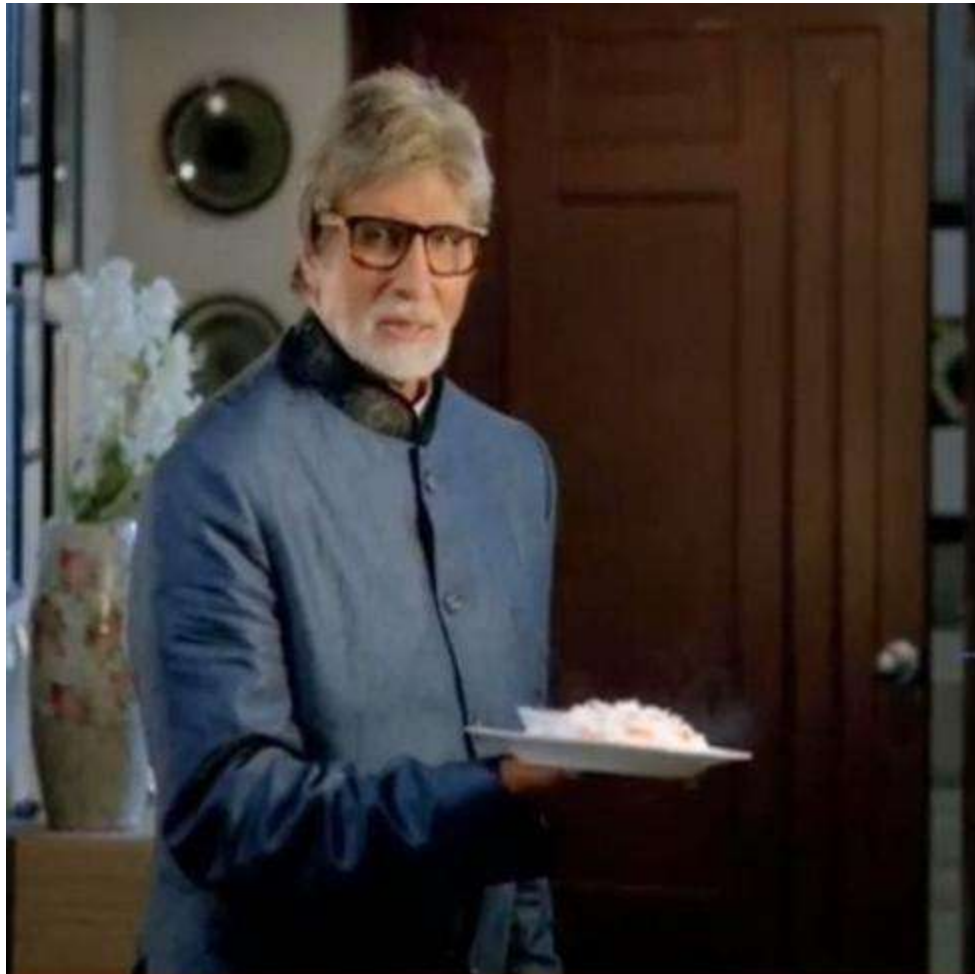
# ...with Leading Global & Regional Brands



#2 Brand in India



Safe Bhi Saaf Bhi



#1 Brand in US



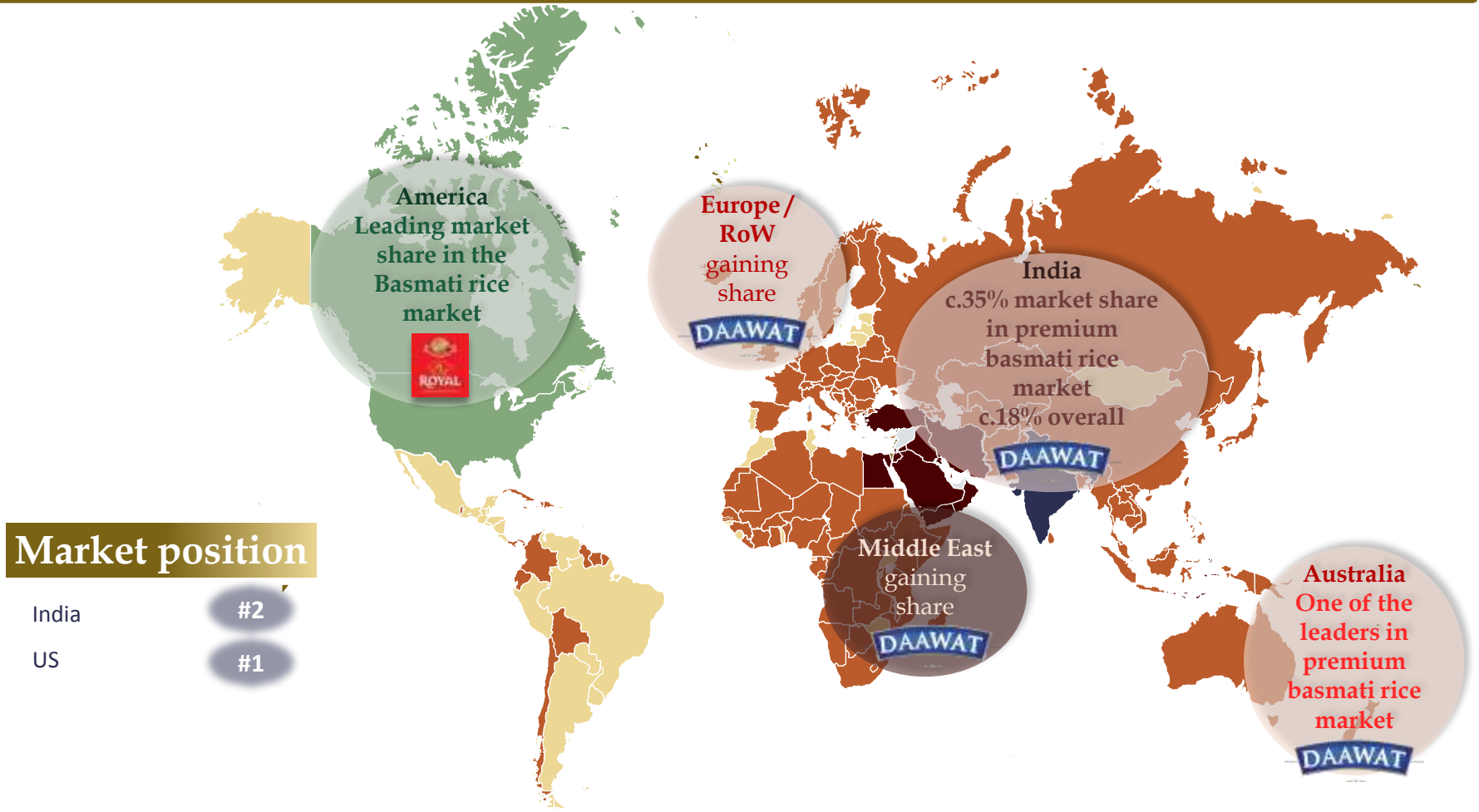
100% Organic



Grape Seed Oil



# ... Global Presence in over 60 Countries



**Market Share of Daawat in Branded rice market in India improved from 11.9% in 2010 to 17.9% in 2015**

# ... Under Experienced Leadership



﴿ Vijay Kumar ﴾  
Arora

Chairman and  
Managing Director



﴿ Ashwani ﴾  
Arora

Managing Director  
& CEO



﴿ Abhinav ﴾  
Arora

President,  
LT Foods US



﴿ Vivek Chandra ﴾

CEO, Global  
Branded Business



﴿ Monika Jaggia ﴾

Vice President,  
Finance & Strategy

Years at  
LT Foods

25 years



LT Foods Ltd.

25 years



LT Foods Ltd.

7 years



LT Foods Ltd.

5 years

P&G



Associated  
British Foods  
plc

18 years



LT Foods Ltd.

