



LT Foods Ltd.

DAAWAT

THE FINEST BASMATI



#1 in US



Investor Presentation - May 2016

Safe Harbor

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🌀 FY16 Performance Highlights 🌀



Strong Volume Growth

FY16

2,979

**Consolidated Revenue
(Rs Crs)**

7%



Growth YoY

FY16

223

**Domestic Volume
(‘000 MT)**

24%



Growth YoY

256

**Exports Volume
(‘000 MT)**

24%



Growth YoY

Improving Operational Performance

FY16

363

**Consolidated EBITDA
(Rs Crs)**

163

**Consolidated PBT*
(Rs Crs)**

12%

EBITDA Margin

17%



Growth YoY

47%



Growth YoY

106 bps

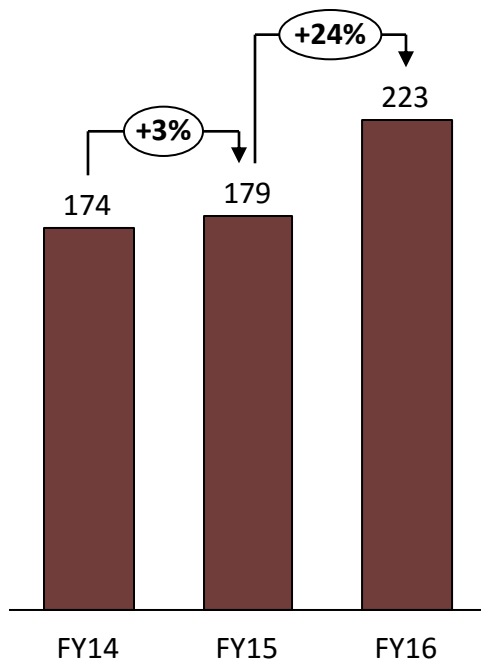


YoY

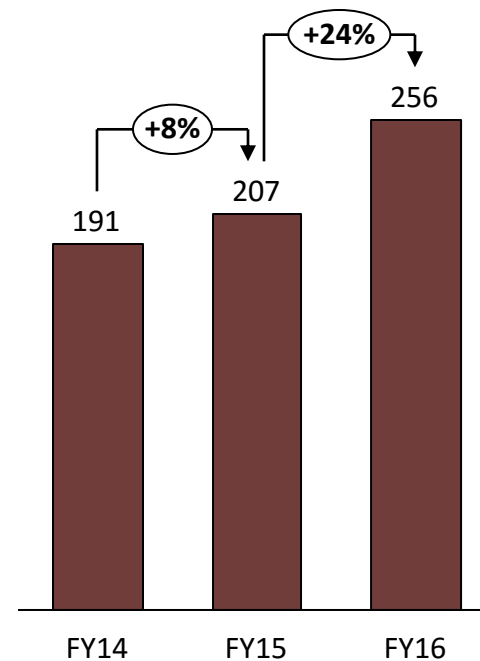
* PBT is before exceptional item of Rs 44 crs

Domestic and Exports Sales - Volume

Domestic ('000 MT)

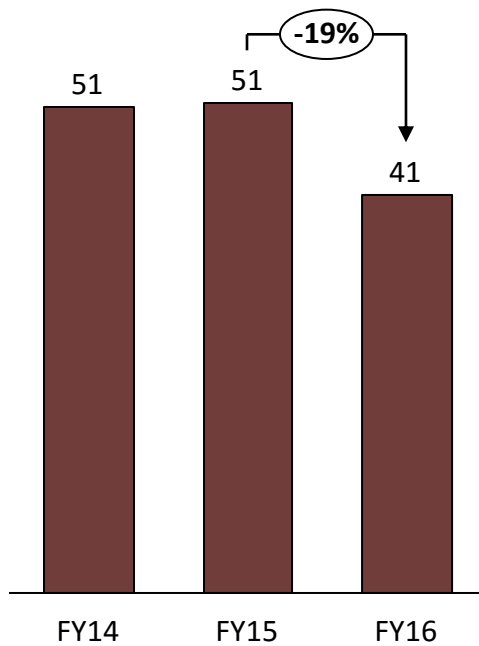


Exports ('000 MT)

