



LT Foods

**DAAWAT**  
THE FINEST

# Investor Presentation

May 2019



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# Q4 and FY19 Financial Highlight

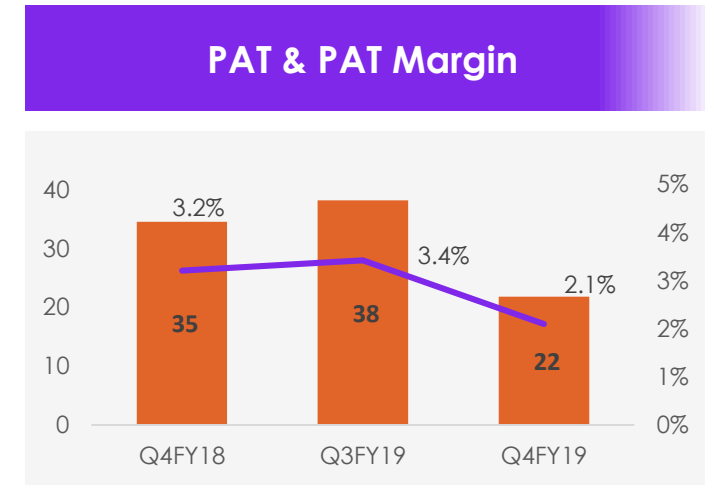
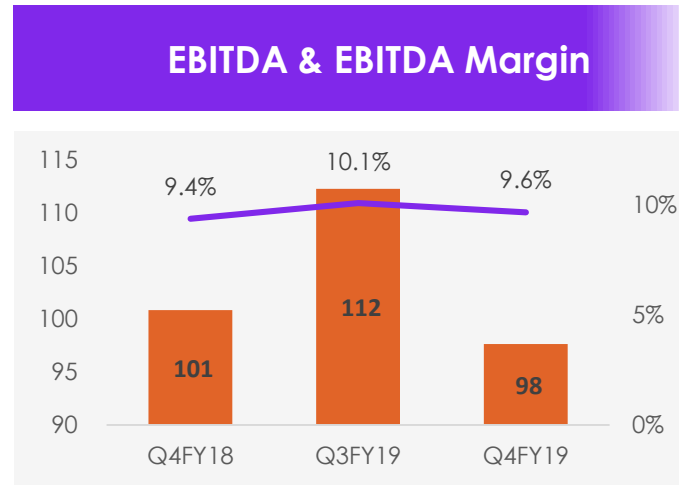
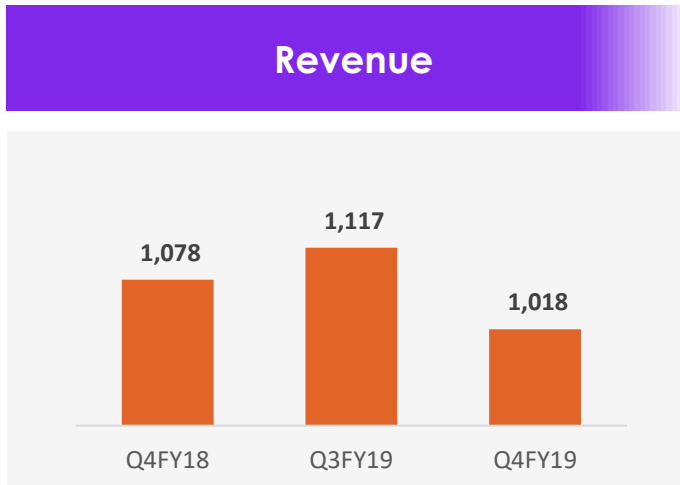


# Earnings highlights – Q4FY19 & FY19

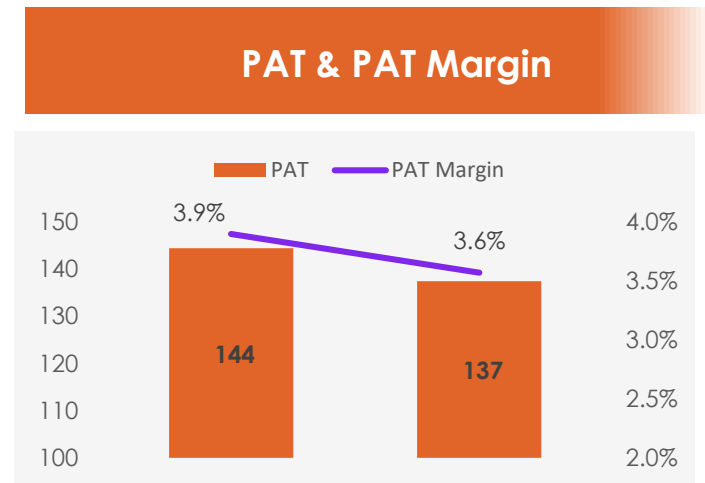
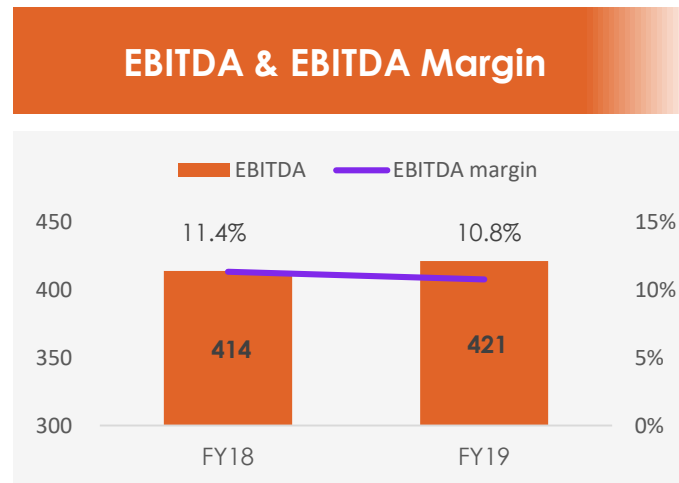
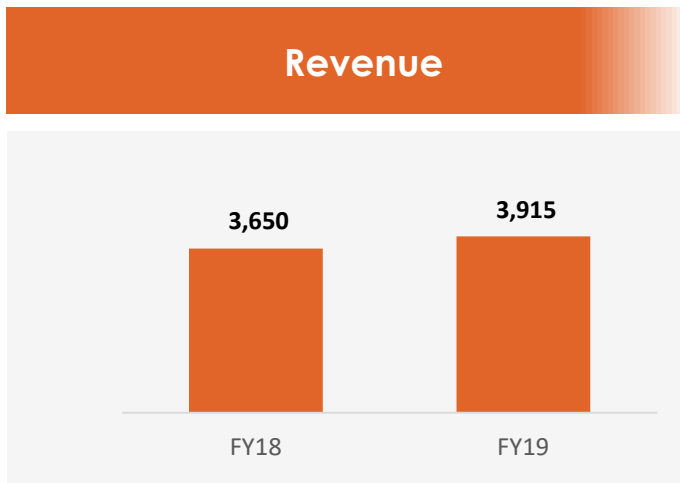
All Figures in Rs Cr unless specified  
Quarterly % growth is YoY



Q4FY19



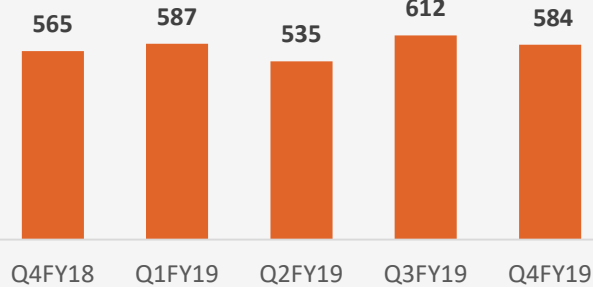
FY19



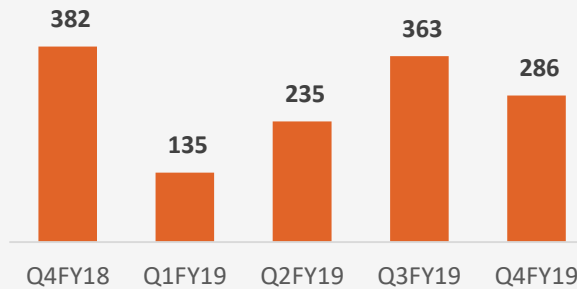
# Earnings highlights - Business segment performance