Previous  
experience

# ... With Strong Management Team



**Tapan Ray**  
MD & CEO,  
Nature Bio-Foods

13 years



**Manoj Chugh**  
Head of Procurement

20 years



**Kamal Poplai**  
Head of Quality

8 years



**Nadine Curias**  
VP Strategy &  
Marketing

5 years



**Sai S Krishnan**  
VP Supply Chain  
& Operations

4 years



**Jerry Taylor**  
Senior,  
VP Sales

23 years



**Som Nath  
Chopra**  
CFO

9 years



**Kaizar Colombowala**  
Head, R&D

8 years



**Vikram Patil**  
Associate Director  
Strategic Process Improvement

8 years



**Chris Skolmutch**  
Product Development Manager,  
LTFA

1 year



**Mukesh Aggarwal**  
CFO, LTFA

7 years



Years at  
LT Foods

Previous  
experience

Years at  
LT Foods

Previous  
experience

# ... And Experienced Advisory Board...



☺ K.N. ☺  
*Memani*  
*Advisory Board*



☺ Ravi S. ☺  
*Naware*  
*Advisory Board*

*Years at  
LT Foods*

*Previous  
experience*



# ... With State of the Art Manufacturing Facilities



<b>Rice capacity (TPH)</b>	33	5 (organic rice)	26	6	12
<b>Key products</b>	Raw rice	Organic rice and snack	Rice, plain chips, chips seasoning, rice/wheat flour, brown rice	Rice and parboiled rice	Rice (golden, creamy, boiled, parboiled and raw)
<b>Accreditation</b>	ISO, SQF, BRC, SA, Kosher, OU, Halal	ISO, NOP, NPOP, EEC and Kosher	FSSC, Halal, Kosher and BRC	ISO	FSSC and BRC
<b>USP</b>	1 <sup>st</sup> to have complete storage in 1 MT bags	100% organic facility with cold and CO <sub>2</sub> treatment	1 <sup>st</sup> to get FSSC 22000 certification		Fully integrated and automated facility

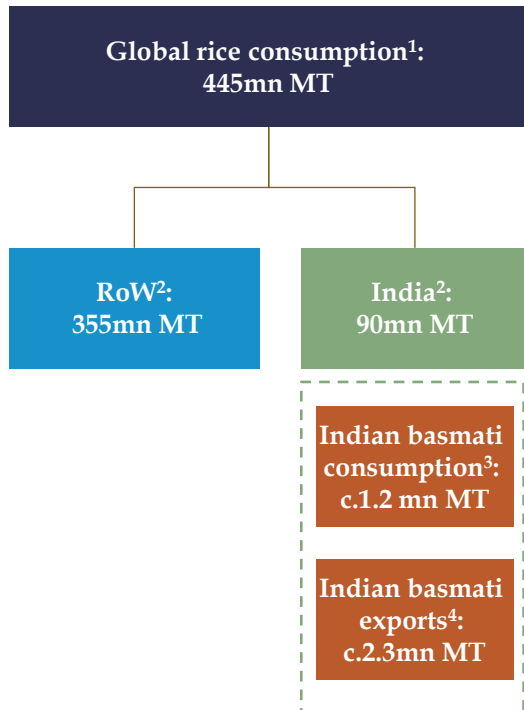
# Industry Overview

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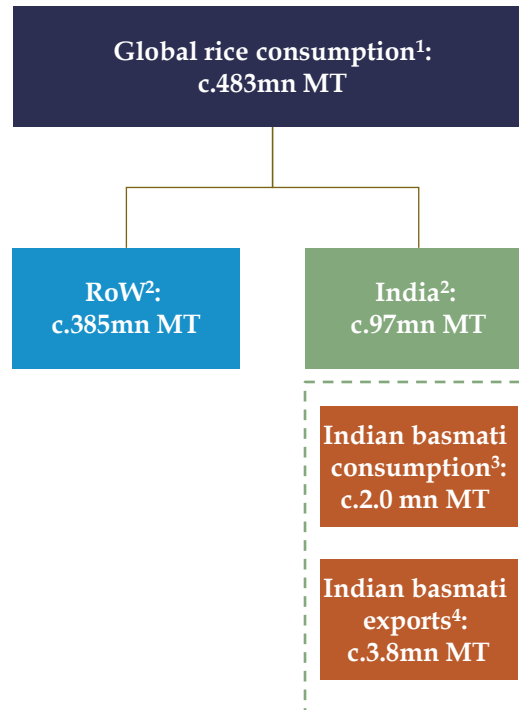