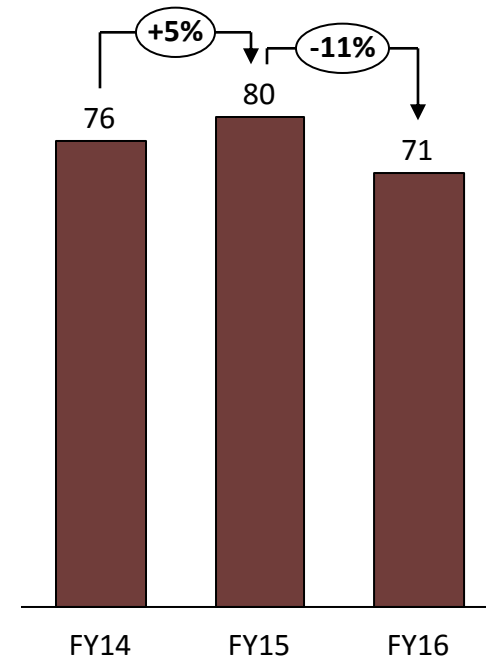


Domestic and Exports - Realisations

Domestic (Rs/'000 MT)

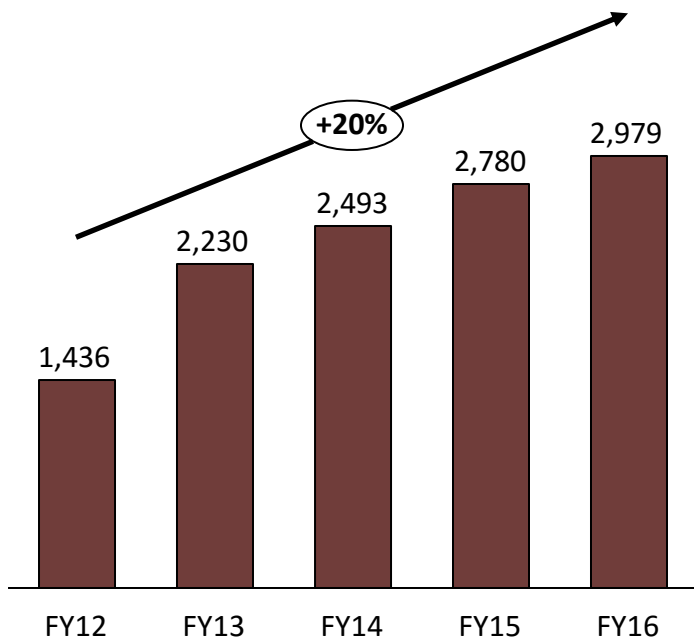


Export (Rs/'000 MT)



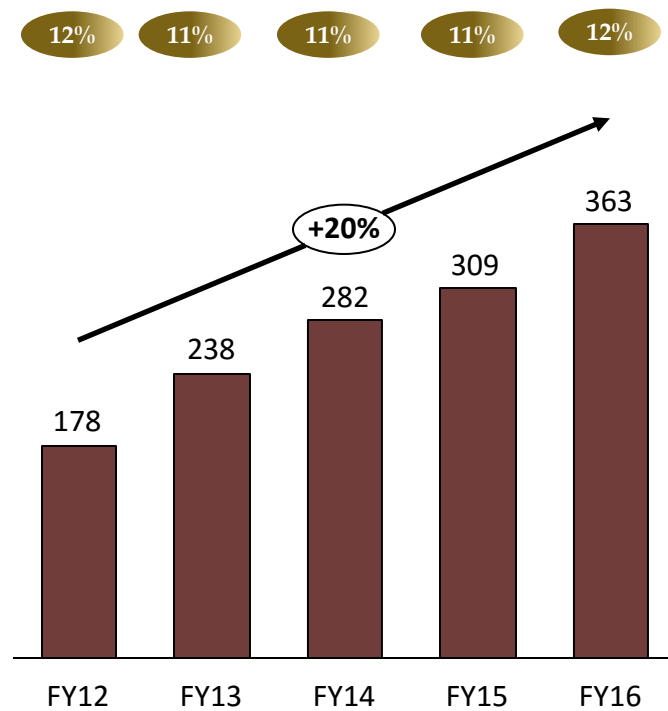
Improving Margin Profile

Revenues (Rs Crs)