All Figures in Rs Cr unless specified

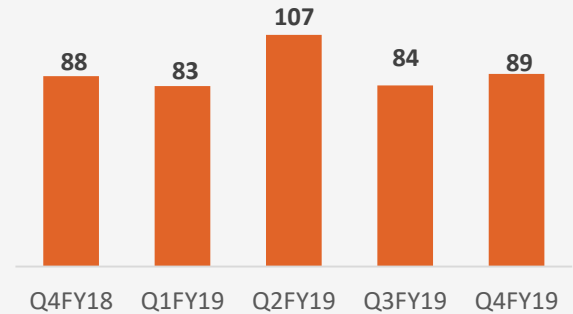
## Branded Revenue



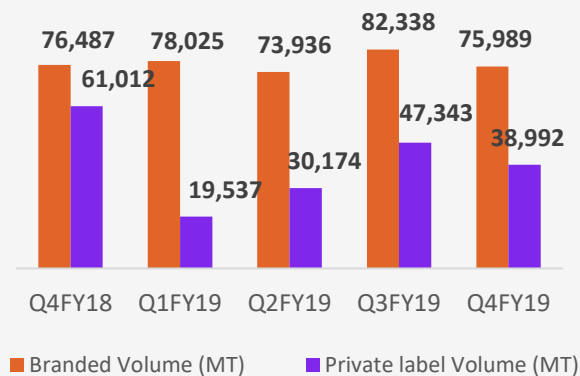
## Private Label Revenue



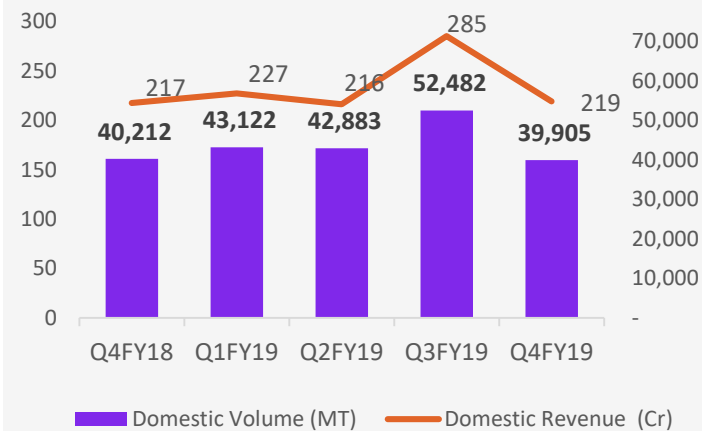
## Organic Revenue



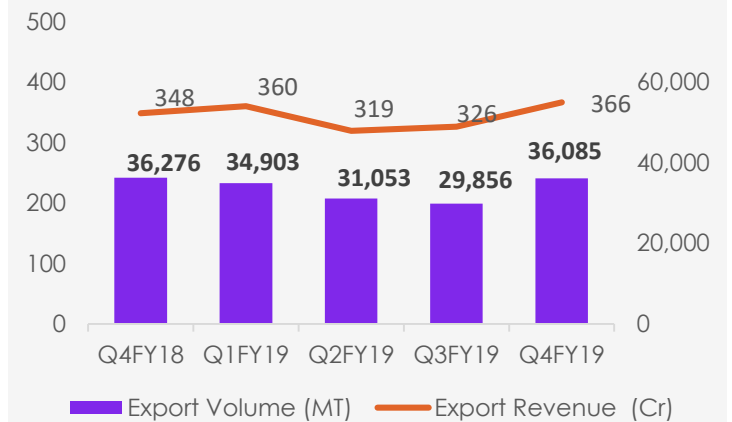
## Branded & Private Label Volume



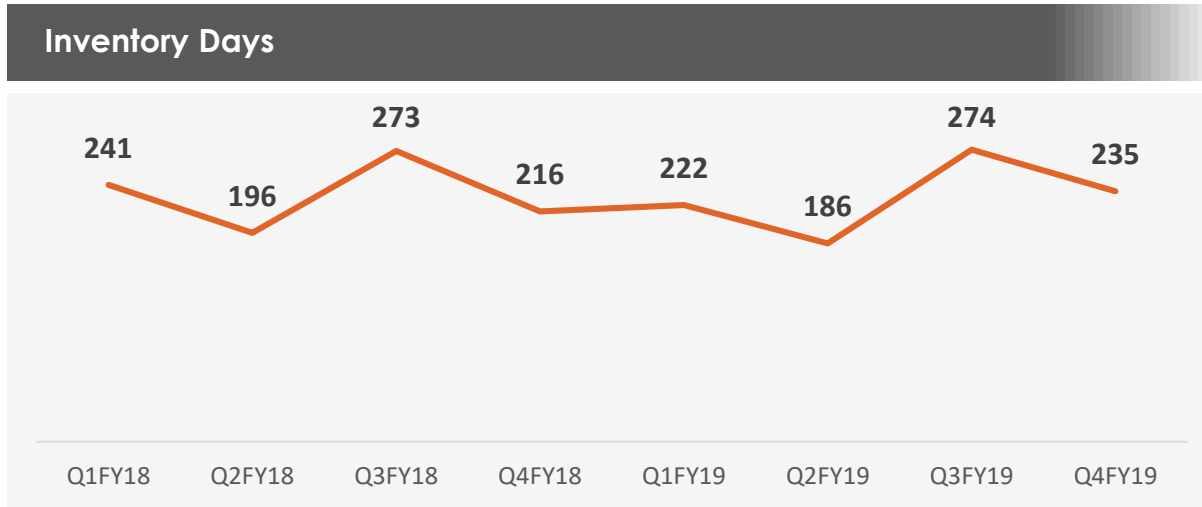
## Branded Domestic Revenue & Volume



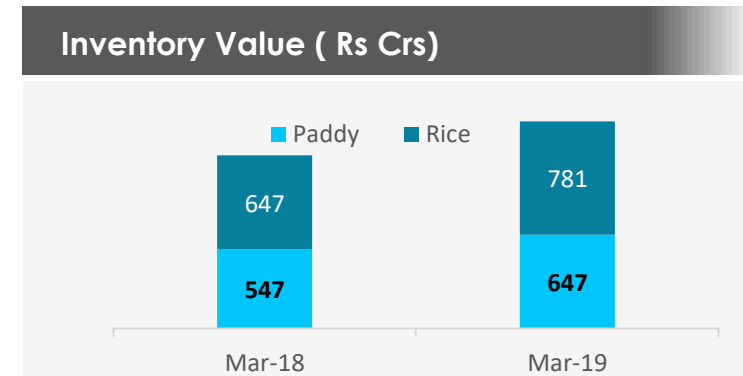
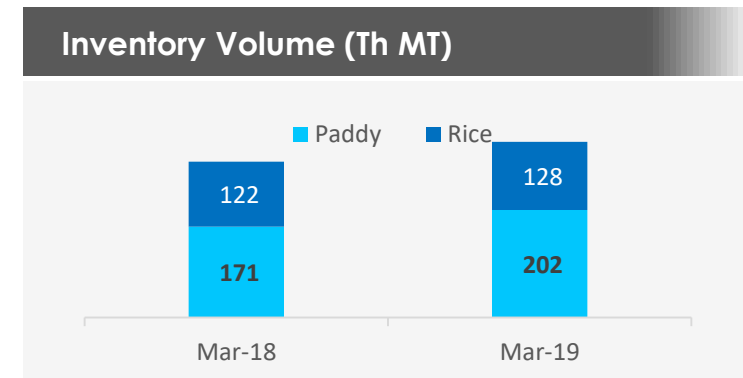
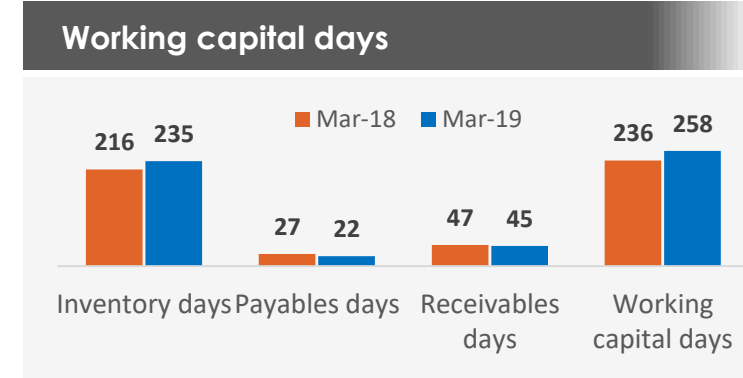
## Branded Export Revenue & Volume



# Earnings highlights – Inventory & Working capital

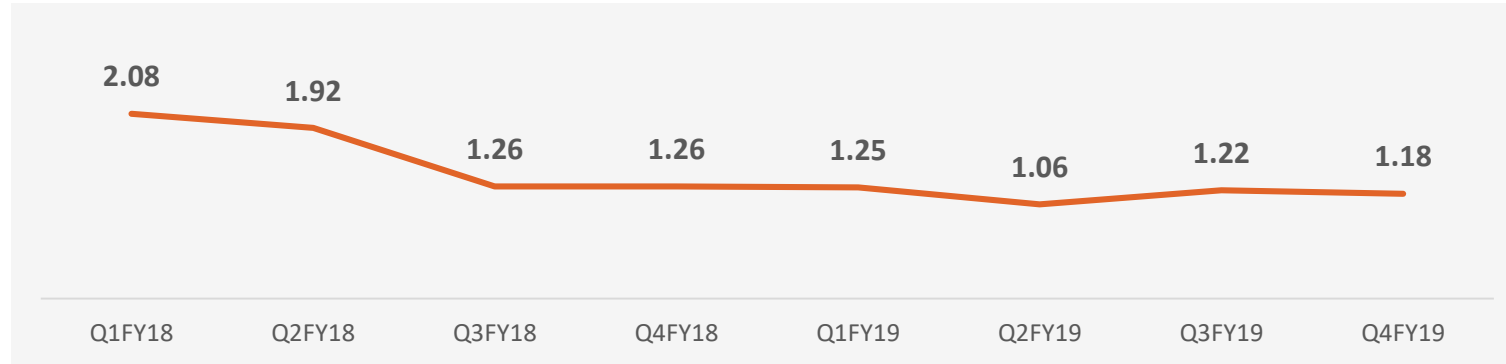


- Procurement of Paddy starts in Q3-Q4; this results in increase in inventory from Q3-Q4.
- Basmati Rice is aged for average 12-18 months to enhance & intensify taste, aroma, and cooking characteristics. This requires company to maintain large inventory of paddy & rice.
- Inventory days have increased due to higher volume of paddy inventory.