# Rice market overview

2010-11

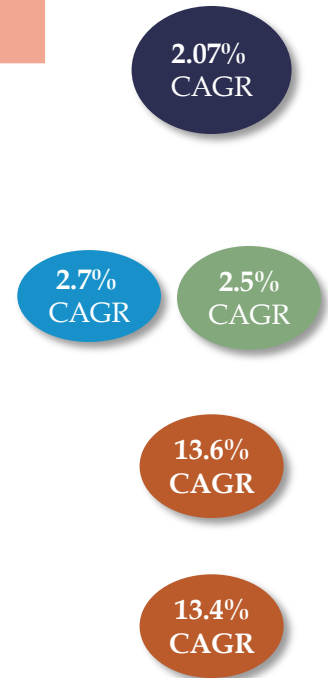


2014-15



Valued at c.\$240bn

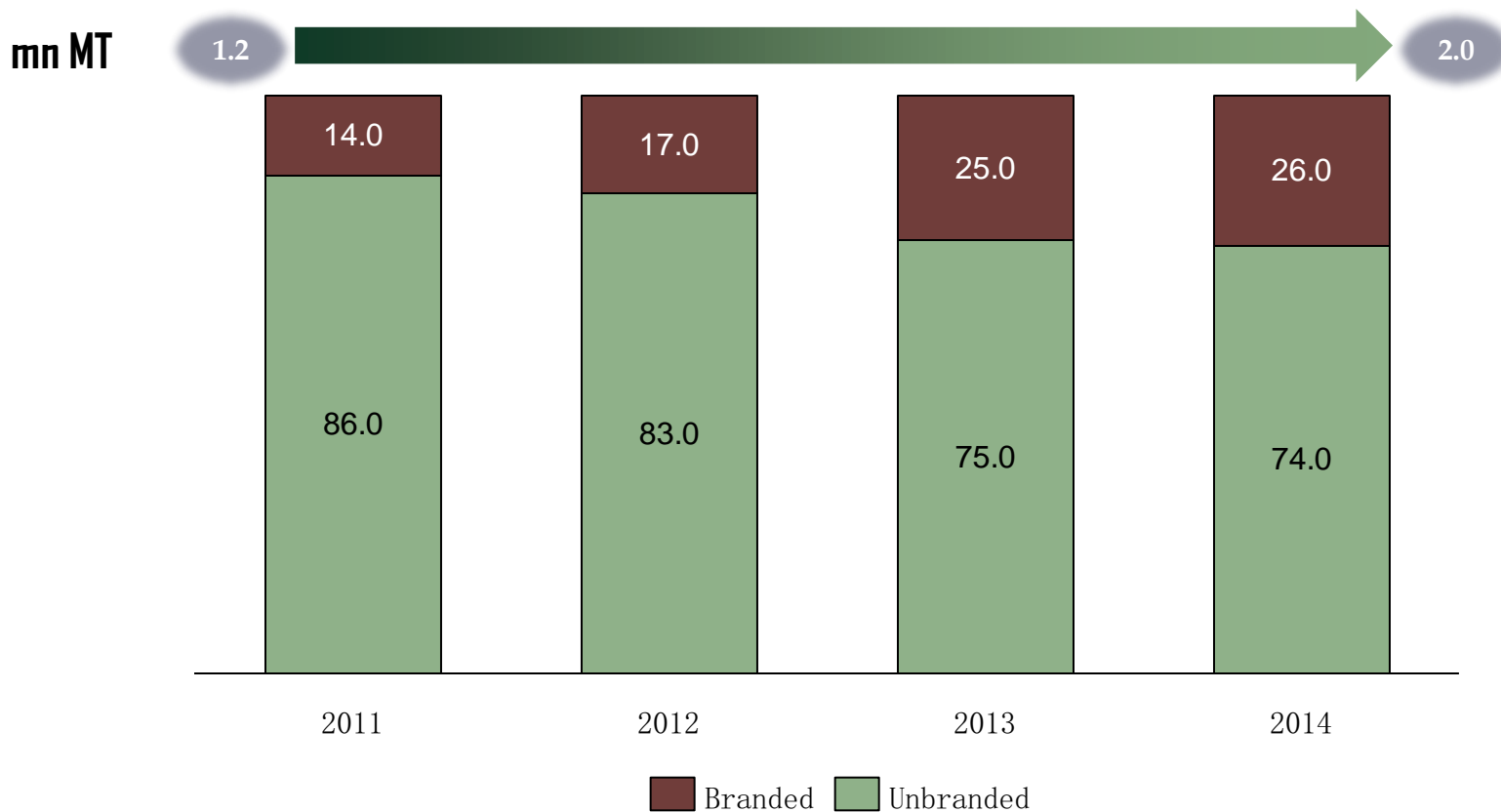
Growth



**India Accounts for 20% of global rice consumption and 80% of Global Basmati Exports**

# Growing Domestic Basmati Rice Industry...

## Indian Basmati Consumption (%)

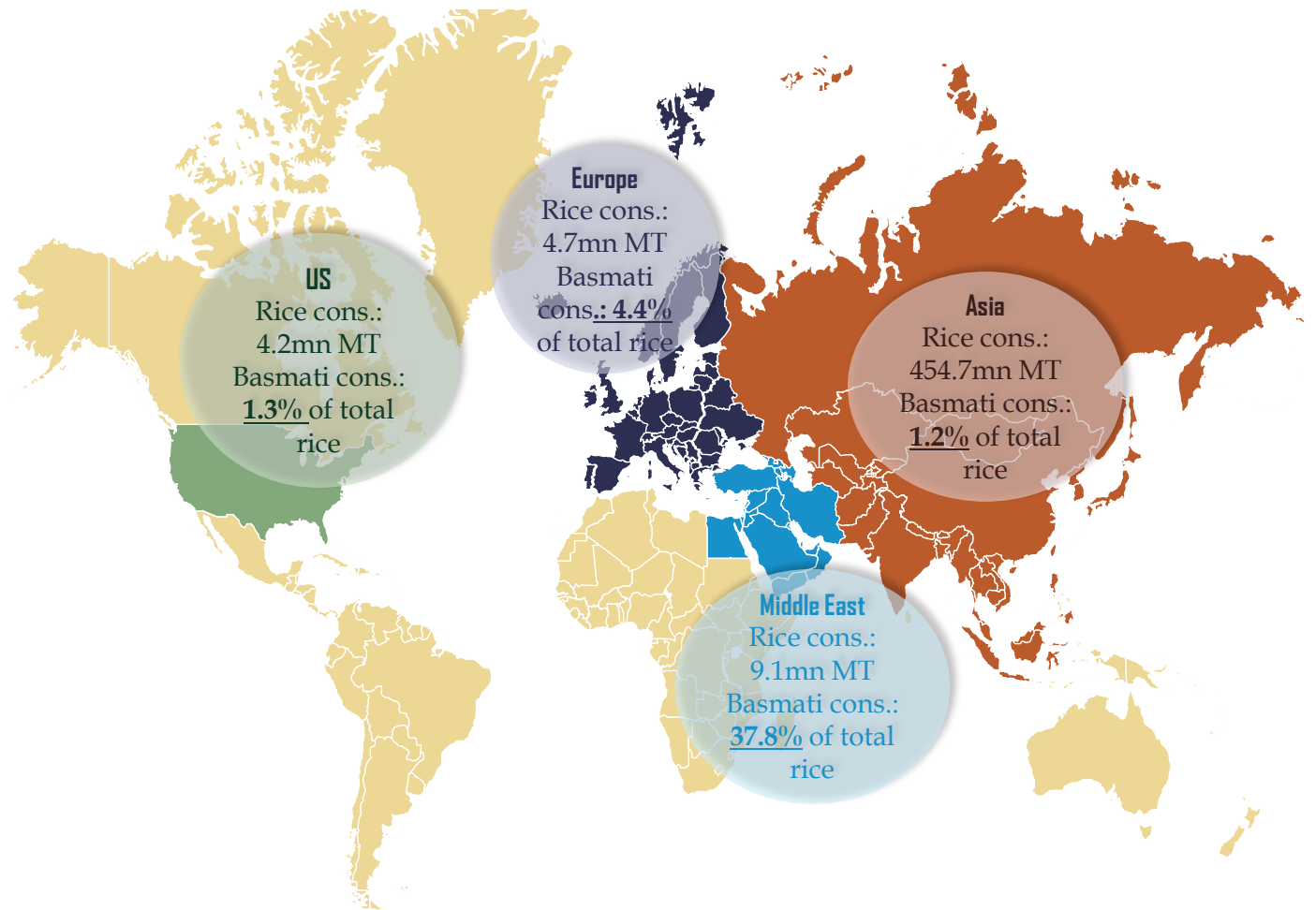


**Consumers are switching from Unbranded to Branded Basmati Rice**



# ...with a Huge Global Potential

- US and Europe basmati consumption of c.3% is low despite a large Asian population: significant room for growth
- The Middle East remains a large export region for LT Foods, with premium basmati rice widely consumed in the region
- Major growth opportunity in Central-Asia: high rice consumption but as yet low presence of LT Foods'
- Growing acceptance of Indian/Asian cuisine worldwide could also be a growth lever



# Entry Barriers



# Branded Rice = NON Commodity Business

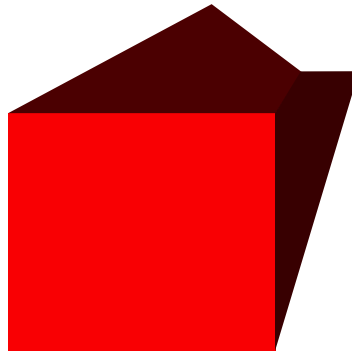
**01**  
Integrated  
Business Model



**02**  
Contract Farming  
Relationships

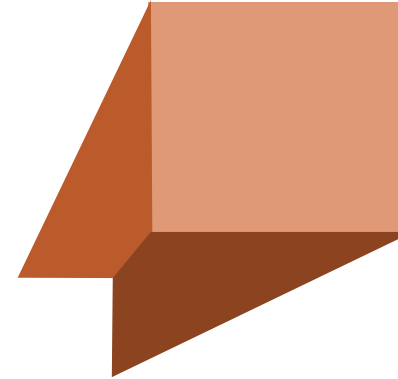


**03**  
Expertise in  
Paddy  
Procurement

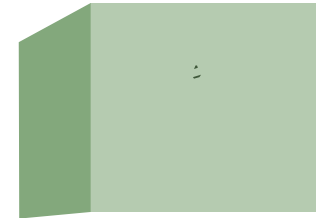


**High Entry  
Barriers**

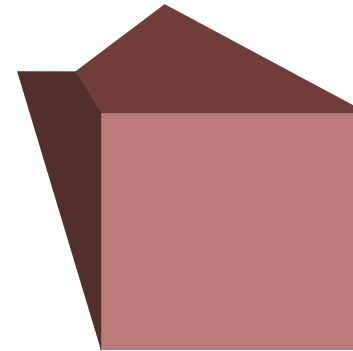
**04**  
Strong Brand &  
Market Share



**05**  
Broad Portfolio  
of Products



**06**  
Distribution  
Network



# 01 Integrated Business Model



LT Foods Presence

## 02 Contract Farming Relationships

### Backward Integration

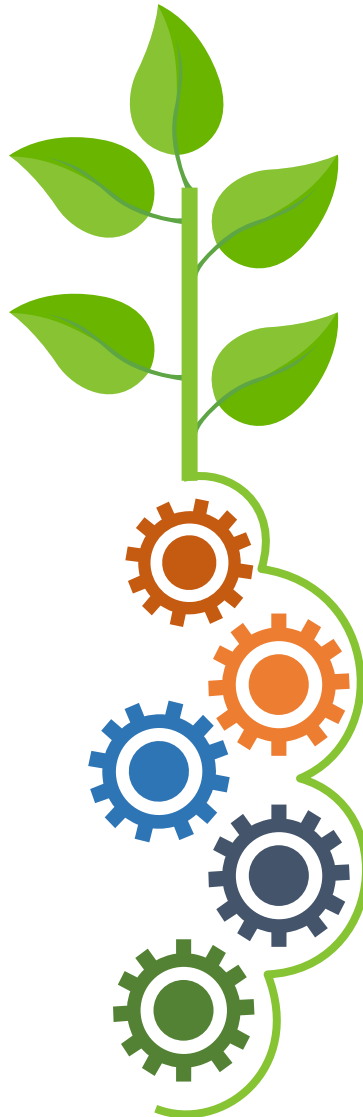
Backward integration program for the last 9 years