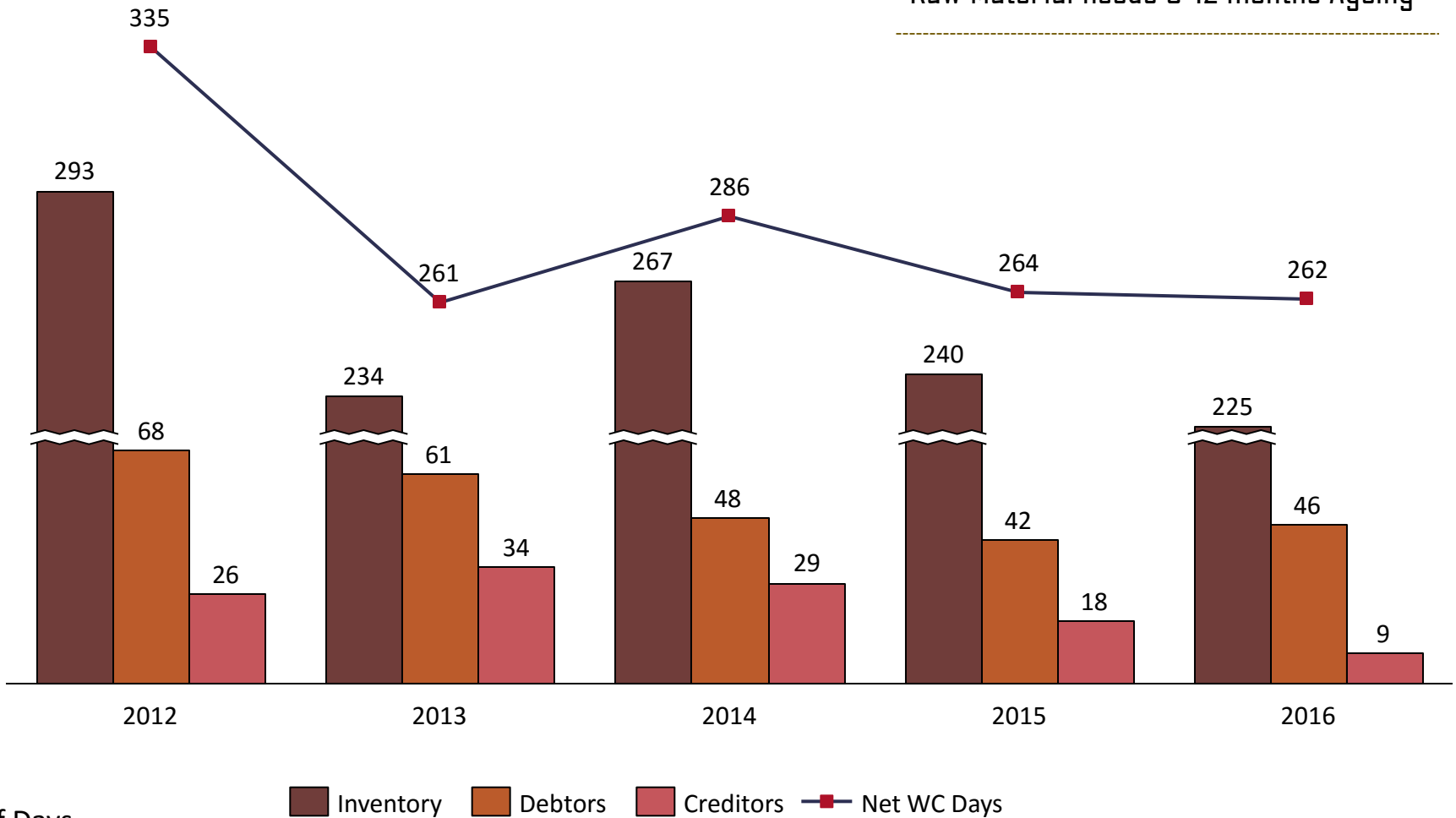
EBITDA (Rs Crs)

margin (%)



Improving Working Capital

Raw Material needs 9-12 months Ageing



Other Highlights

Acquisition of Brands 'Gold Seal Indus Valley' and 'Rozana' from HUL

- CCI Approval received
- Acquisition of brands and inventory for a consideration of ~Rs 25 crs
- Brands registered a turnover of Rs 51 crs in FY15

**Brand
Acquisition**

LT Foods & DSM Nutritional Products to venture into new nutritional products

- To introduce fortified rice as a new offering in the nutritional range
- Will leverage LT foods' strengths on the product and process side

**MOU with
DFM**

MOU with Future Group

- Joint venture to undertake the business of sourcing, manufacturing, marketing, sales, and distribution of regional rice like sona masoori rice/ south Indian rice

**MOU with
Future Group**

Evolution of LT Foods

DAAWAT
THE FINEST BASMATI



Evolved from a Rice Trader to...



