



LT Foods



# Corporate Presentation

August - 2018

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- Revenue FY 18 – INR 3,650 crore, 5 year CAGR – 10%
- 69% of revenue from own brands delivering a 5 year CAGR of 16%
- Driving a superior financial performance – EBITDA Margin – 12.5% and PAT Margin – 4.6%
- Capturing value addition opportunities extensively across Basmati, Specialty Rice, Organic Food and rice based convenience products

*Presenting an attractive branded business investment opportunity*



- Evolution from a rice trader to a leading branded specialty rice Company
- Evolution from a B2B Private Label supplier to creating powerful brands
- Evolution from a family held to be a publically traded Company
- Evolution to a global branded player by creating strong branded position backed by own brands and inorganic route

# A business with a 80 year history



## 1985-1995

- The majority of business was private label
- Incorporation of LT Overseas Ltd
- Launched 'Daawat' brand in 1985
- 'Daawat' brand still in developing stages - started launching the brand internationally in c. 20 countries



## 2007-2010


- Acquired 'Royal' brand in US
- Rabo PE invested equity capital of c.\$10m
- Launched four new variants of Specialist Range of Daawat Basmati Rice



## 2011-17

- Acquired 'Gold Seal Indus Valley', 'Rozana' and '817 Elephant' brands
- Launched 'EcoLife' - organic food brand in USA and India