### Regular Interaction

Regular interaction between farmers and company representatives

### Control over Crop Produce

Quality checks & Buy Back Arrangements



### Improved Yields

Partnership and relationship with farmers results in improved yields

### Awareness

Full knowledge of seed quality used for growing paddy

### Controlled Chemical Use

Procure Globally accepted standards of paddy

## 03 Expertise in Paddy Procurement

### Scientific Methods

Best Practice Planning tools to procure high quality paddy

### Strong Procurement Network

Strong Coverage : 234 Mandis covered by 270 Agents

### Regular Flow of Information

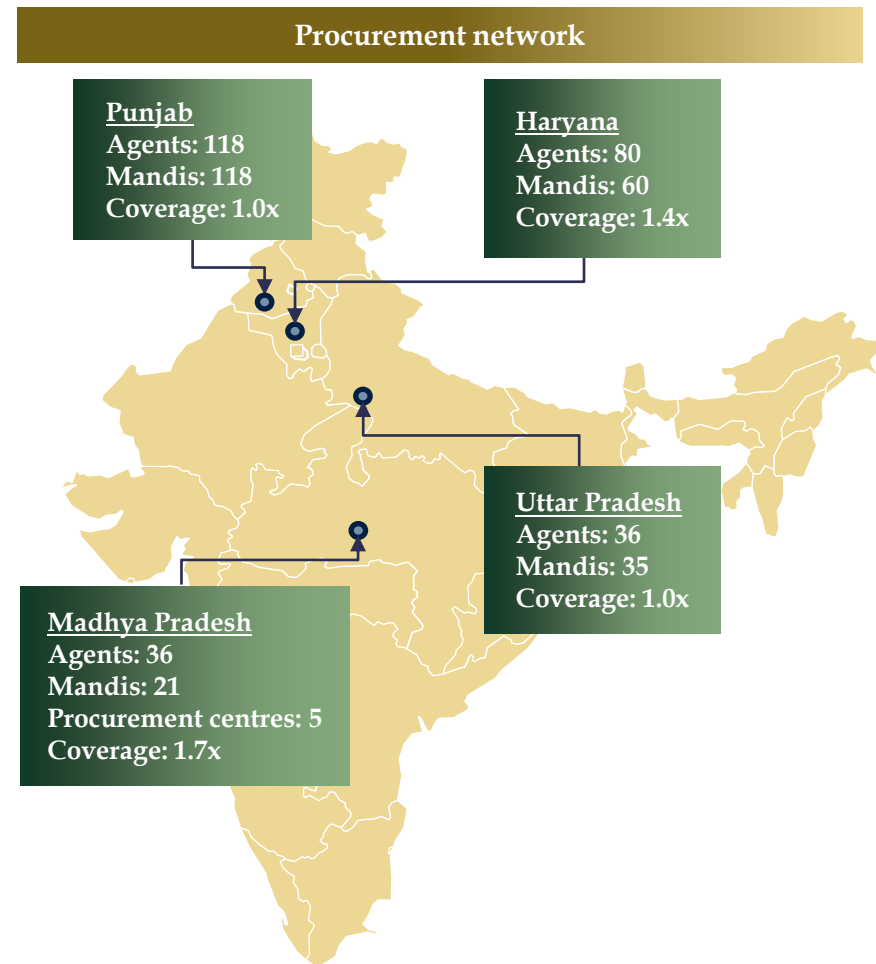
Full control on buying process throughout the year

### Stringent Quality Checks

Quality check at each stage from Mandis to Test Labs

### Responsible Sourcing Programme

Sustainable farming practices in partnership with BayerCropScience



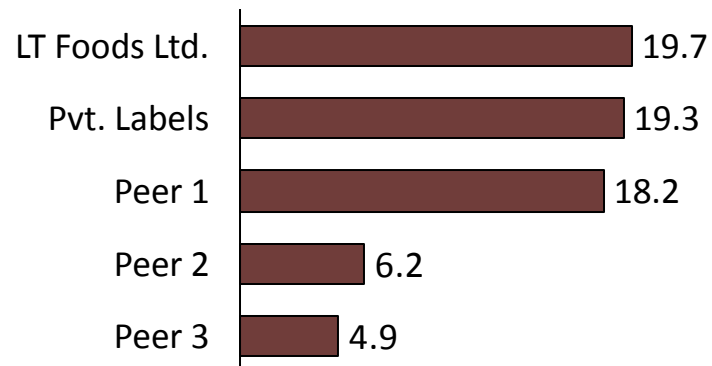
Strong coverage of mandis across the key basmati producing states

# 04 Strong Brand & Market Share...

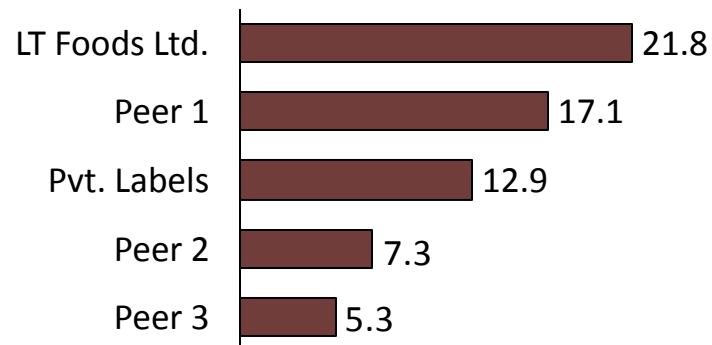
## #1 and #2 market position in 7 Countries incl India & US



## #1 : All India Urban Markets (%)



## #1 : All India Town Class - 1 (%)



# ...that hedges Profitability...

## Paddy Procurement



Branding Creates Pricing Power

## Paddy Aging & Processing

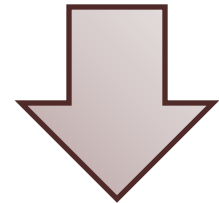


Sale to End Consumer

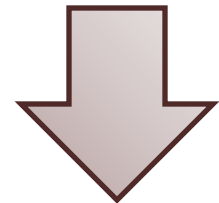


Purchase Price can be ascertained in advance

Paddy Purchase – Yr 1  
: Oct to Dec



Aging 9-12 Months



Sales Yr 2 : Oct  
Onwards



# ...and is Preferred among Consumers

**Daawat ranks the best in terms of consumer perceptions on key Basmati Quality Parameters**

Consumer Perceptions on Key Parameters	Daawat	Peer 1	Peer 2
	Preferrers	Preferrers	Preferrers
Offers finest Basmati rice	✓		
Brand of high quality	✓		
Good for Health	✓		✓
Has good aroma	✓		
Known for its taste	✓	✓	
Grains are separate after cooking	✓	✓	
Helps me cook new variety of dishes		✓	
Showcase my superior cooking skills	✓		
Brand that I relate to the most	✓	✓	
Available everywhere	✓		
Offers good value for money			✓

Source : Consumer U&A : 2014

Top 3 Brands Differentiated Across Parameters

# 05 Broad Portfolio of Products

## Basmati rice

- White Basmati
- Brown Basmati
- Sela Basmati
- Organic Basmati
- Traditional Basmati
- Super Basmati



## Specialty rice (non-Basmati)

- Jasmine Thai
- Brown Jasmine Thai
- Arborio
- Sona Masoori
- Sona Masoori Organic
- Kerala Mata rice
- Ponni rice
- Gujarat no. 17 rice



## Other food products

- Curry paste
- Cooking sauces
- Wheat flour
- Couscous
- Tea
- Ecolife organic range
- Rice mixes
- Grape seed oil



# 06 Fully Developed Sales Network

## General Trade

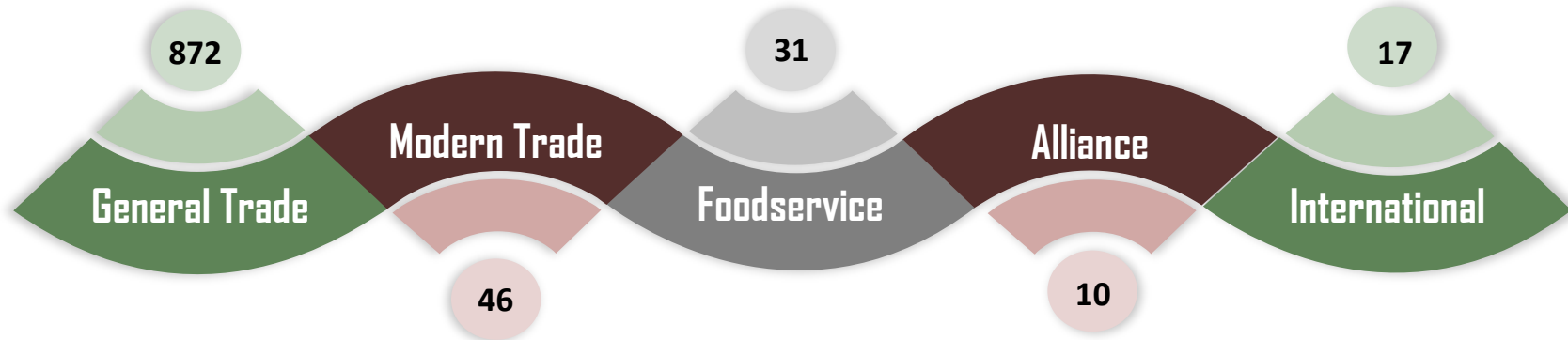
- Currently access to 1,10,000 traditional retail outlets
- Reach – 93% of towns with over 2 lakh population
- Access to 3000 Wholesalers

## Food Service

- #1 supplier amongst the premium hotels & restaurants with ~50% share
- Access to 4,400 foodservice outlets
- ‘Dawat Chefs Secretz’

## International

- Target each Distribution Channel – Ethnic Stores, Club, Food Service, Retail & Private Label
- ~12 dedicated Sales Personnel supported by 5 Marketing Specialist