1985-1995

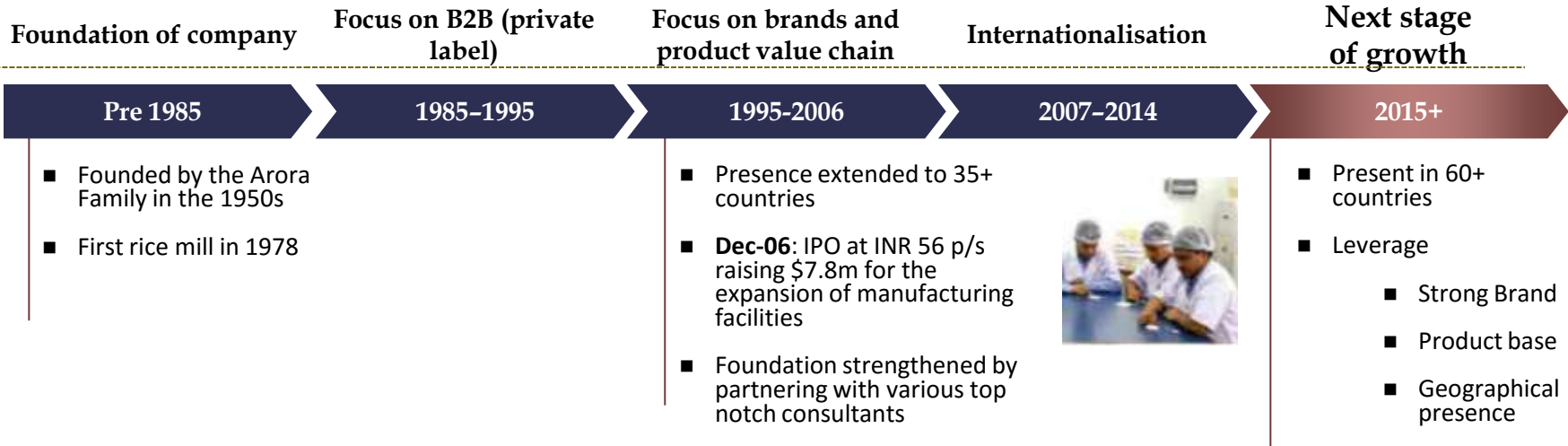
- Incorporation of LT Overseas Ltd
- Launched 'Daawat' brand in 1985
- 'Daawat' brand still in developing stages – launched the brand internationally in c. 20 countries

2007-2010

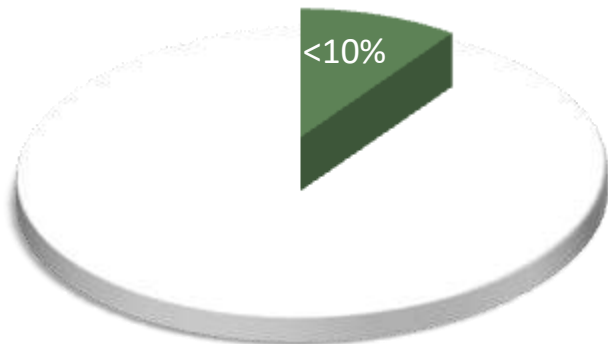
- Acquired 'Royal' brand in US
- Rabo PE invested equity capital of c.\$10m

2011-14

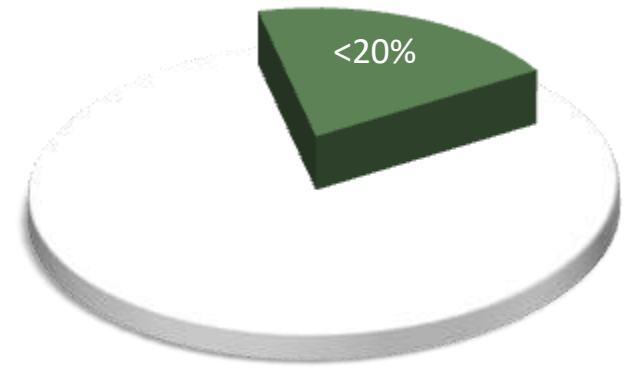
- Daawat reached #2 among basmati rice brands in India
- Launched value added staples and rice-based snacks