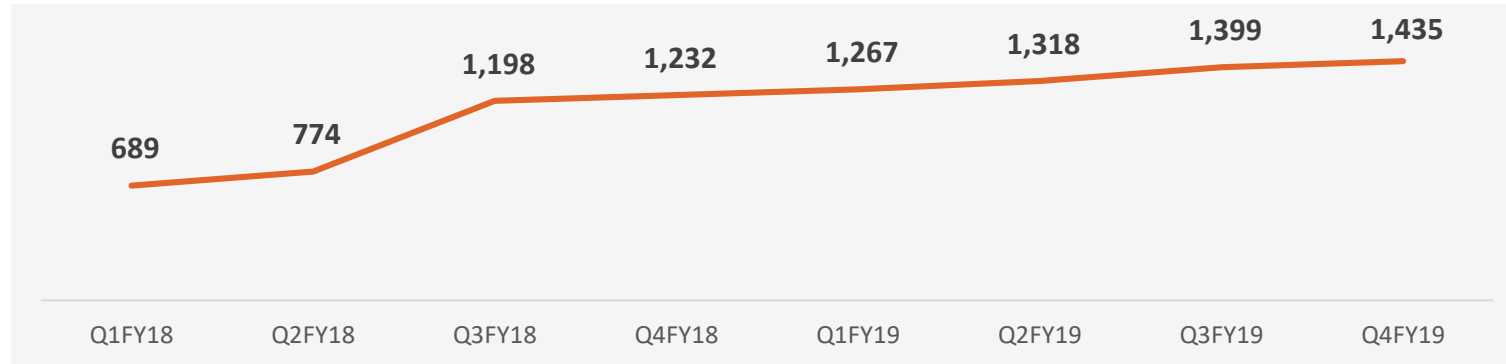
# Earnings highlights – Key financial ratios

## Net Debt/ Equity

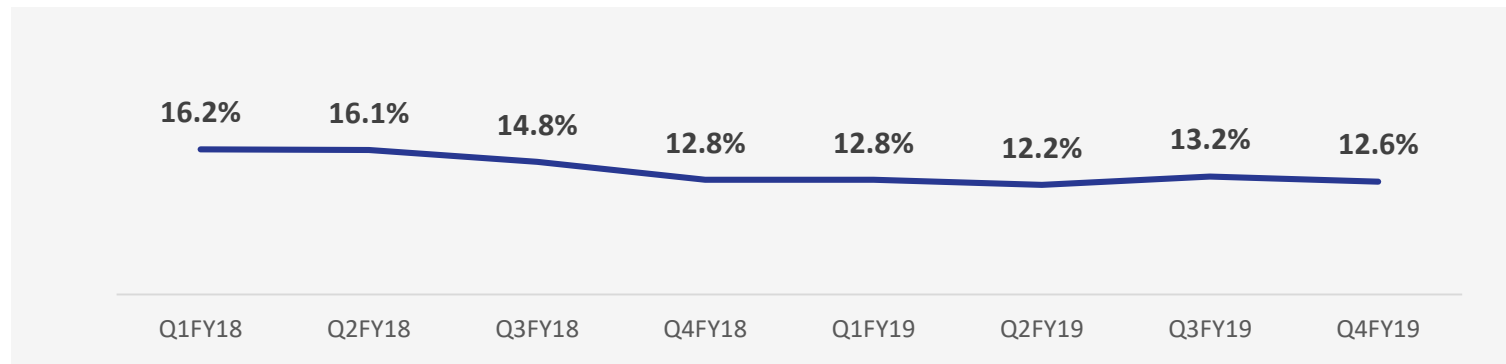


## Net Worth

In Rs Cr

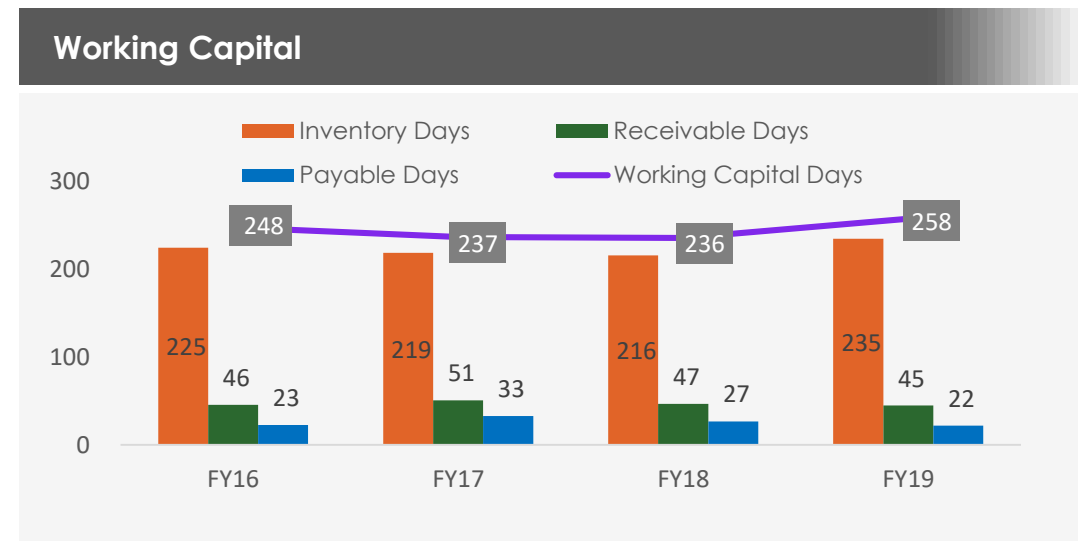
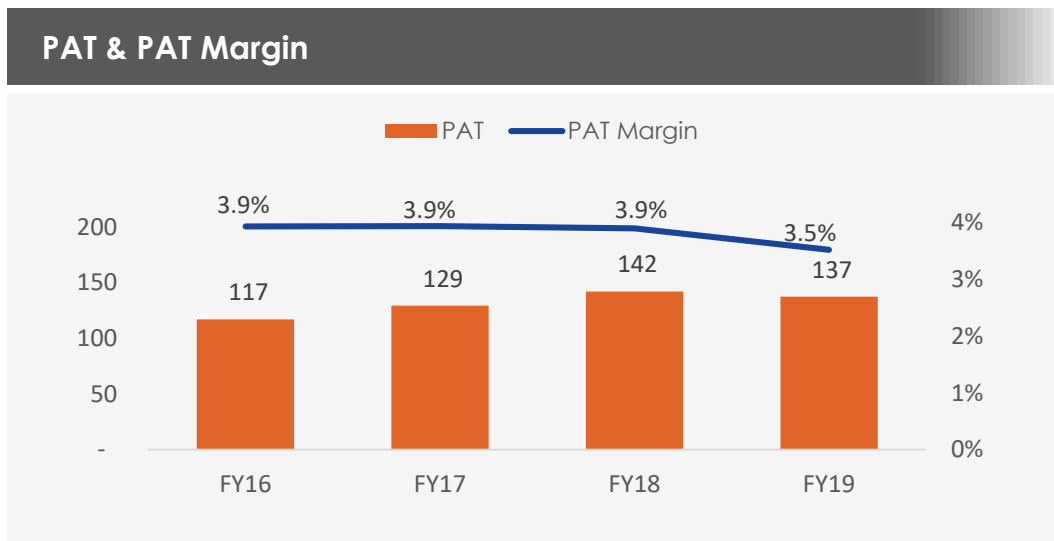
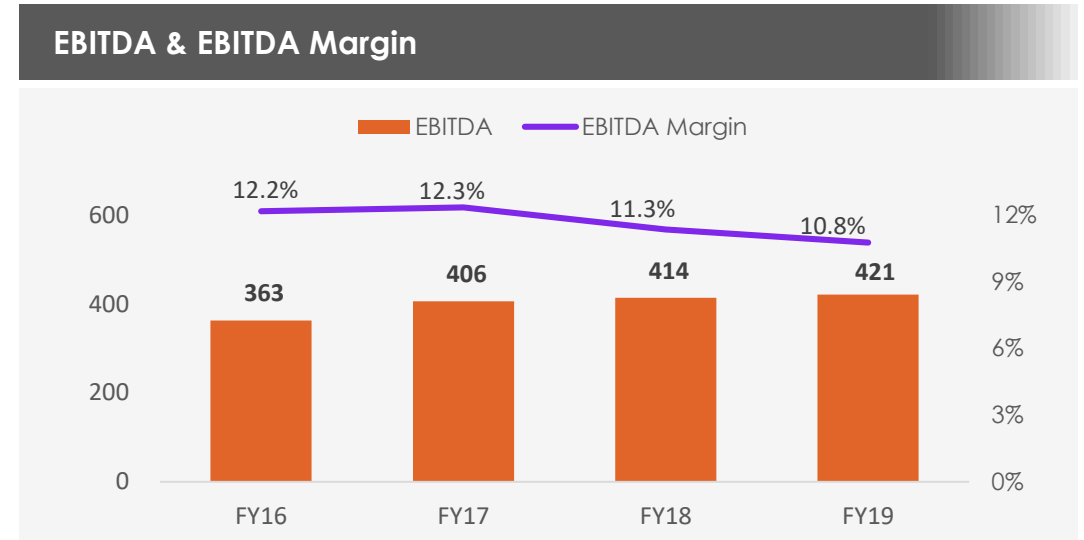
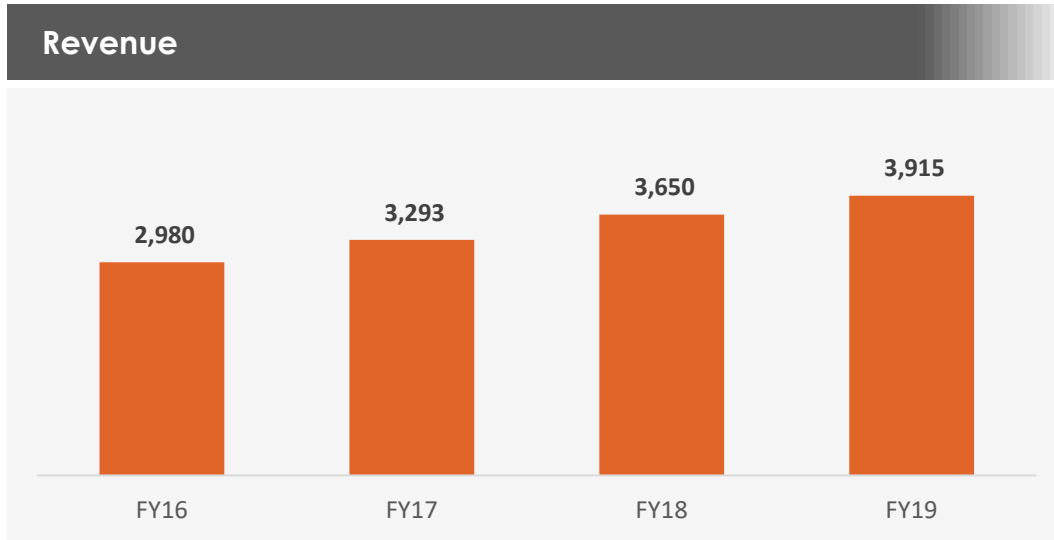