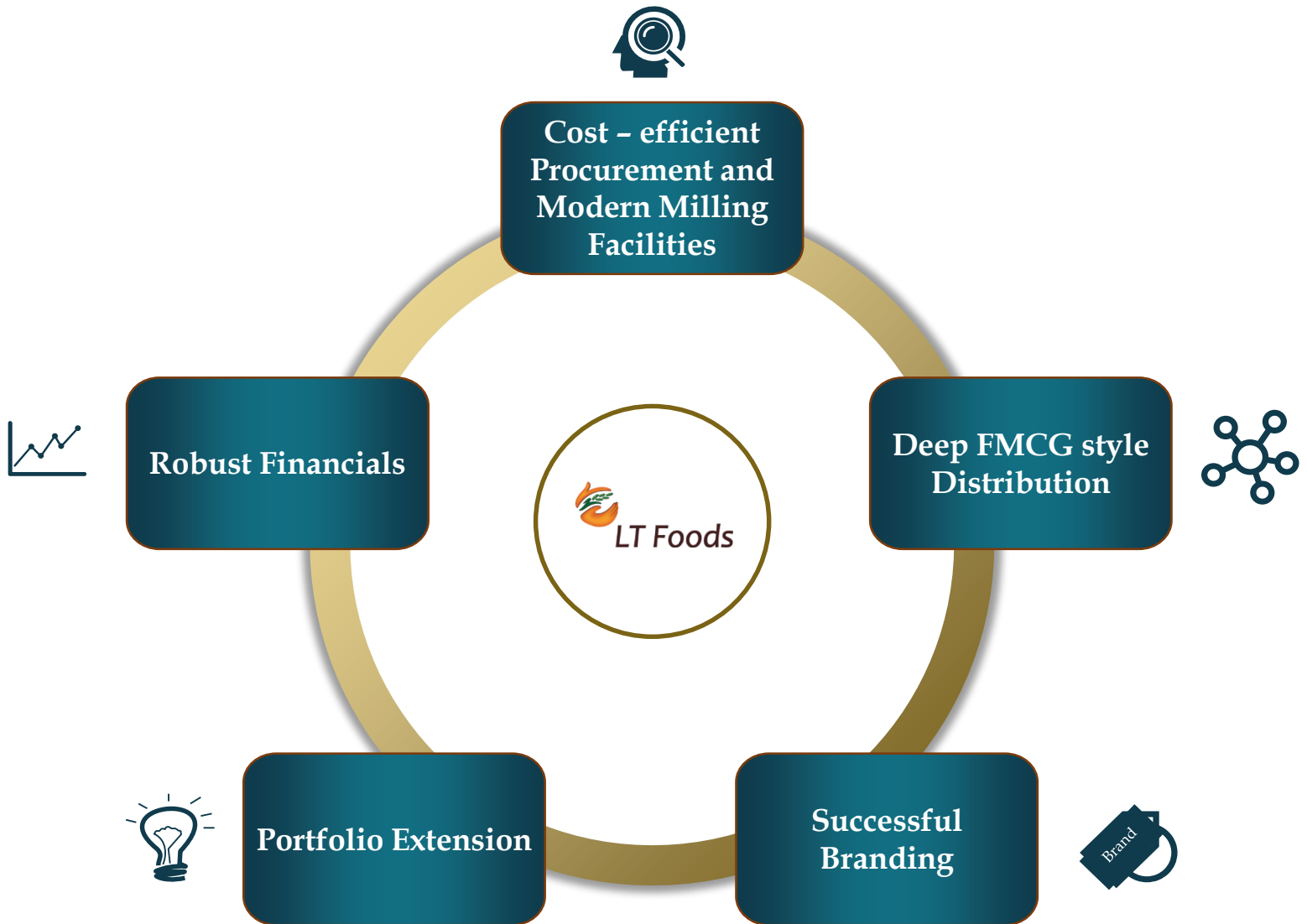
Foundation of company	Focus on B2B (private label)	Focus on brands and product value chain	Internationalisation (Expanding Global Reach)	Next stage of growth
Pre 1985	1985-1995	1995-2006	2007-2017	2018+
<p><b>Branded revenue (%)</b></p> <ul style="list-style-type: none"> <li>■ Founded by the Arora Family in the 1950s</li> <li>■ First rice mill in 1978</li> <li>■ Set up as a partnership for trading of basic staples such as rice, wheat etc.</li> </ul>	<p><b>Branded revenue (%)</b></p> <p>&lt;10%</p>	<p><b>Branded revenue (%)</b></p> <p>&lt;20%</p> <ul style="list-style-type: none"> <li>■ Focus on expanding the brand proposition and establishing a presence across the entire value chain (i.e. from premium to value)</li> <li>■ Presence extended to 35+ countries</li> <li>■ Dec-06: IPO at INR 56 per share raising \$7.8m for the expansion of manufacturing facilities</li> </ul>	<p><b>Branded revenue (%)</b></p> <p>&gt;60%</p> 	<p><b>Branded revenue (%)</b></p> <p>&gt;69%</p> <ul style="list-style-type: none"> <li>■ Leverage existing strengths - brand and distribution to expand product portfolio</li> <li>■ Successful induction of long term funds of Rs. 400 crores through QIP</li> </ul>

*Evolution from a rice trader to a leading branded specialty rice player with a strong portfolio*



## Pillars of LT's Growth Story

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## Cost - efficient Procurement and Modern Milling Facilities

# Cost-Efficient Procurement: The genesis of success

## Attributes of a best-in-class procurement program



### Network

One of the largest and best entrenched networks. Enjoys high credibility at mandis

- 270 agents associated with 234 mandis
- Early access to key varieties
- Prompt payment
- Peak procurement during Oct to Nov every year



### Forecasting

Smart, in-house models to capture demand projections

- Historical records for over multiple seasons
- Tab-based instant interaction between HQ and frontline agents
- Full control on buying process throughout the year



### Quality focus

Zero tolerance for poor quality. Scientific focus on right quality produce

- 2 research facilities
- End to End traceability
- Multi-stage testing from mandi to laboratory
- Highest compliance on pesticide residue
- Certifications: ISO 9001, 14001, 17025, 8000 BRC and SQF



### Consistency

Getting the grain right every time

- Expertise earned over 30 years on average
- Appearance, Aroma, Taste, Texture –all locked in
- Rejection rate of 1.5% to 2%