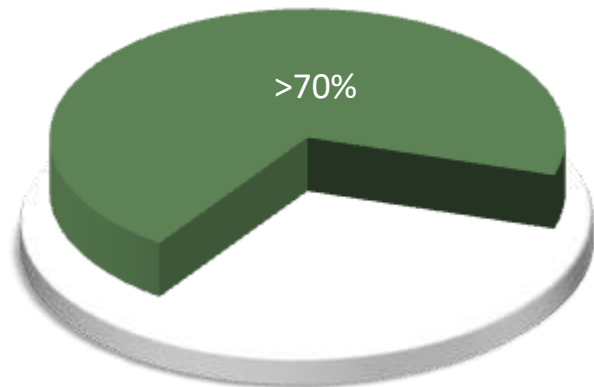
...A Leading Branded Speciality Rice Player...



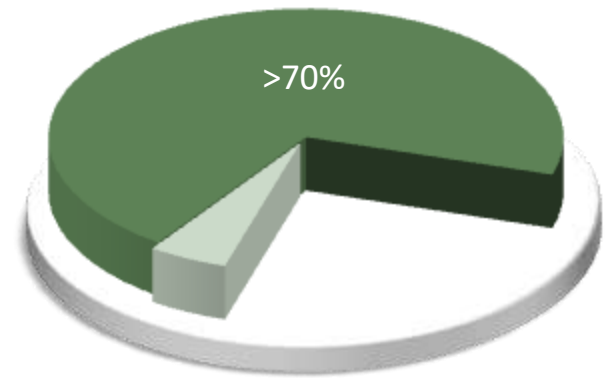
1985-95 Focus on B2B
(Private Label)



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



Sauces



Oils



Organic food

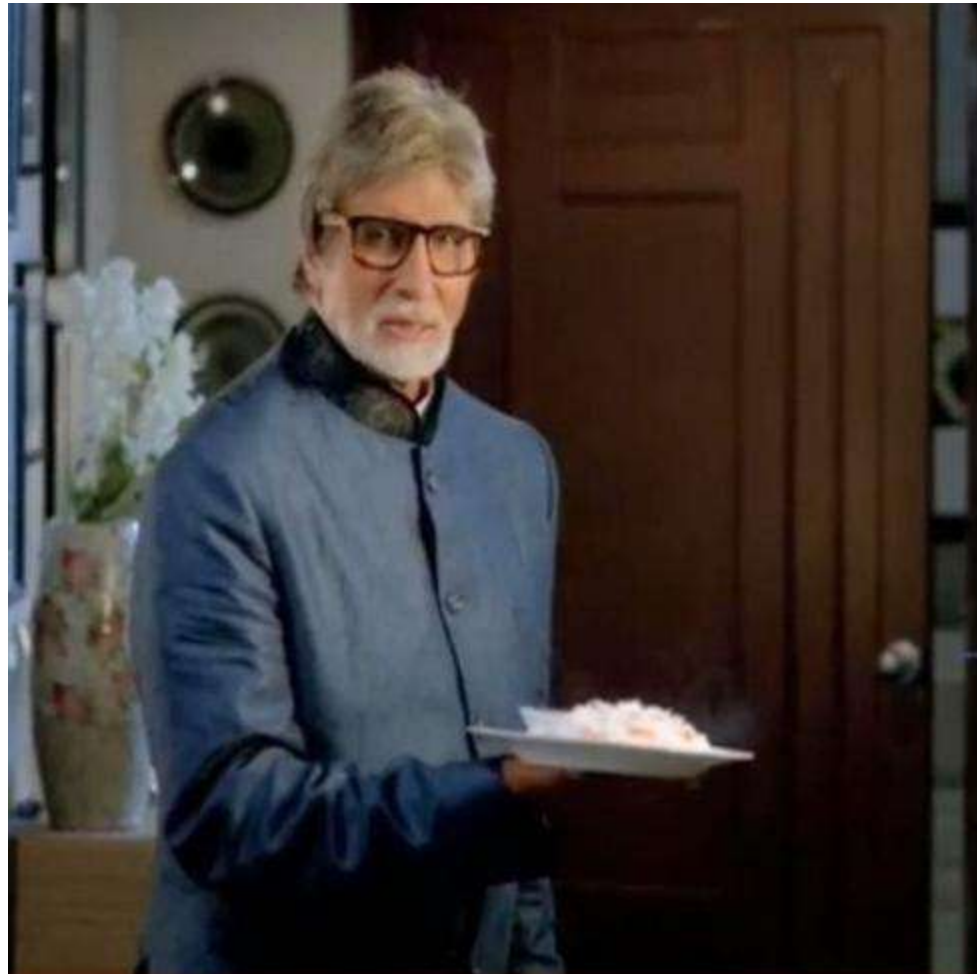
...with Leading Global & Regional Brands