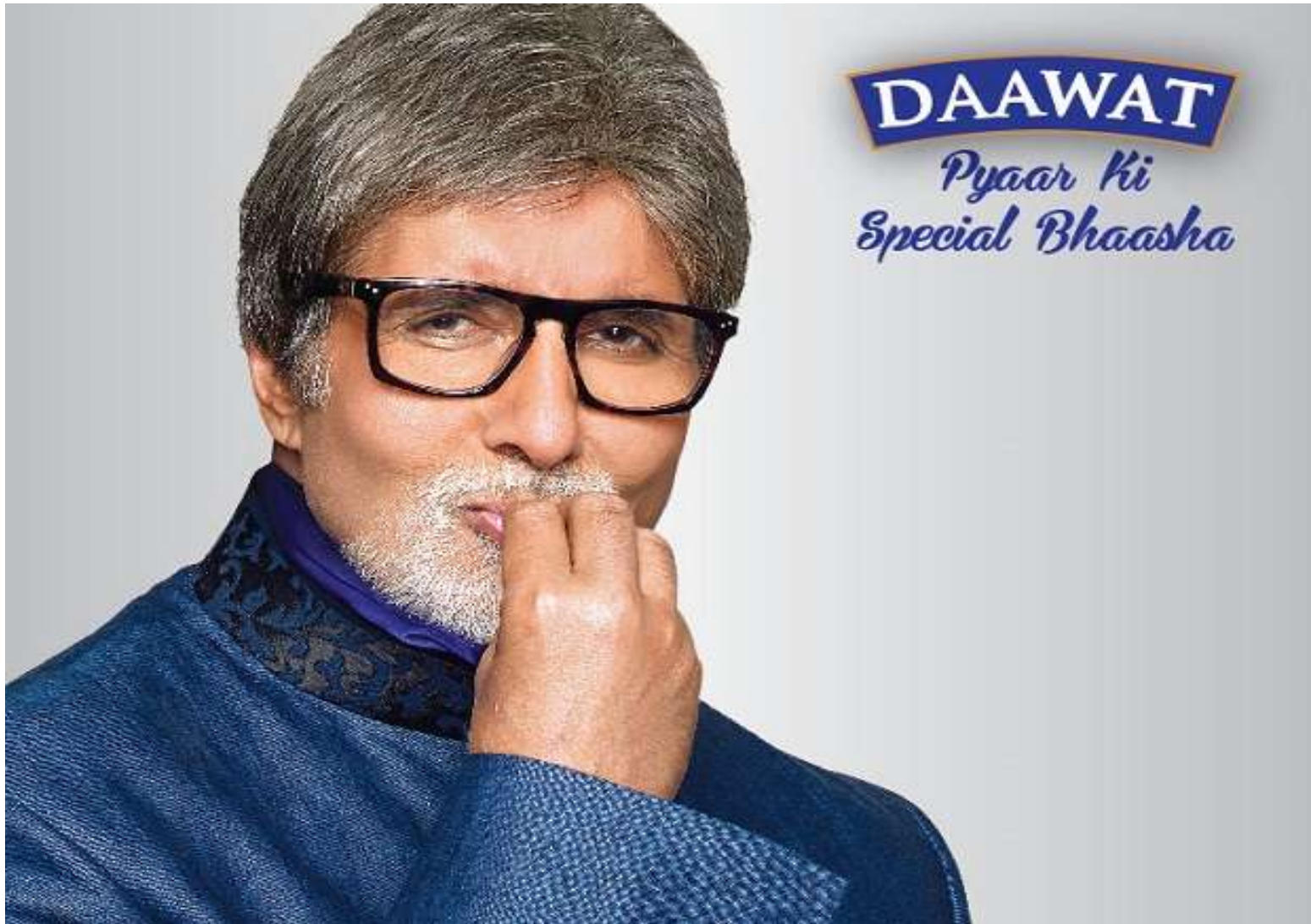
## Modern Trade

- Access to 2,500 modern trade stores incl. 121 hypermarkets, 298 supermarkets and 1,462 mini markets
- 1<sup>st</sup> Rice Co. to place Brown Basmati Rice in Medical Chains

## Alliance

- State Owned Oil majors with extensive network
- Alliance with Army Camp Retail Outlets

# Strategy For Sustainable Growth

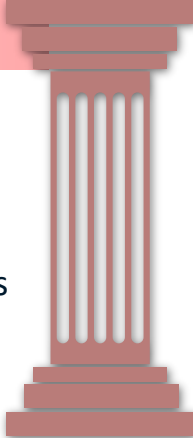


# Three Pillars of Sustainable Growth



## Consumer Focused

- Brand led growth
  - Leverage existing brands
- Products across different Value proposition
- Strong Brand for every Price point & Product



## Continuous Expansion

- Geography led
- Product led
- Entry in Adjacent Businesses



## Sustainable Business Model

- Integrated Business Model – “Farm to Fork”
- NOT dependant on monsoon or paddy prices
- EBITDA : 4Y CAGR of 27%

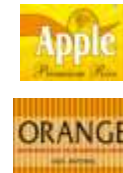
# Consumer Focused



Branded products

- Traditional Basmati
  - Biryani Basmati
  - Pulav Basmati
  - Super Basmati
- Daawat fast cooking brown rice
- Chef Secretz Basmati
  - Chef Secretz Light
  - Chef Secretz Sella
  - Altarif / Daawat Golden Sella

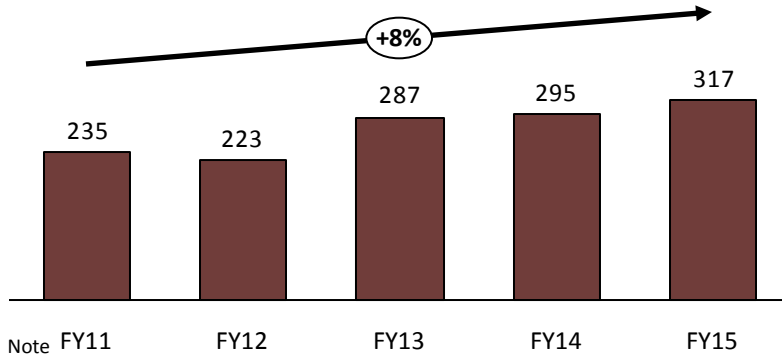
Brands



Strong Brands for Each Range of Product

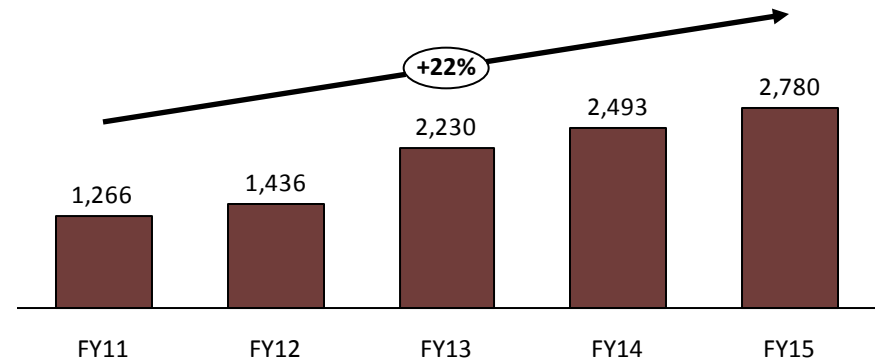
# Sustainable Business Model

## Rice Volumes ('000s MT)

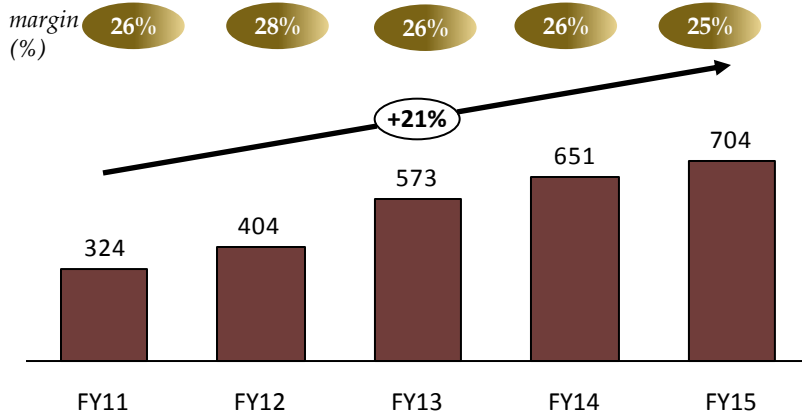


Note FY11  
1 Volumes include India branded rice, international branded rice and institutional rice. Excludes organic rice and international agri-trade;

## Revenues (Rs Crs)



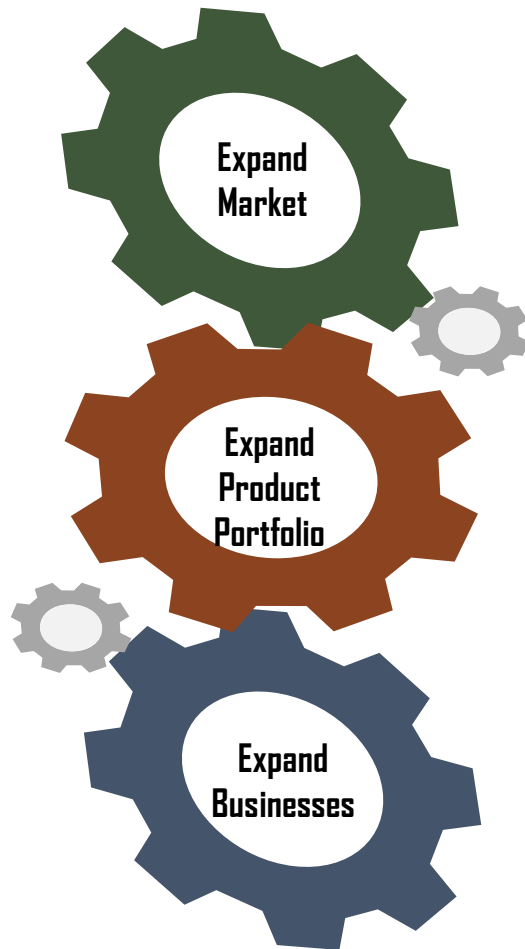
## Gross profit (Rs Crs)