## ROCE



# Our growth through the years

All Figures in Rs Cr unless specified







# LT Foods – At a glance



# LT Foods is a leading rice-based food company with strong global brands of basmati and other specialty rice, organic foods and rice-based convenience products



## Iconic Brands

“DAAWAT” - the flagship brand is the leading brand in India and 65+ countries

“Royal®” - the No. 1 and the largest selling basmati rice brand in North America



## FY19 Financials

Net Sales

₹ 3,915crs

Net Profit

₹ 137 crs

EBITDA

₹ 421 crs

EPS

₹ 3.96

## Integrated Operations – ‘Farm to Fork’

Integrated operations span across the entire rice value chain

Operations include contract farming, procurement, storage, processing, packaging, and distribution

## Wide Distribution Network

Access to 1,50,000 retail outlets, 3,600+ wholesalers, and 2,500+ modern trade stores in India

800+ distributors in India

40+ international distributors to cater to the global market

## Strong Global Footprint

Presence across 65 countries

Established ground presence in the US, Europe and Middle East territories

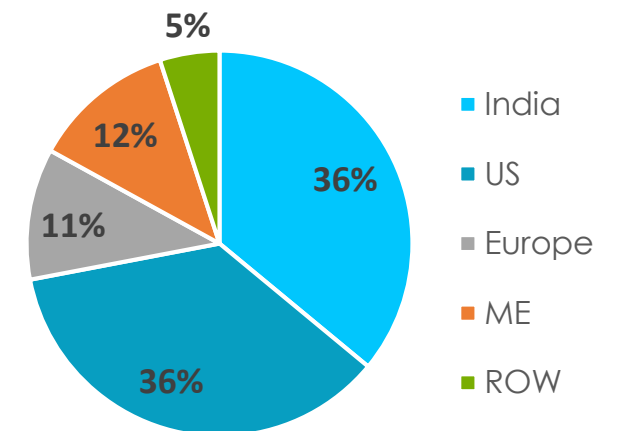
Manufacturing facility in Rotterdam (Netherlands) and three packaging facilities in the US along with 5 manufacturing facilities in India

## Strong platform for new opportunities

Strengthening our brands to capitalise on the new opportunities of growth.

Capturing value addition opportunities extensively across Basmati, Specialty Rice and Organic foods.

## FY19 Revenue by Geography



# Our 50-year journey from a bulk rice player to a leading rice-based food company...



## Foundation

- ✓ 1950s- Founded by the Arora Family
- ✓ 1978- 1st Rice mill

## Focus on Brands and Product Value Chain

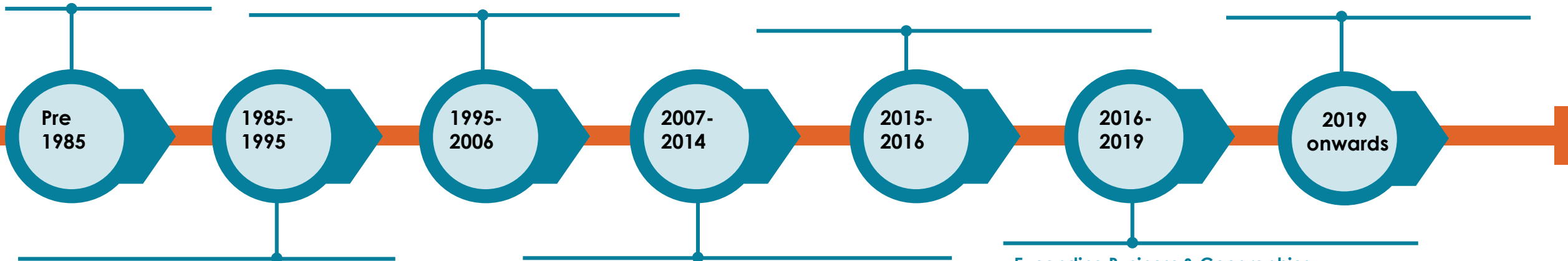
- ✓ Presence extended to 35+ countries
- ✓ Became a public listed company
- ✓ DAAWAT share in Indian branded segment was 11%
- ✓ Setup other state of the art manufacturing facilities

## Strategic Acquisitions

- ✓ Expanded our presence to 65+ countries
- ✓ Launched "Ecolife" in USA & India ( limited channels)
- ✓ Acquired "Gold Seal Indus Valley", "Rozana", "817 Elephant"
- ✓ Strengthened DAAWAT position across channels and gained a market share of 30%.

## Next Stage of Growth

- ✓ To become category leader in key markets
- ✓ Expand EBITDA margin to ~15% in 2 years
- ✓ Aim to grow faster than industry
- ✓ March 2020 debt at ~1500 cr level



## Focus on B2B (Private Label)

- ✓ Incorporation of LT Overseas Ltd
- ✓ 1980s - Launched 'DAAWAT' brand in India as well as the global market
- ✓ 'DAAWAT' launched internationally in 20+ countries

## Globalization

- ✓ Acquired 'Royal®' brand in US
- ✓ Infusion of equity by Rabobank - India agri business fund
- ✓ DAAWAT- Gained position among basmati rice brands in India
- ✓ Strengthened process and systems and invested in adopting best industry practices with marquee consultants like EY, Accenture etc.

## Expanding Business & Geographies

- ✓ Greenfield operations in Europe – turns EBITDA positive in FY19
- ✓ Commenced RTH business leveraging on brand & distribution strength
- ✓ Marquee investors join hands through QIP