#2 Brand in India



Safe Bhi Saaf Bhi



#1 Brand in US

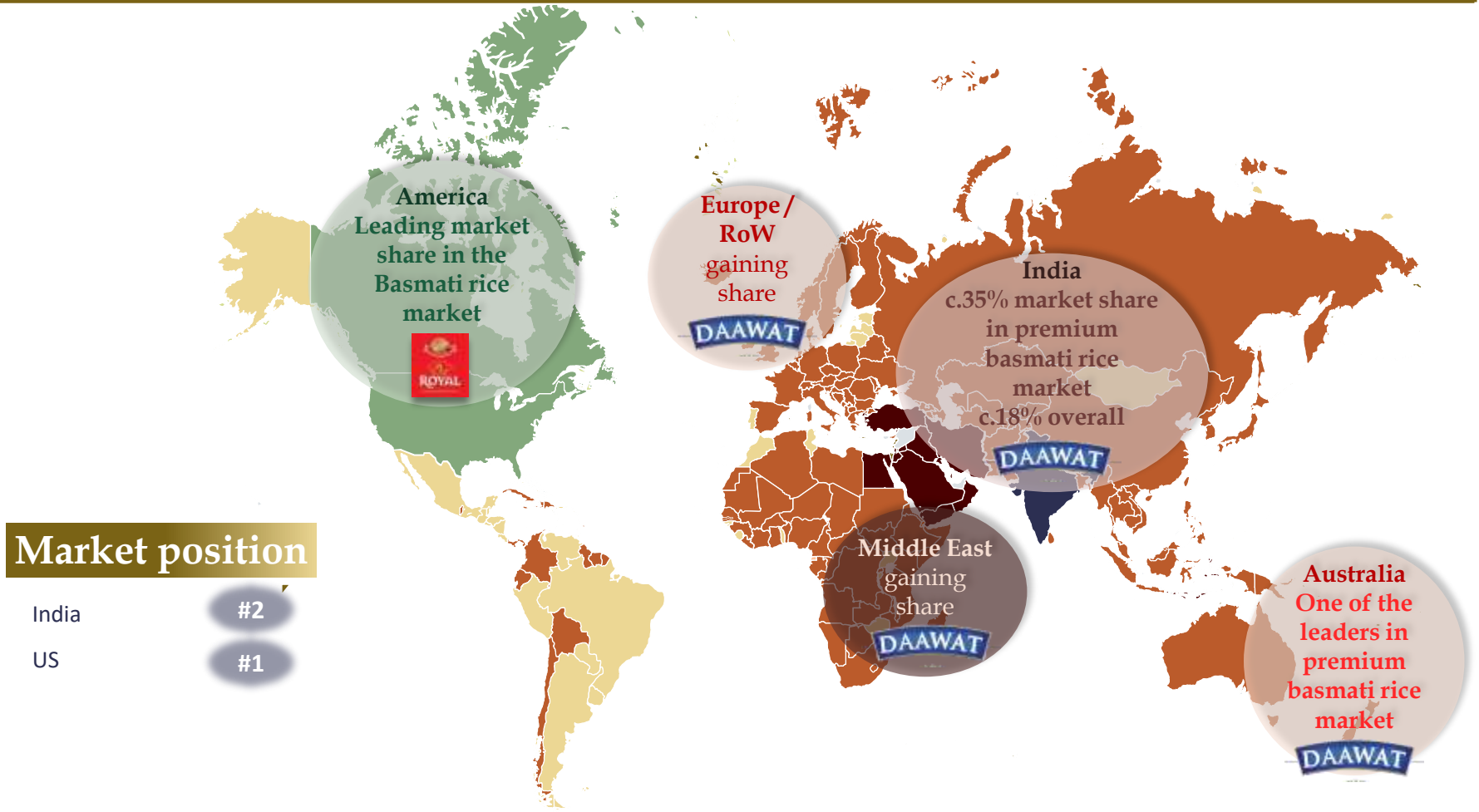


100% Organic



Grape Seed Oil

... Global Presence in over 65 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