## Paddy Inventory - Key to Sustainable Growth

- Paddy needs to be aged for 9-12 months for better product offering
- Sustainability is ensured by carrying 9-12 months of Paddy Inventory

# Continuous Expansion



## Expansion in Branded Rice Market – India & International

- Consumer Focused Approach especially in the bigger markets
- Expanding in Newer Markets and Building Stronger Position in Existing Markets

## Expansion in Product Portfolio

- Leverage - Brand, Distribution Network Portfolio of Branded Basmati Rice
- Recently launched staples with proposition of quality of sourcing and absence of Chemicals

## Expansion in Business

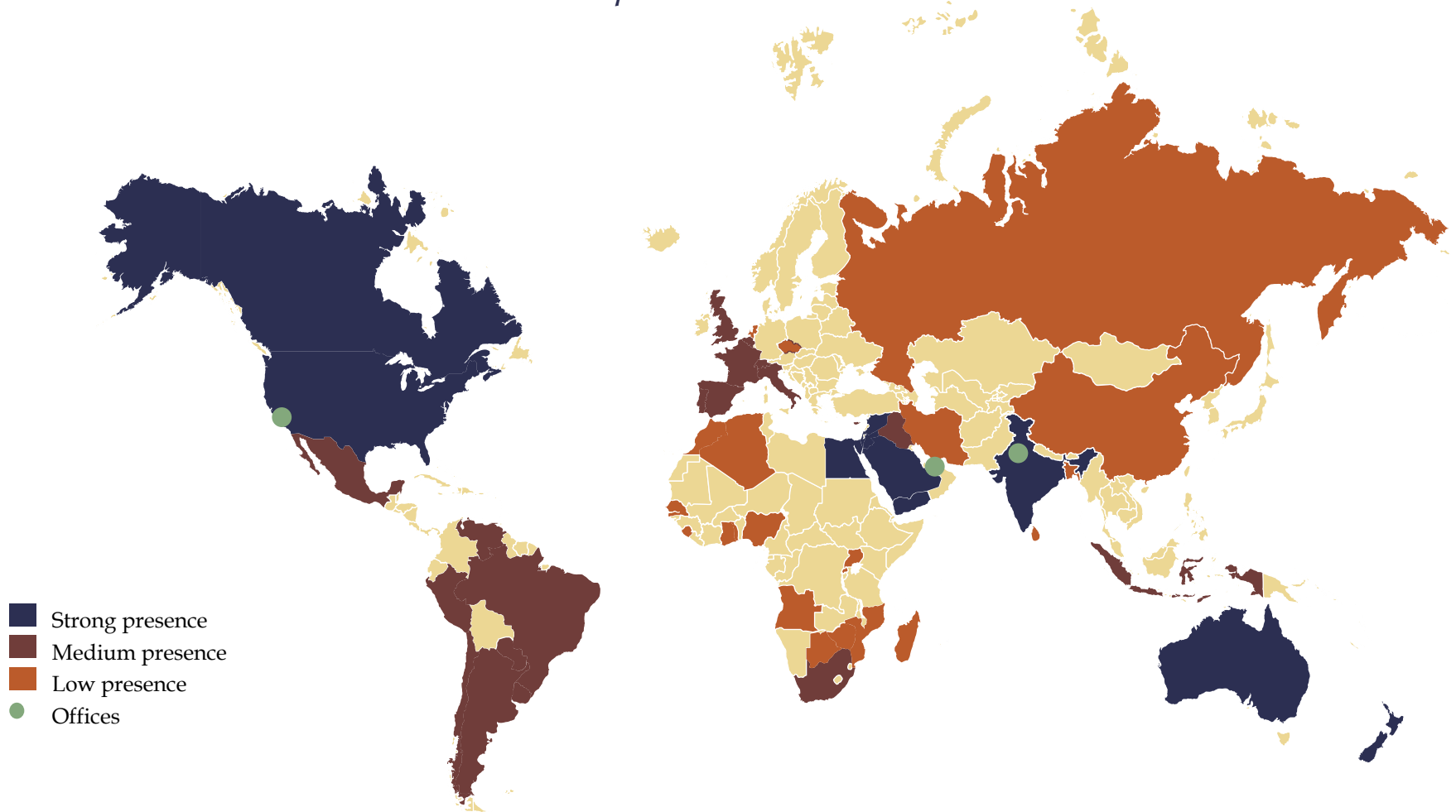
- Entry into Organic Foods Business – Nature Bio – Foods Ltd.
- Nature Bio's Product Range : Pulses, Oil Seeds, Spices, Cereal Grains, Grains, Lentils, Rice, Nuts Fruits & Vegetables etc

Facilities Expansion through Asset Light Outsourcing Model



# Expansion in Branded Rice Market – India & International

*Entered 6 new geographies in the international market during FY 15, to further expand its geographical reach, which encompasses more than 60 countries*



# Expansion in Product Portfolio

## Value added staples



*“Responsibly sourced,  
honestly packed”*

*“Correct food”*

## Organic food



### Product portfolio

Wheat flour, refined flour, chickpea flour, semolina, flattened rice

Rice, pulses, soya, spices, (small portions) – currently all B2B

### Rationale

- Capitalise on existing distribution platform (synergies)
- Having a larger basket of products will provide economic rationale for expanding distribution network
- Market opportunity

- Leverage strength of existing supply chain and distribution
- Capitalise on global trend for organic products (15% growth in the US across the category)

### Stage of development

- Sales across India planned for last quarter of FY16
- Currently in pilot in 3 states

- Preparing for B2C launch in first quarter of FY17 in both India (Daawat umbrella) and the US (Royal umbrella)

# Expansion in Business – Nature Bio-Foods Ltd.

## Key products

- Wholly owned subsidiary of LTF — Pioneers of organic foods in India since 1997
- Fully integrated across the supply chain (production, processing, sales)
- 80,000 farmers divided into 130 groups across 15 states
- Provides education and micro-finance to farmers
- ~160,000 acres of land
- Dedicated facility in Sonapat
- Direct procurement — No tax, fee or brokerage
- Regular re-evaluation of certifications
- Standardized quality of seeds



Bulk rice



White rice flour



Brown rice



Medium grain rice



Organic kings blend



Organic black rice



Lentils, Queens blend



Medium grain brown rice



Special red rice



Branded rice

Preparing for B2C launch by first quarter FY17 in both India (Daawat umbrella) and the US (Royal umbrella)