# Drivers of Growth



**Creating  
Enduring  
Value**



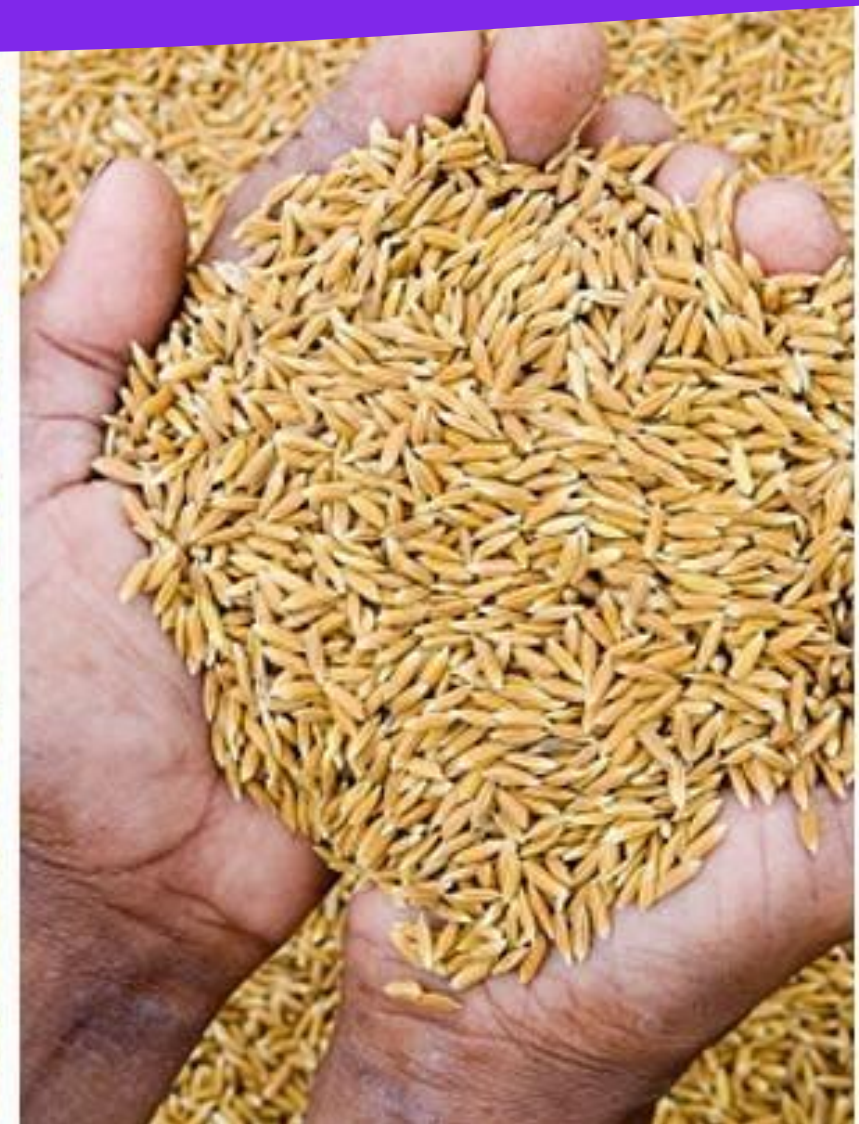
**Building  
Strong  
Brands**



**Deepening  
Global  
Presence**



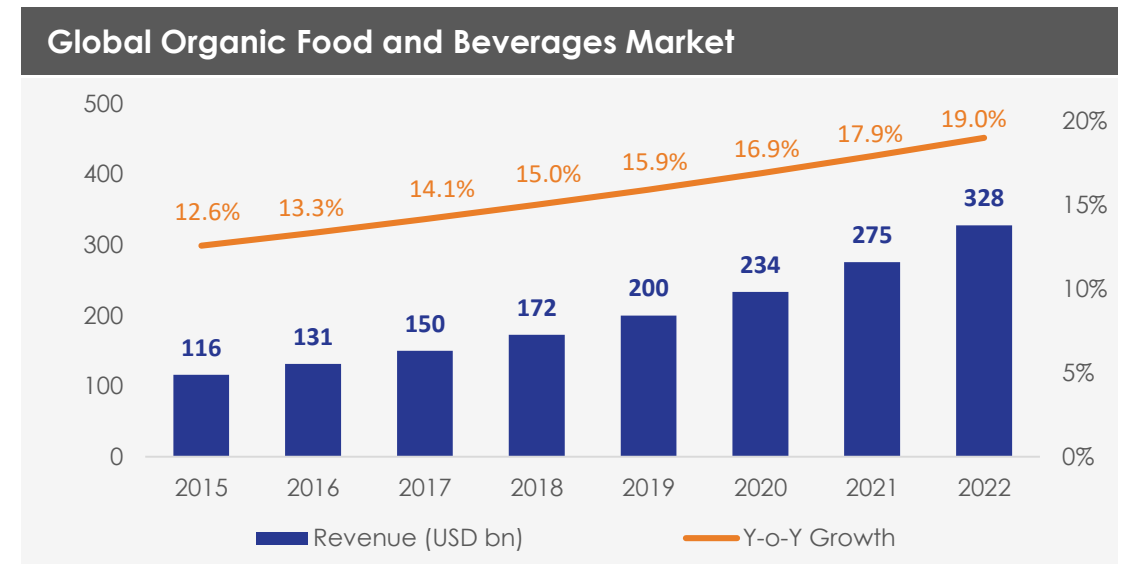
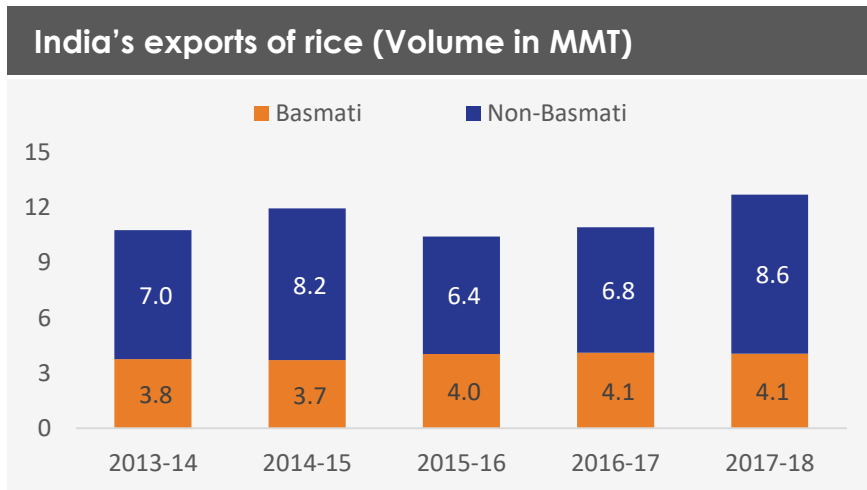
# Creating Enduring Value



# The opportunity landscape of quality food segment

- In 2017, India accounted for 23% of global rice production. India is also one of the greatest consumers of rice, (97 m tonnes in 2017).
- 'Basmati' rice is the most premium, with superior product characteristics. India and Pakistan, are the only suppliers of Basmati in the world. Total size of the industry is 7 MMT.
- Indian Basmati rice industry has grown to 2 MMT from 1.2 MMT in last 5 years.
- Rising disposable income; increasingly spending on premium quality grains is benefiting the basmati rice market.
- Majority of Basmati is exported (around 75%). Overseas markets for Basmati include the Middle East, U.S., U.K. and parts of EU.
- The Basmati Exports grew by over 11.13% in value terms during FY2018 over the previous year <sup>1</sup>.
- **The outlook for the Indian Basmati rice industry continues to be favourable, supported by demand improvement from the international market and potential upside from branded demand/ premiumisation domestically.**

- Rising affluence and urbanisation are changing consumption patterns in India.
- Consumer behaviour and spending patterns are shifting with evolving Indian society and rising income.
- Convenience food and health food are the two emerging trends arising out of the changing demographics of the country.
- Organic food now has become a viable alternative for an increasing number of consumers. Organic packaged food and beverages is an emerging niche market in India.
- **The global organic food and beverages market is expected to reach \$323.09 billion by 2024 <sup>2</sup>.**



1 - Source: APEDA  
2 - Allied market research

# Driven by 'Farm to Fork' – our integrated business model...

Robust backward integration through partnerships with farmers under Sustainable Rice Production Programs to deliver residue-compliant products.

Agri extension team supports farmers throughout the year for rice farming.

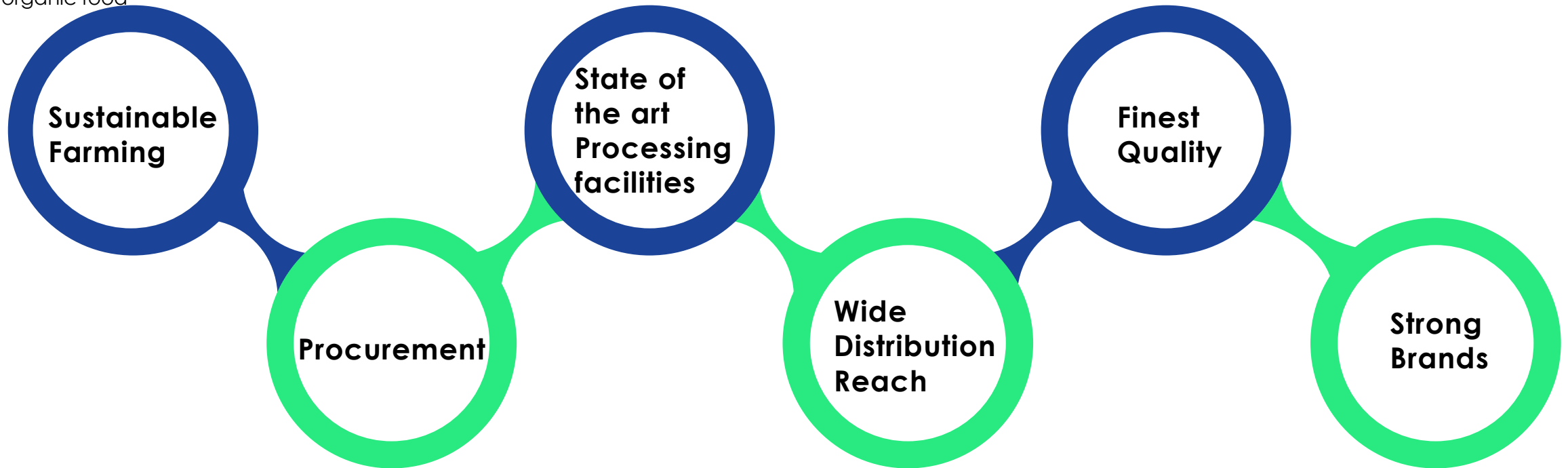
Associated with 80,000+ farmers with a land bank of 1.1 lakh hectares for organic food

State-of-the-art packaging facilities not only in India but US and Europe as well.