Advantage

## Attributes of a best-in-class procurement program



### Relationships

#### Nurturing best-practices cultivation for the best 'Basmati'

- Alliances with Rallis India, Syngenta and Bayer Crop Sciences
- Extension services active in Haryana & UP
- Dedicated engagements for organic farming. Minimum 3 yrs commitment
- Strengthening environmentally sustainable agri-model



### Storage

#### Complete control over maturing process. Proprietary practices driving consistent output

- World-class, scientifically managed silos for paddy and rice storage
- Audited favourably multiple times by external agencies. Complemented by stringent internal audits
- Dedicated programs to age 7 varieties. Enhancing aroma and quality of grain

## Attributes of a best-in-class procurement program



### Processing

**Advanced milling & packaging infrastructure. Incorporating global best practices.  
Continuous reduction in costs through improved efficiencies**

- 5 integrated and automated facilities with 101 TPH capacity
- Dedicated presence in EU with 60K MT processing plant at Rotterdam
- 3 packaging facilities in the US
- Producing 7 varieties rice for end uses/markets.
- 100% organic facility with cold and CO<sub>2</sub> treatment at Sonapat
- Value added products facility at Mandideep –FSSC 22000 certified
- Awarded ~3 times by APEDA for quality



# Deep FMCG style Distribution

# Deep FMCG style Distribution

Championing Basmati across the world. An emerging, wholesome foods-conglomerate



## Global reach

**Strong international orientation. Catering to local requirements in each market**

- Contribution as at FY18: North America – 30%, Middle East-11%, RoW-21% & India – 38%
  - Leadership in North America (45%)
  - 35% market share in premium Basmati in India (28% overall share)
  - Strongly gaining presence in Europe/RoW and ME



## Network spread

**Fast Moving Indian Foods Company. Reach that is second to none**

- Servicing 150,000 retail outlets in India, reaching 93%+ towns in India with  $\geq$  2 lakh population
- Available through 30 to 40 distributors in North America & in Europe/RoW
- Available on major e-commerce platforms
- Dedicated team for sales and supported by marketing specialists

Advantage

# Deep FMCG style Distribution

Championing Basmati across the world. An emerging, wholesome foods-conglomerate



Omni-channel

Engaging seamlessly with institutional and retail consumers

- Access to 2,500 modern trade stores. Brown Rice also available in medical chains
- Multiple-year relationships with HORECA partners (50% share). No.1 supplier to premium hotels and restaurants
- In the US the Company is represented through PFG, Sysco, US Food Service. Restaurants and Departmental Stores likes Trader Joe's, ALDI, MARS, Walmart US + Canada
- Supporting private label business worldwide

Advantage



# Successful Branding



# Leading branded specialty rice company

## "The Finest Basmati"



- More than 30 years history
- Key positioning in premium basmati rice
- Daawat & its sub-brands effectively mapped to emerging opportunities in staples and other products

Leading brand in India with c.28% market share in branded packaged Indian rice and c.35%<sup>1</sup> share of premium segment of Indian basmati rice

More than doubled revenues within last 4 years (FY14 to FY18)

## "#1 basmati rice in America"



- Brand managed by LT Foods since 2007, and founded in the 80's
- Holds key position in premium segment of US basmati rice market
- Other products include Jasmine rice, Arborio rice, wheat flour and Couscous - now moving into the value added rice

#1 brand in the US with c.45%<sup>1</sup> market share in the US basmati rice market

Doubled revenues within last 4 years (FY14 to FY18)

## Other LT Foods brands



- Growing organic business in B2B segment with emerging brand presence of EcoLife
- Customised plan to grow each category, supported by online and offline initiatives

Increased cross-selling opportunities at existing outlets, driving growth for distribution base

Unique brand identities with products anticipating key food trends

*Strong portfolio of leading global and regional brands*

### Notes

- 1) As per management's estimates
- 2) Consumer U&A
- 3) AC Nielsen Q4FY18

# An extensive and growing product portfolio under the mega brands – Daawat and Royal

## Basmati rice



Premium



Health



Horeca

Mid-price

Value

## Organic



Organic food

## Other products



Sauté Sauces



Rice Based Snacks



Ready-to-Heat & Eat Products

*Growing product portfolio anchored by “Daawat” and “Royal”  
followed by rice based convenience products*