Oil seeds



Pulses



Spices



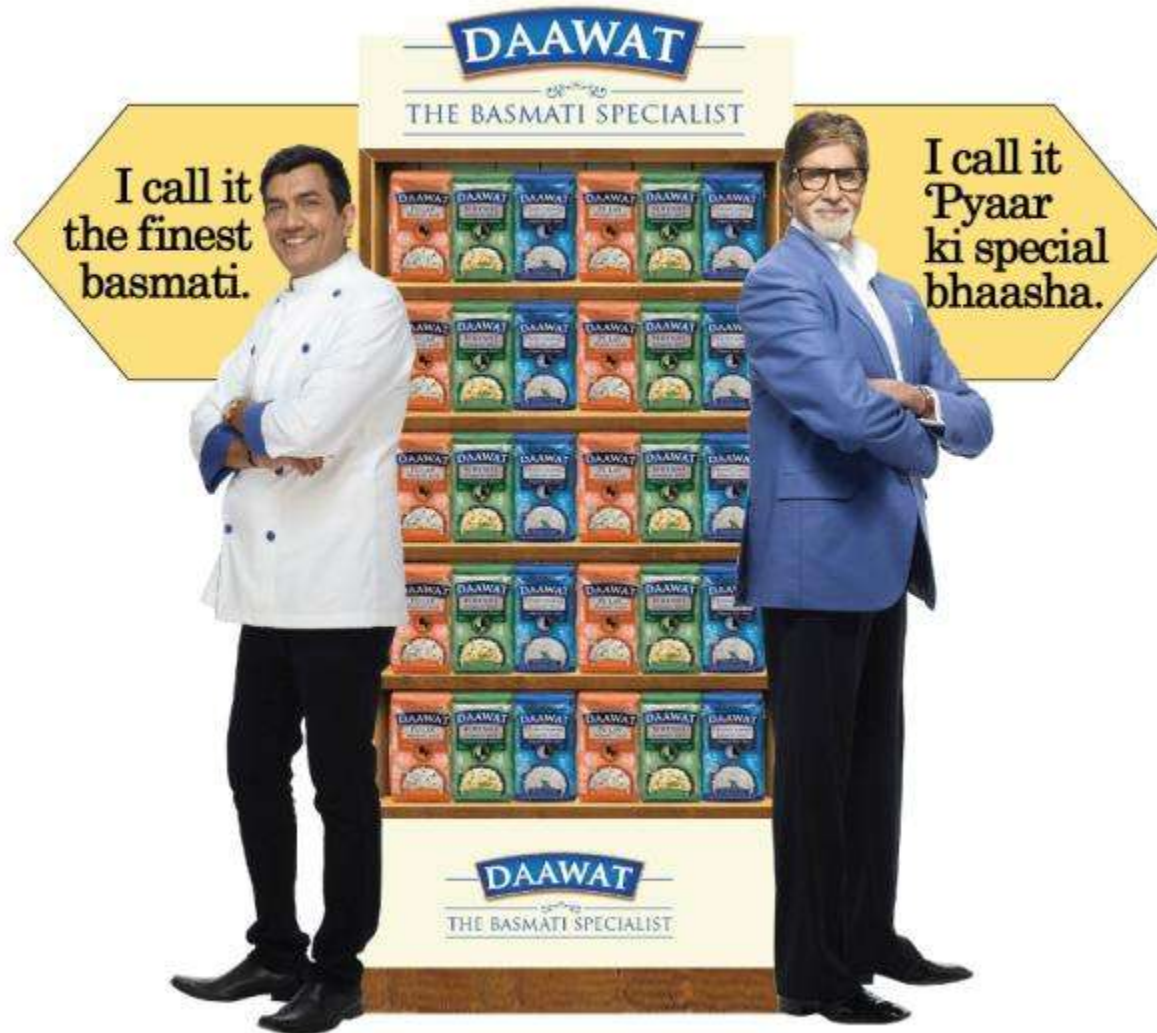
Cereal grains



Nuts, fruits and vegetables

## Certifications

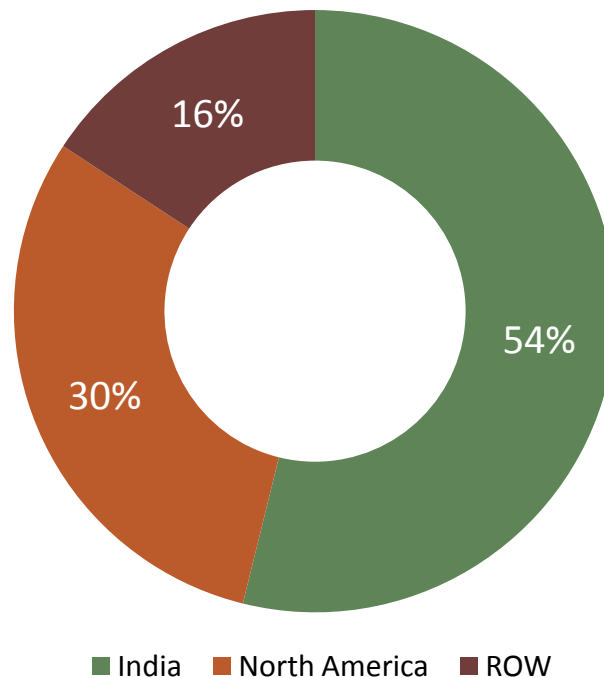
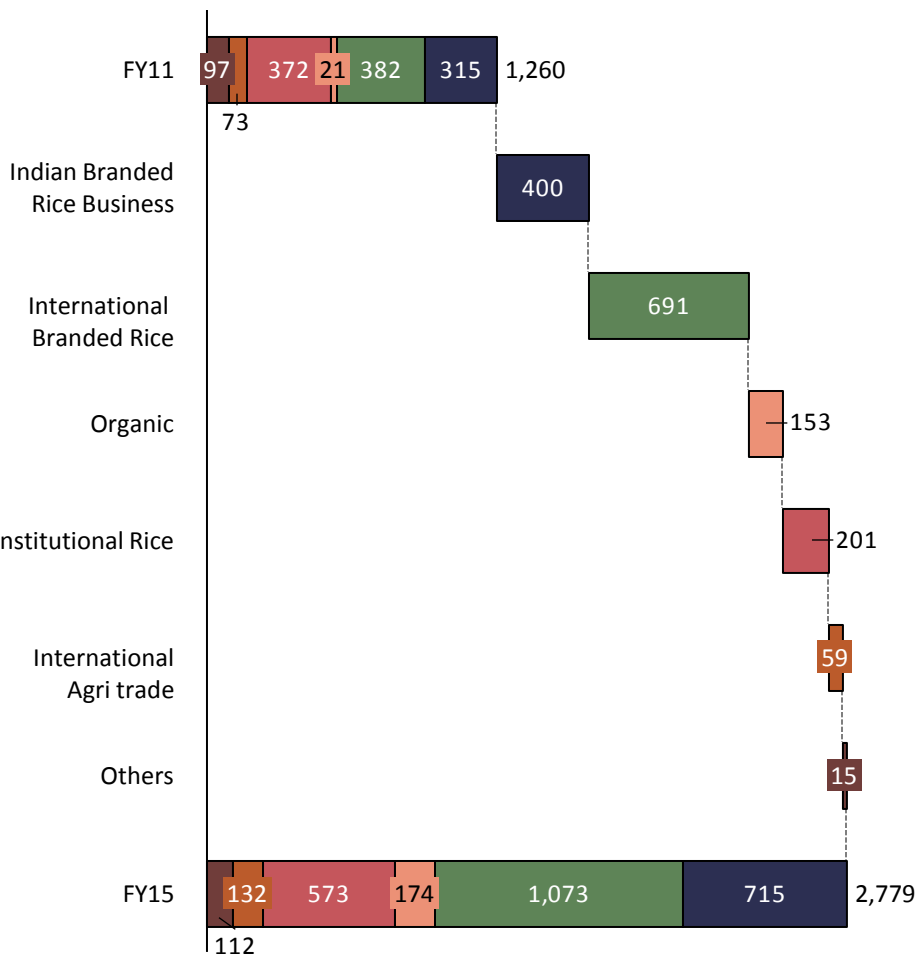




# Revenue Breakup

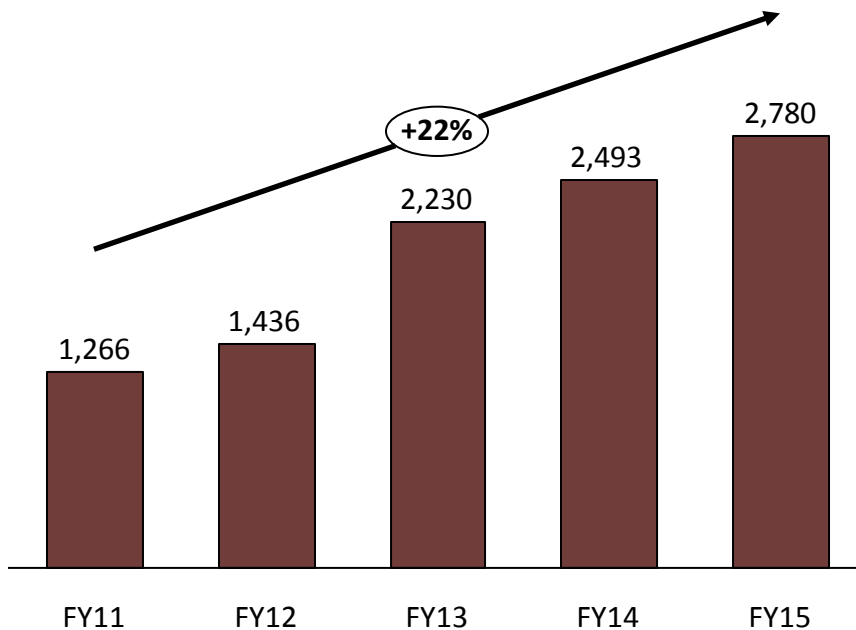
## FY11 – FY15 Revenue bridge by business segment