Conferred with the coveted CII Food Safety Award in December 2017

Continuous innovation of processes and systems to enhance competitive position and improve business process efficiencies.

All facilities certified by internationally acclaimed third-party certification and accreditation bodies.



A wide procurement network with strong quality control across all mandis in basmati growing areas.

Present across 234 mandis with 270 agents.

Strong relationships with channel partners i.e. commission agents.

Strong Pan-India distribution serving 1,50,000+ retail outlets, 3,600+ wholesalers, and 2,500+ modern trade stores. Robust presence in HoReCa.

800+ distributors in India and 40+ international distributors  
Leading direct reach coverage across the globe.

Brands with an offering for every occasion and every recipe across all price points and channels.

DAAWAT - Leading brand in India and 65+ countries; Royal® - Largest selling basmati rice brand in the North America.

# ...and our Integrated Manufacturing facilities

	Sonepat (Bahalgarh)	Sonepat (Kamaspur)	Bhopal	Amritsar	Varpal
Rice Capacity (TPH)	43	5 (organic rice)	35	6	12
Key products	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)
Certifications	ISO, SQF, BRC, SA, Kosher, OU, Halal	ISO, NOP, NPOP, EEC and Kosher	FSSC, Halal, Kosher and BRC	ISO	FSSC and BRC



Europe Manufacturing Plant - Rotterdam, Netherlands – 8 TPH

US Manufacturing Plants – Los Angeles – 6 TPH, New Jersey – 10 TPH, Texas (RTH) – 25 pouches per minute





# Perfectly positioned to leverage on the growing opportunity

## Our Business Segments

### Branded Business

- Includes the flagship brand 'DAAWAT' & 'Royal®' (No. 1 in US)
- Other brands in this segment include Indus Valley, 817 Elephant, Heritage, Devaaya and Rozana

### Private Label

- Deals with large institutional customers
- Long-term partnerships across geographies

### Organic

- Providing authentic organic ingredients to global consumers. Diverse portfolio, comprising of cereal grains, flour, Pulses, Oil and Oil Seeds, Nuts, Spices, Herbs, Millets and Sweeteners

### New Products

- Innovative products for health conscious and convenience-seeking Consumers
- Includes brown basmati, rice-based sauces and rice-based snacks

## Direct customers

Established channel partners across all segments

Large institutional customers

Institutional customers & direct consumers

Leveraging brand and distribution equity

## Brands

DAAWAT, Royal®, Gold Seal Indus Valley, Rozana, Heritage, 817 Elephant

Mars, Okam, Trader's Joe

Majorly an ingredient business; recently launched Ecolife brand

Under brand DAAWAT in health & convenience category, Kari-Kari

## FY19 Revenue share

**~59%**

**~26%**

**~9%**

**~6%**

# Raising the bar through continuous innovation

## Product Innovation

- ✓ Two product innovation centres, one in Gurugram, India and one in California, USA, with a team of dedicated research personnel.
- ✓ In the process of developing additional products to expand its range of convenience foods and develop a healthy snack segment.
- ✓ Products under development include '90 second ready-to-heat' pouched rice, fortified rice and '5 minute meal-in-a-cup'.

- ✓ **'DAAWAT Rozana Gold Plus'** - a unique blend of flavoursome white basmati and fibre rich Brown Rice.
- ✓ This product leverages the innovative concept of introducing a 'high fiber blend' into the basmati rice category.
- ✓ Mix of 80% white basmati rice and 20% brown basmati rice



- ✓ 15 minute **DAAWAT Quick-Cooking Brown Rice** range.
- ✓ Made using the unique hydration enhancement technology (HET) which moisturizes the bran layer. This helps water penetrate the grain easily while cooking.



- ✓ Successful launch of premium rice-based snacks brand **'Kari Kari'** for the Indian market with JV partner Kameda Seika .

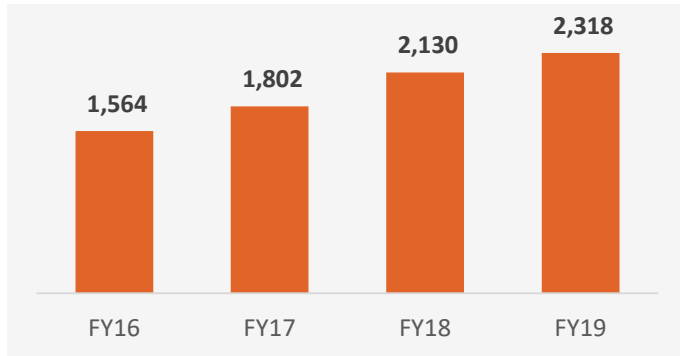


- ✓ DAAWAT Sauté Sauces

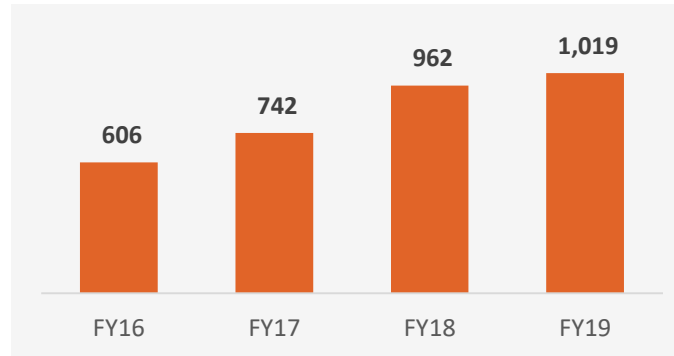
# Business segment performance over the years