# Portfolio Extension

## Organic portfolio

- Offering branded staple foods adhering to strict sourcing and selling requirements. Range also includes spices, nuts, fruits & vegetables
- B2B orientation. Leader in exports of organic grains
- Also building retail consumer portfolio
- Introduced in India
- Direct relationship with 80,000 farmers, accounting for 12.4% of total organic farmers in India
- Covering 15 states through sustainable farming techniques, reflecting ~8% of total certified organic land in India
- Certified by ECO-CERT, the Control Union Certification, BIO-CERT, ONE-CERT, NPOP Standard of India, EU Organic Standard, USDA's NOP and Bio-Suisse Standard of Switzerland



## VAP portfolio

- Innovative range includes; value added staples, organic RTH rice, fortified rice, sauté sauces, instant rice, rice based snacks and Daawat quick cooking brown rice
- Established production line in the US for RTH products
- JV with Kameda Seika to offer rice based snacks, Kari Kari in India





# Robust Financials

# Performance snapshot – As on June 30, 2018

## GROWTH

12%

Revenues

13%

PAT

## TRANSFORMATION

69% Vs. 66%

Y-o-Y  
Branded  
Portfolio

1.25x Vs. 2.08x

Y-o-Y  
Debt- Equity  
Ratio

## SUSTAINABILITY

18%

Branded Revenue  
Growth

25%

International Branded Revenue Growth

# Financial Snapshot – Q1 FY19

Amount in Rs.Crore

Revenue Perspective	Q1 FY19	Q1 FY18	Growth
Branded	587	499	18%
Organic Foods	83	81	2.5%
Others	183	182	1%
Total Revenue	853	762	12%

## During Q1 FY19:

- Branded business has grown across all geographies with a combination of marketing initiatives and distribution focus



# Financial Snapshot – Q1 FY19

Amount in Rs.Crore

Particulars	Q1 FY19	Q1 FY18	Growth %	FY18
<b>Total Revenue</b>	853	762	12%	3650
<b>Gross Profit</b>	228	241	(6%)	979
<i>Margins</i>	26.7%	31.7%		26.8%
<b>EBITDA</b>	106	105	2%	414
<i>Margins</i>	12.5%	13.8%		11.3%
<b>PBT</b>	59	55	6%	218
<i>Margins</i>	6.9%	7.3%		6%
<b>PAT</b>	40	35	13%	144
<i>Margins</i>	4.6%	4.6%		4%

Company has delivered a superior PAT margin despite a lower GP% Vs. last year (which had the exceptional benefit of lower cost inventory) due to Company managing its operations strategically with

- a) Reduction in expenses
- b) Lower interest cost, and
- c) Gains in overall tax rates.