## Geographic Breakup of Revenue for FY15

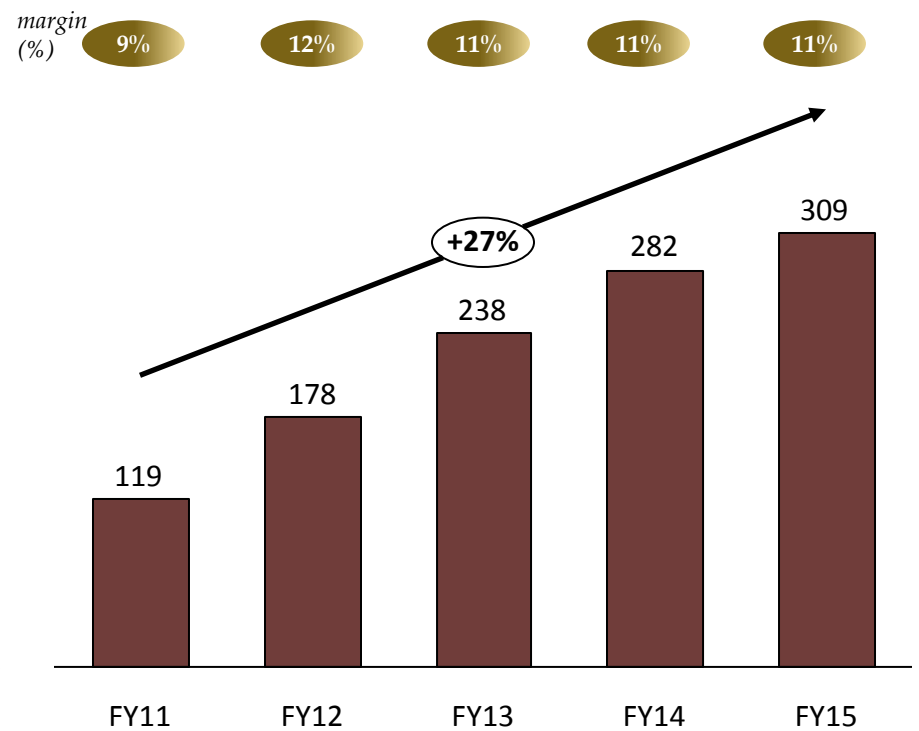


# Improving Margin Profile

Revenues (Rs Crs)

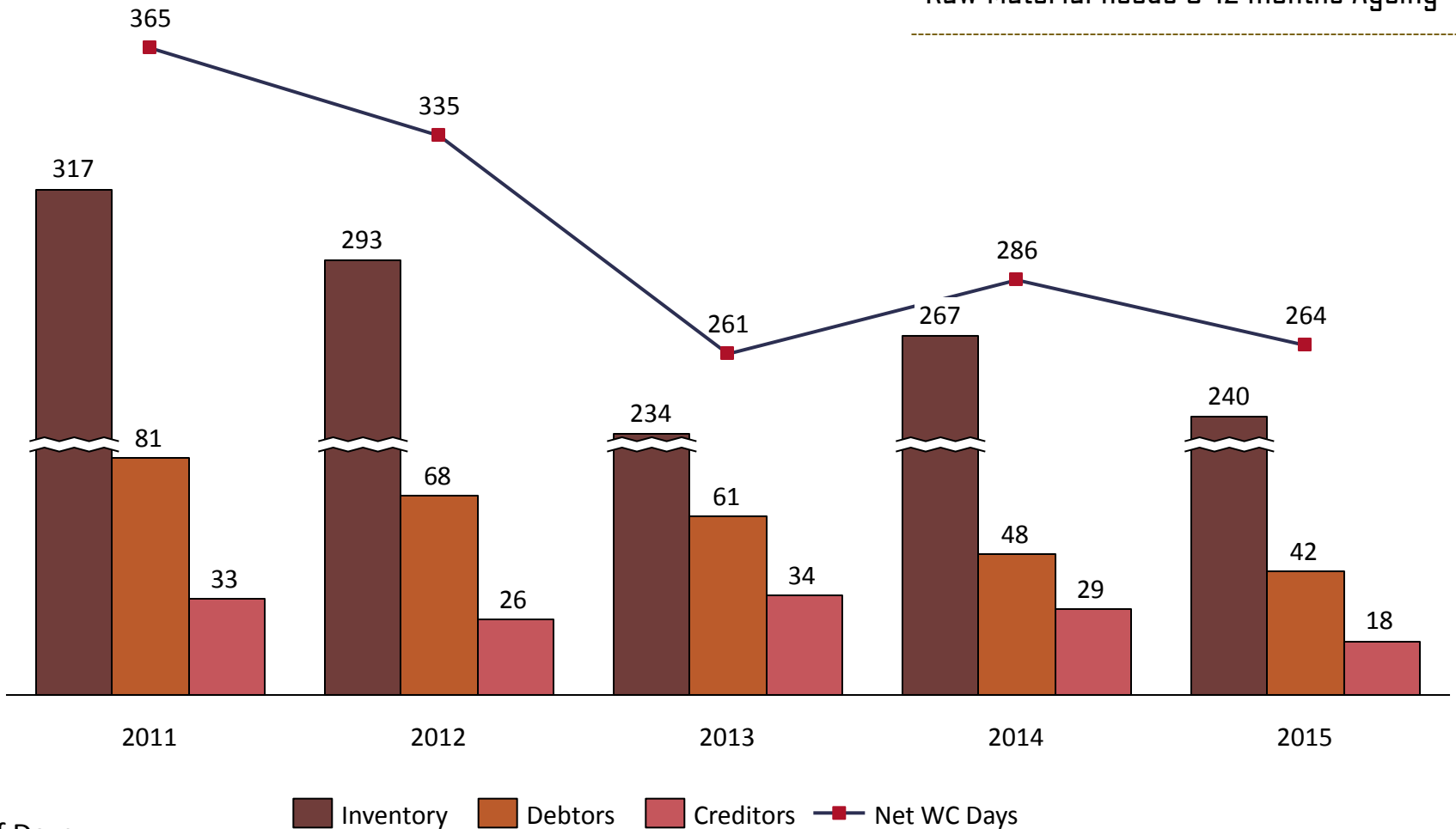


EBITDA (Rs Crs)



# Improving Working Capital

Raw Material needs 9-12 months Ageing



# Consolidated Profit and Loss Statement

Rs. Cr	3QFY16	3QFY15	YoY %	2QFY16	QoQ%	9M FY16	9M FY15	YoY%
<b>Revenue</b>	<b>727</b>	<b>709</b>	<b>2%</b>	<b>691</b>	<b>5%</b>	<b>2,173</b>	<b>2,063</b>	<b>5%</b>
Raw Material	504	547	-8%	493	2%	1,543	1,572	-2%
Employee Expense	21	19	10%	22	-3%	63	55	13%
Other Expenses	125	81	55%	86	45%	304	216	41%
<b>EBITDA</b>	<b>76</b>	<b>63</b>	<b>22%</b>	<b>90</b>	<b>-15%</b>	<b>263</b>	<b>221</b>	<b>19%</b>
EBITDA Margin	10.5%	8.8%		13.1%		12.1%	10.7%	
Other Income	0	0		0		1	1	
Depreciation	14	12	19%	14	1%	41	33	22%
<b>EBIT</b>	<b>63</b>	<b>51</b>	<b>23%</b>	<b>77</b>	<b>-18%</b>	<b>223</b>	<b>188</b>	<b>19%</b>
Finance costs	33	35	-5%	35	-7%	110	107	3%
Exceptional (Gain)/Loss	0	0		0		0	0	
<b>PBT</b>	<b>30</b>	<b>17</b>	<b>81%</b>	<b>42</b>	<b>-28%</b>	<b>113</b>	<b>81</b>	<b>39%</b>
Tax	12	6		16		40	27	
<b>PAT</b>	<b>18</b>	<b>11</b>	<b>67%</b>	<b>26</b>	<b>-29%</b>	<b>73</b>	<b>54</b>	<b>35%</b>
PAT Margin	2.5%	1.6%		3.8%		3.3%	2.6%	



# Consolidated Balance Sheet

Rs. Cr	Sep-15	Mar-15
<b>Shareholders Fund</b>	<b>518</b>	<b>463</b>
Share Capital	26	26
Reserves & Surplus	491	436
<b>Minority Interest</b>	<b>38</b>	<b>34</b>
<b>Total Non Current Liabilities</b>	<b>57</b>	<b>90</b>
Long Term Borrowings	55	89
Other Non-Current Liabilities	2	1
<b>Total Current Liabilities</b>	<b>1,571</b>	<b>1,858</b>
Short Term Borrowings	1,179	1,550
Trade Payables	179	100
Other Current Liabilities	213	208
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,184</b>	<b>2,445</b>

Rs. Cr	Sep-15	Mar-15
<b>Total Non Current Assets</b>	<b>419</b>	<b>425</b>
Fixed Assets	302	311
Goodwill on Consolidation	78	74
Non Current Investments	6	7
Other Non Current Assets	33	33
<b>Total Current Assets</b>	<b>1,765</b>	<b>2,020</b>
Inventories	1,056	1,362
Trade Receivables	328	318
Cash & Cash Equivalents	43	21
Other Current Asset	338	319
<b>TOTAL ASSETS</b>	<b>2,184</b>	<b>2,445</b>



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**Company :**

LT Foods Limited.

CIN - L74899DL1990PLC041790

Ms Monika Jaggia

Monika.Jaggia@ltgroup.in

[www.ltoverseas.com](http://www.ltoverseas.com)

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**Investor Relations Advisors :**

Strategic Growth Advisors Pvt. Ltd.

CIN - U74140MH2010PTC204285

Ms. Ekta Bhalja/ Mr. Nirbhay Morzaria

[bekta@sgapl.net](mailto:bekta@sgapl.net)/ [mnirbhay@sgapl.net](mailto:mnirbhay@sgapl.net)

+91 7738031362/ +91 9819612212

[www.sgapl.net](http://www.sgapl.net)

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