All Figures in Rs Cr unless specified

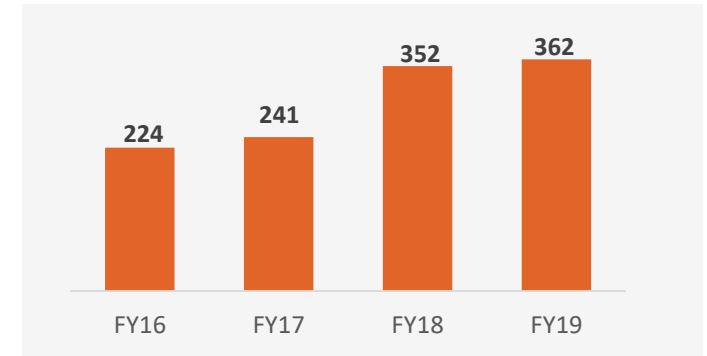
## Branded Revenue



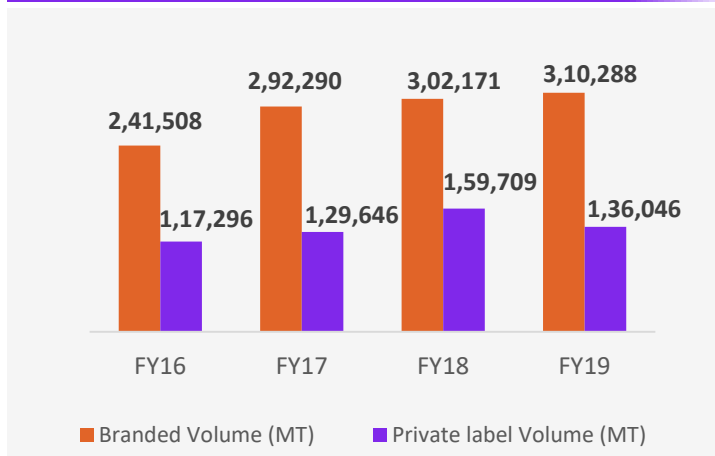
## Private Label Revenue



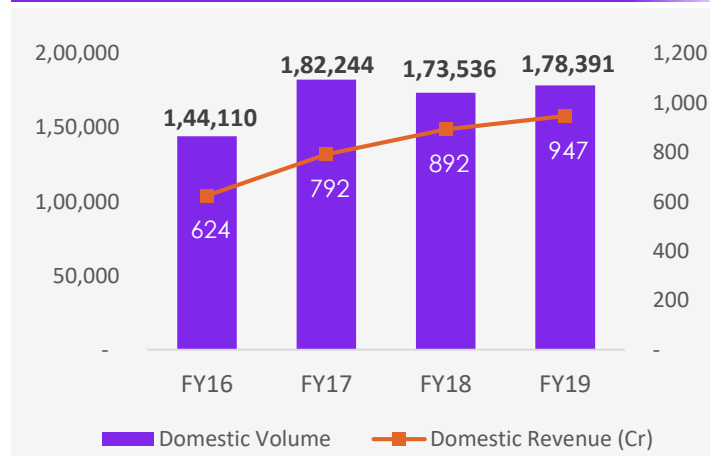
## Organic Revenue



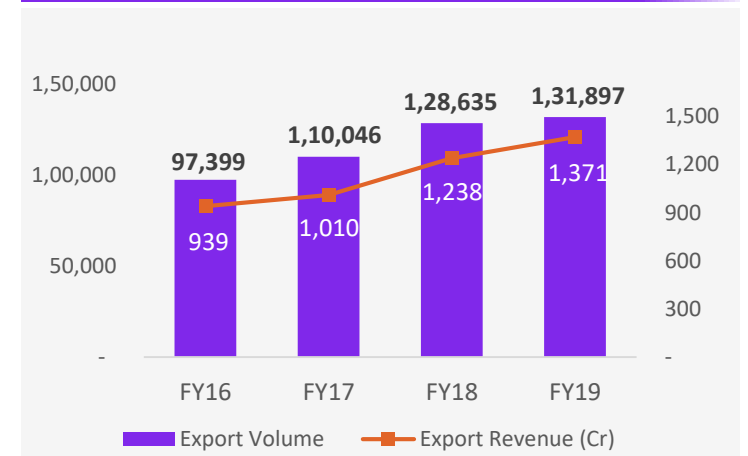
## Branded & Private Label Volume



## Branded Domestic Revenue & Volume



## Branded Export Revenue & Volume



# Building Strong Brands



# Our strong brands drive superiority in core markets

**27%** Market share in India – Rural & Urban

**29%** Market share in India – Modern Trade

**45%** Market share of US basmati segment



By Reader's Digest

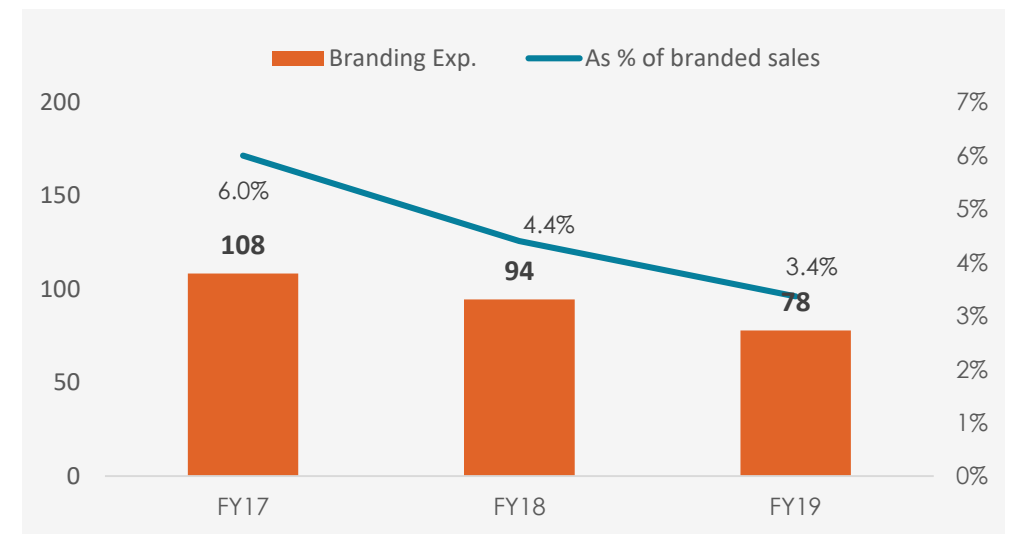


By Independent Organization



By Economic times

## Branding expenses ( Rs crs)



Source : AC Nielsen Q1-19

# Our strong brand portfolio

Wide range of brands, with an offering for every occasion and every recipe, enabling it to cater to various customer segments, across income groups and channels/geographies



The flagship brand, with a legacy of over 30 years, offers premium quality basmati rice



Strengthening our position in Saudi Arabia, UAE and Kuwait



The No. 1 and the largest selling basmati rice brand in the US



Leading brand in markets like Western India, Mauritius and Iraq



The organic food range includes rice, pulses, oil seeds, cereal grains, spices, nuts, fruits, and vegetables



Targeting the Indian & Middle Eastern ethnic population in US and Canada



Offers branded Basmati rice and staples like wheat flour, refined flour, flattened rice, chickpea flour, and semolina



Premium rice based snacks brand. Test launched in India via a JV with a Japanese snack food major Kameda Seika



# Our market-leading brands in action...

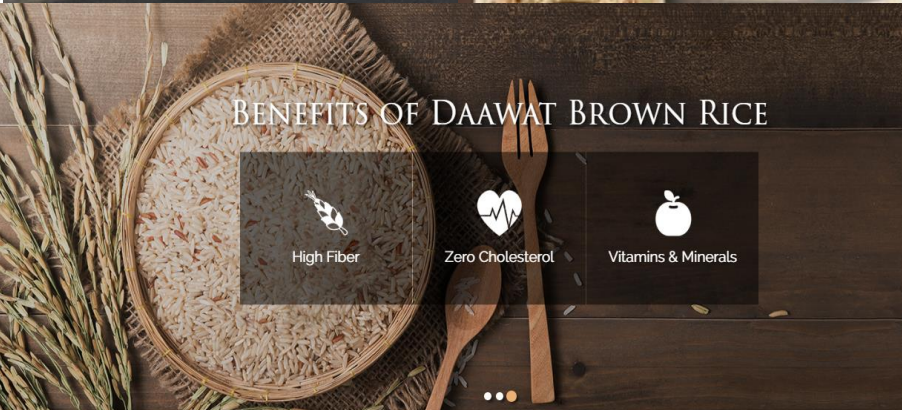


**4.6+ mn** recipe views in YouTube in the last 6 months

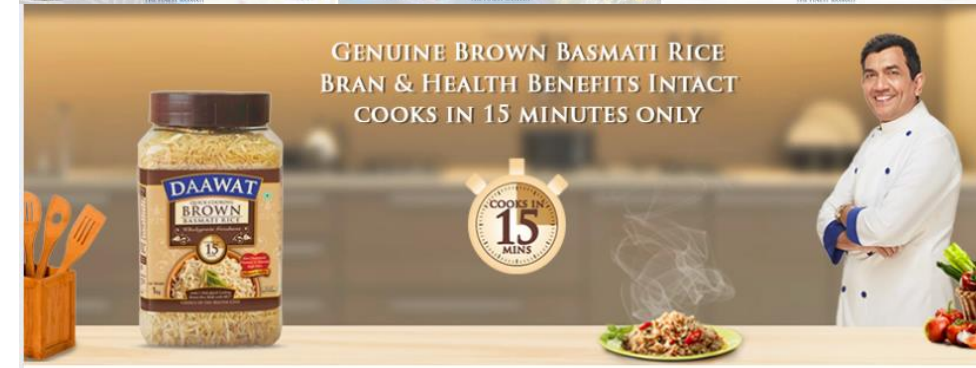
**Highest Subscriber** base in our Category in YouTube



**2,30,000+** visits to Biryani corner on our Website



**1,30,000+** Fan Base in Facebook



# Brand DAAWAT (The Finest)

## Leading brand in 65+ countries A legacy of over 30 years

- Offering premium quality basmati rice across all points in India and globally.
- Consumer need based product range – recipe variants such as biryani and pulao, food service cooking need based range - DAAWAT Chef's secretz
- Equity extended to NPD - seven flavourful DAAWAT Rice Saute Sauces, DAAWAT Fast Cooking Brown Basmati Rice and DAAWAT Rozana Gold Plus.

27%+ share in branded rice market in India

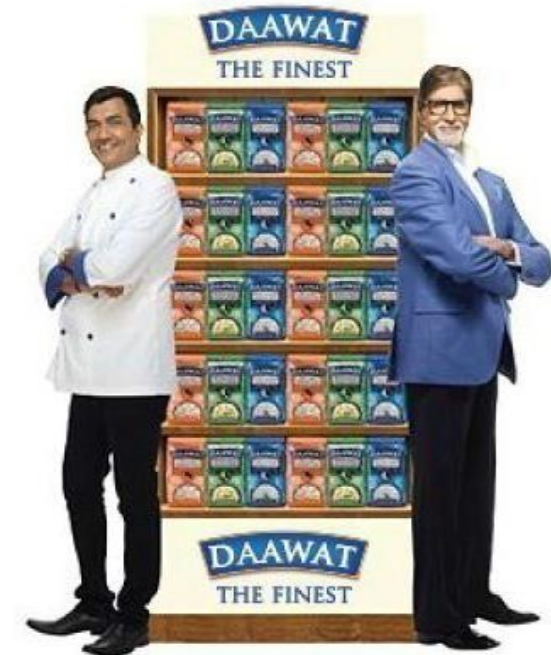


35%+ market share in Premium segment



DAAWAT fast cooking brown rice growing at a CAGR of 34%

Good response of new products in test launch





# Brand Royal® (No. 1 in USA)

## Largest selling basmati rice brand in the US

- The brand's product portfolio consists of Basmati rice, Jasmine rice, Arborio rice, wheat flour, and flavoured rice.
- Leveraging the brand's equity and distribution network, to expand the product portfolio in the US market.

45%+ share of the US basmati rice segment



39%+ share of the branded segment



# Organic Foods

## Organic business is one of the fastest growing segments in LT Foods

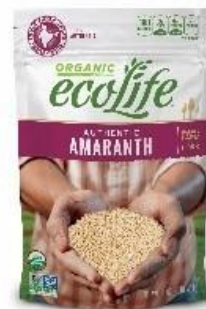
- Nature Bio Foods Limited (wholly owned subsidiary), has emerged as a trustworthy and innovative global leader in providing authentic organic ingredients to the global consumers.
- Range includes rice, pulses, oil seeds, cereal grains, spices and nuts.
- Ingredient business associated with marquee customers.
- Ecolife – Recently launched organic food brand.
- Introducing a range of organic “ready to heat” products for the overseas market with a facility in the United States.
- Rabobank has made an investment in this segment.