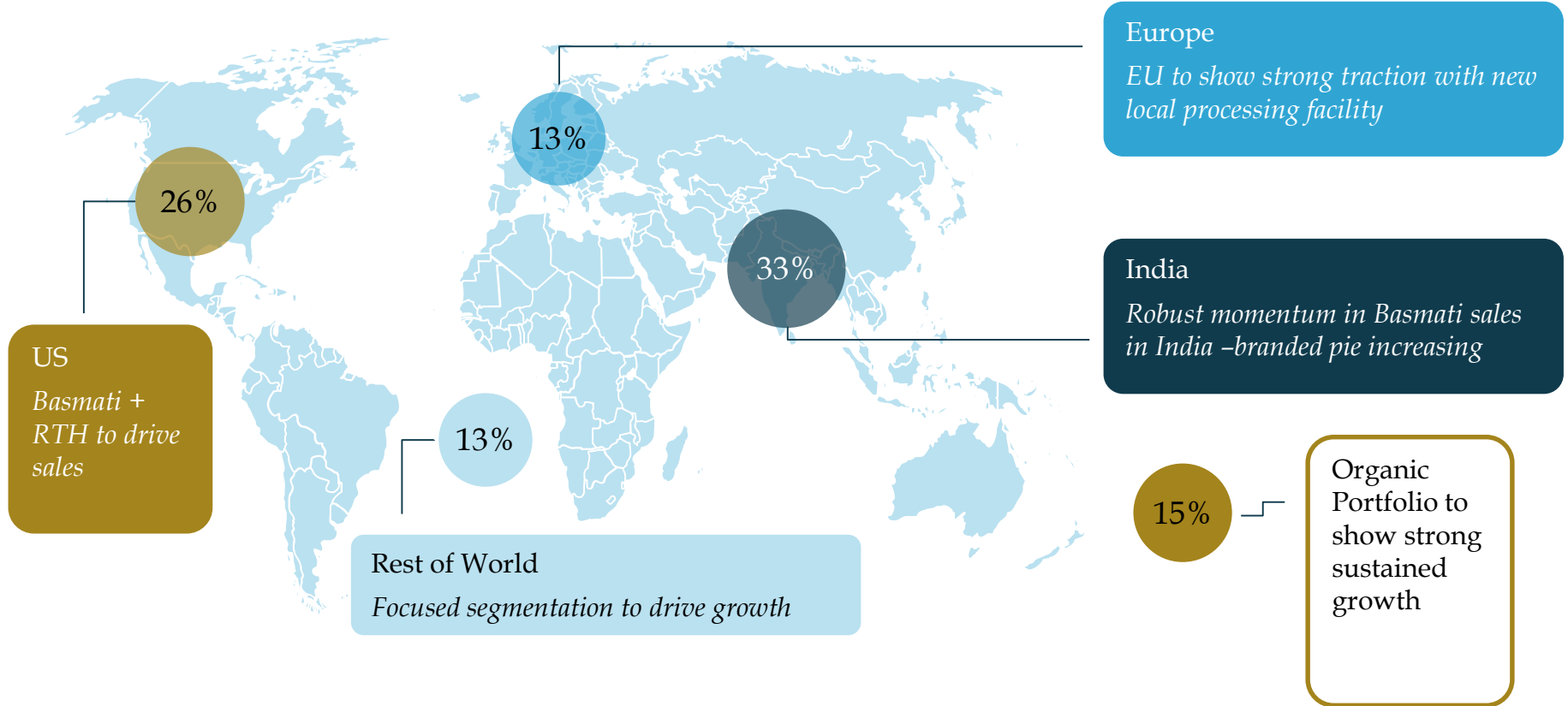
The Future

## *USD 1 billion consolidated revenue target*

- Objective is to deliver sustainable growth through strategy
- Transformation to be led by strong branded Basmati play –supported by Organic, Value Added and Ready to Heat products

## Drivers of Revenues

Expected revenue contribution in coming years



US  
Basmati +  
RTH to drive  
sales

Rest of World  
Focused segmentation to drive growth

Europe  
EU to show strong traction with new  
local processing facility

India  
Robust momentum in Basmati sales  
in India –branded pie increasing

15%  
Organic  
Portfolio to  
show strong  
sustained  
growth

# Strategy at Work

## Grow India Basmati Business

- Multi-tiered brand architecture across value bands

## Strengthen Business in the International Markets

- Reaching out to Iranian, Asian and Middle East population
- Adding more products for local diaspora

## Sustainability

- Residue compliant products
- Farmer-connect initiatives

## Establish Organic Business Globally

- Strengthen ingredient business and develop B2C business
- Complete control on value chain



## Plan, Implement & Execute Procurement Smartly

- In house proficiency in charting out demand supply scenarios
- Multi-generational expertise
- World class infrastructure for storage of paddy and rice
- Usage of technology/ tabs for real-time connectivity