**44% CAGR**  
between 2013 and 2018.

**90%** of business is from ingredient sales

**First** organic company in the country to be conferred with the coveted CII Food Safety Award

## Marquee Organic Ingredient Buyers



# ecoLife





# Deepening Global Presence



# LT Foods is a globally significant player

## Broadening our footprint globally, presence in 65 countries

### USA; Canada

- #1 with 45% market share
- Presence with flagship brand 'Royal®' and acquired brand '817 Elephant'

### UK; Europe

- Well-entrenched sales network Operating 60,000 MT rice processing plant at Rotterdam
- Strengthening presence with DAAWAT brand

### Middle East

- Brand '817 Elephant' helped penetration into ethnic population of ME.
- Strengthening presence in Saudi Arabia, UAE and Kuwait with acquisition of 'Indus Valley' & 'Rozana' brands

### Far East

- One of the leading players in the branded and pvt label business

### Australia

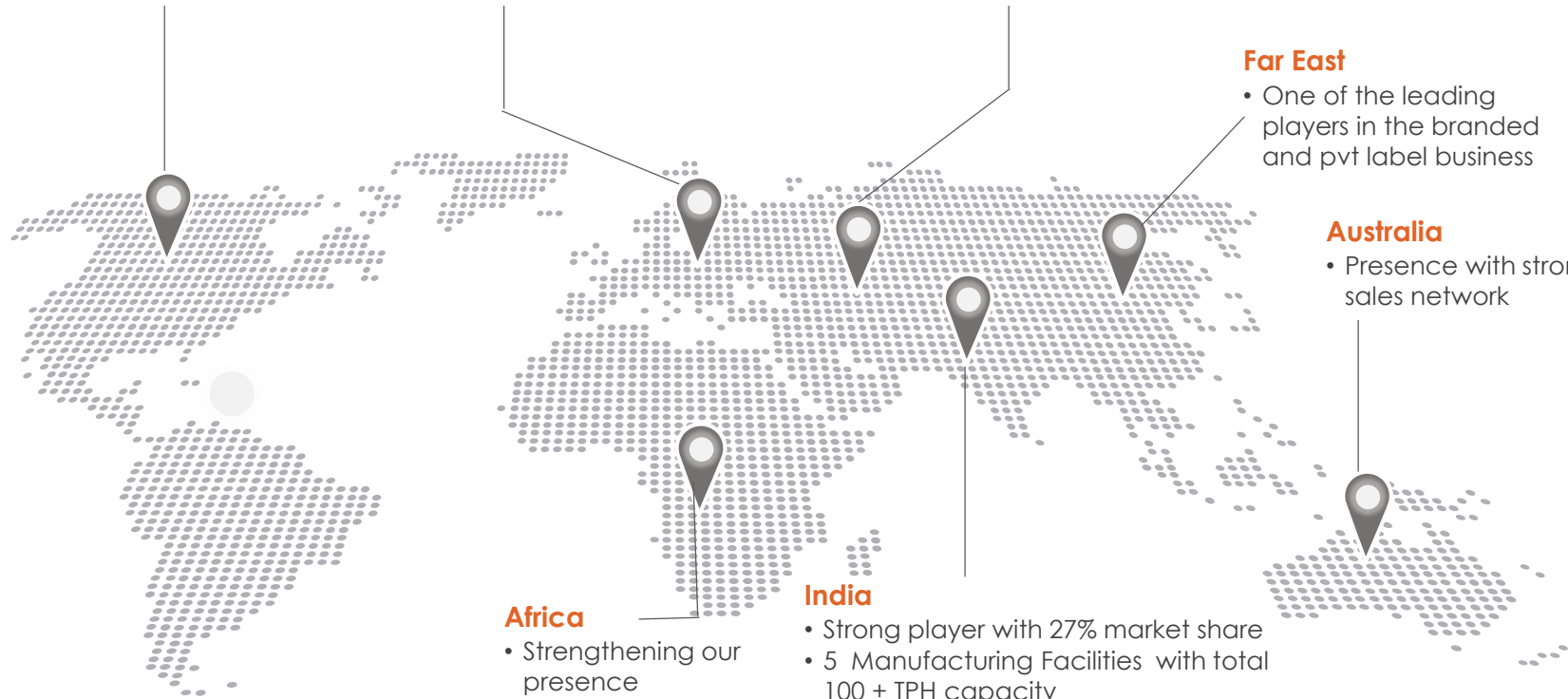
- Presence with strong sales network

### Africa

- Strengthening our presence

### India

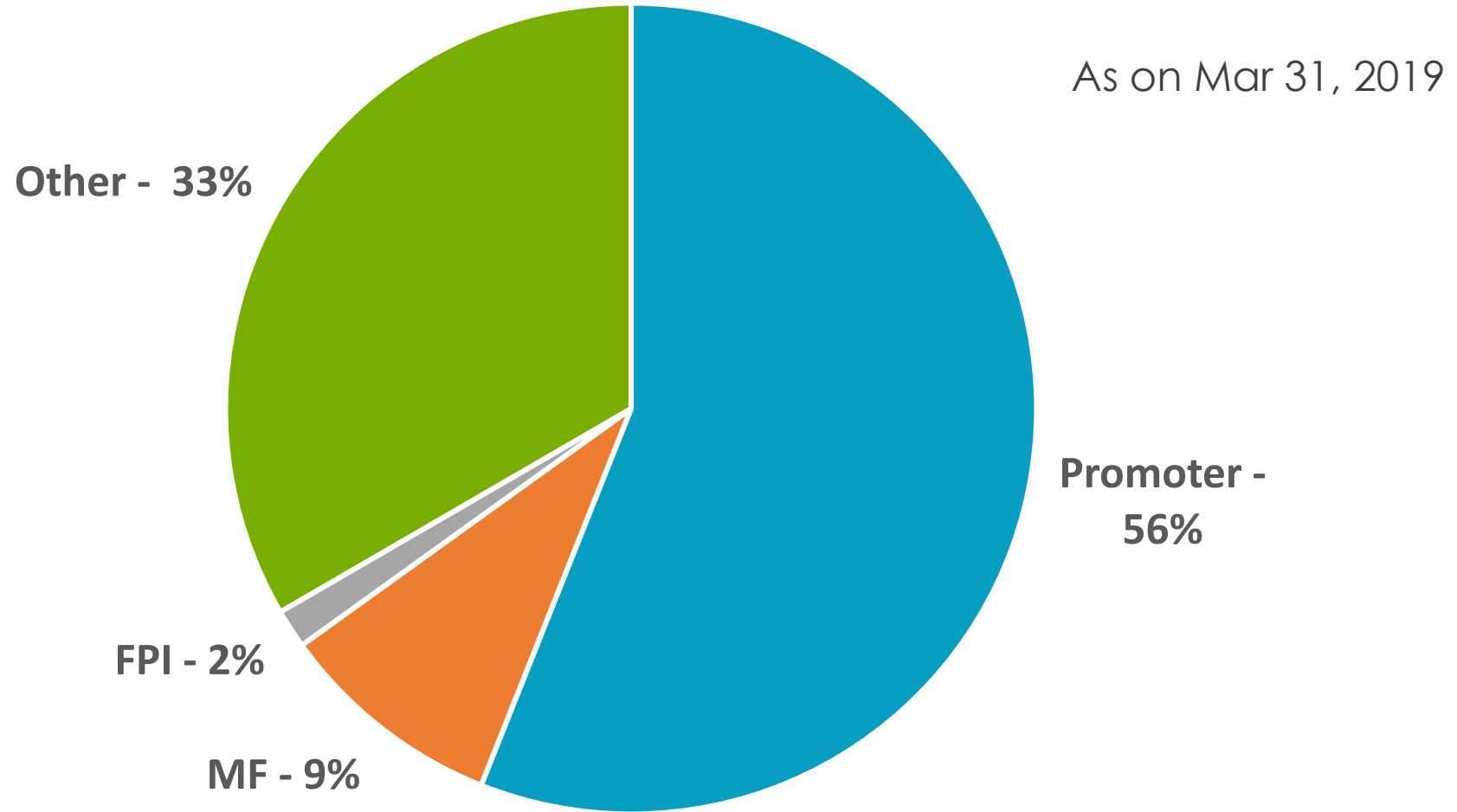
- Strong player with 27% market share
- 5 Manufacturing Facilities with total 100 + TPH capacity



**Augmented our capabilities in geographies where already present - such as the US and the EU; strengthening our presence through organic and inorganic route in other like the Middle East.**

- Commenced operations of manufacturing facility in Rotterdam, Netherlands, with a capacity of 60,000 metric tonnes per annum.
- In Europe, new processing unit will help save on the heavy import duty of 170 Euro/MT on white basmati rice.
- Established a ready-to-heat plant in Houston, USA.
- Organic business - subsidiaries in Netherlands and USA to cater more intensively to customers.
- Acquired brands of Gold Seal Indus Valley and Rozana are steadily growing, and improving our position within the Middle-East markets.
- Also helped us enter into specific new markets of Qatar, Oman, and Bahrain. Leveraging these brands, reinforced our existing presence in Saudi Arabia, UAE and Kuwait.
- Brand '817 Elephant' acquisition is helping in strengthen our presence in Canada, USA, Australia, and Israel.
- Entered new markets like Ukraine, Madagascar, Congo, Uganda, China, Angola, Venezuela, Colombia and Thailand.

# Shareholding pattern



# Board of Directors



## Investor Contact

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