## Expand Value-added Portfolio

- Expanding product portfolio by venturing into rice based niche snacking business
- Convenience food category, in-line with evolving consumer trends

## Margin Expansion

- Work on margin expansion through focus on efficiency initiatives, premiumisation as well as head grain yield improvement

## Drivers of Margins

Building scale: Strong planned volume expansion on back of consumer business growth

Better head grain yield

Procurement/processing efficiencies

Premiumisation (USD 3-2-1) strategy to drive gross margin expansion

Higher efficiencies in operating expenses

*Increase in absolute profitability to precede expansion in margins*

## Stronger Balance Sheet

### Working Capital - rationale

- Working Capital Cycle to improve over next few years
- Driving up core productivity

### Debt -strategy

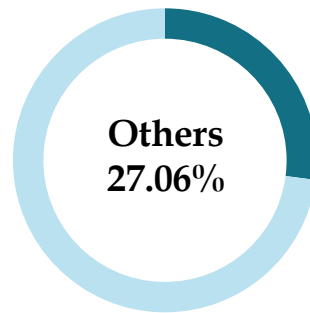
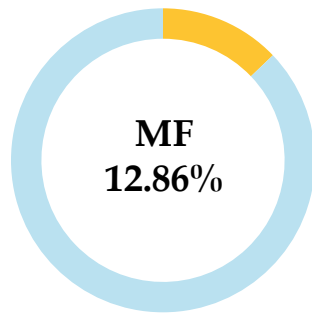
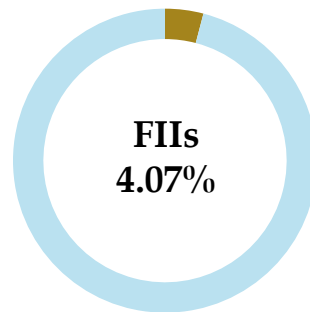
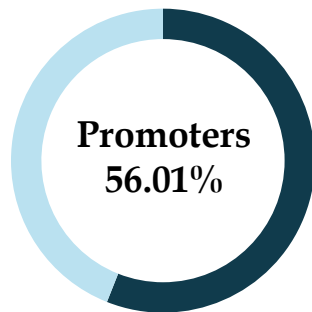
- Dec 2017 QIP -Rs. 200 crore debt repaid & ~Rs. 200 crore towards inventories
- Debt-Equity Ratio down to 1.26x as on March 31, 2018
- Long term requirement to fall as capex cycle is over

### Capex -strategy

- Disciplined approach to building scale
- Leveraging branded portfolio to build cash generation
- Focus on upping ROI -to pursue outsourcing model for future growth

*Stronger balance sheet core to transformative progress*

# Shareholding as on June 30, 2018



## Top 5 Shareholders

SBI	6.00%
DSP BLACKROCK	5.20%
INDIA AGRI BUSINESS FUND	2.59%
RELIANCESMALL CAP FUND	1.66%
SOCIETE GENERALE	1.26%



# About LT Foods Limited

**LT Foods Ltd.** [NSE: DAAWAT, BSE: 532783], is a leading consumer-friendly, Indian food Company offering prominent brands aimed at a global customer for Basmati and other Specialty Rice, Organic Foods and Convenience Rice based products.

The Company's integrated operations cover a global footprint with procurement, milling and processing for Basmati Rice centered in India whereas further value addition and marketing - distribution are available worldwide.

Key markets for LT Foods' brands besides India cover the U.S., the U.K., Europe, Middle East and Far East.

The rice portfolio comprises brown, white, steamed, parboiled, organic, quick cooking brown Rice, value added and flavored Rice. In Rice, the Company's brands include Daawat, Royal, Heritage, Gold Seal Indus Valley and 817 Elephant.

The organic foods product range includes Rice, Pulses, Oil seeds, Cereal grains, Spices, Nuts and Fruits and Vegetables.

The Company is also into value-added products that include sauté sauces, rice based premium snacks and staples.

## **Additional information on LT Foods Limited:**

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Thank You