Years at
LT Foods



Manoj Chugh
Head of Procurement

20 years



Previous
experience



Kamal Poplai
Head of Quality

8 years



Nadine Curias
VP Strategy &
Marketing

5 years



Sai S Krishnan
VP Supply Chain
& Operations

4 years



Kaizar Colombowala
Head, R&D

8 years



Years at
LT Foods

Previous
experience



Jerry Taylor
Senior,
VP Sales

23 years



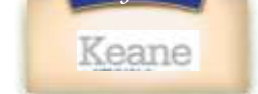
Chris Skolmutch
Product Development Manager,
LTFA

1year



Mukesh Aggarwal
CFO, LTFA

7 years



... And Experienced Advisory Board...



*K.N.
Memani
Advisory Board*



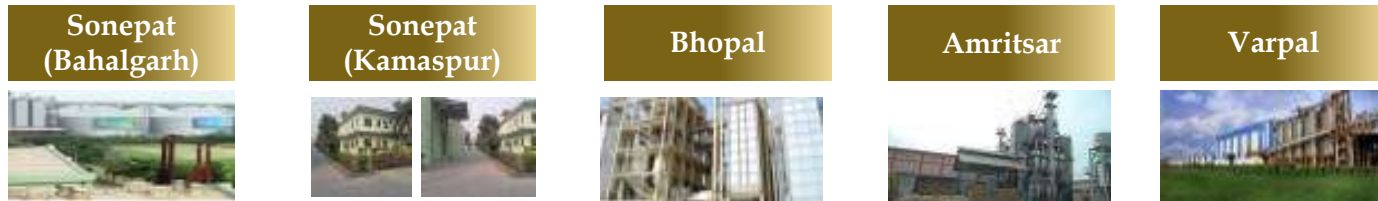
*Ravi S.
Naware
Advisory Board*

*Years at
LT Foods*

*Previous
experience*



... With State of the Art Manufacturing Facilities



1999

2005

2008

1960

2010

**Rice capacity
(TPH)**

33

5 (organic rice)

26

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)

Accreditation

ISO, SQF, BRC, SA,
Kosher, OU, Halal

ISO, NOP, NPOP, EEC
and Kosher

FSSC, Halal, Kosher
and BRC

ISO

FSSC and BRC

USP

1st to have complete
storage in 1 MT
bags

100% organic facility
with cold and CO₂
treatment

1st to get FSSC
22000 certification

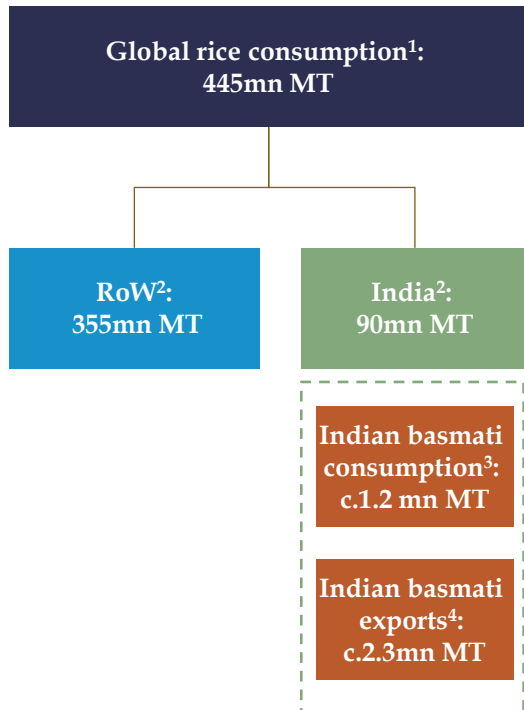
Fully integrated and
automated facility

Industry Overview

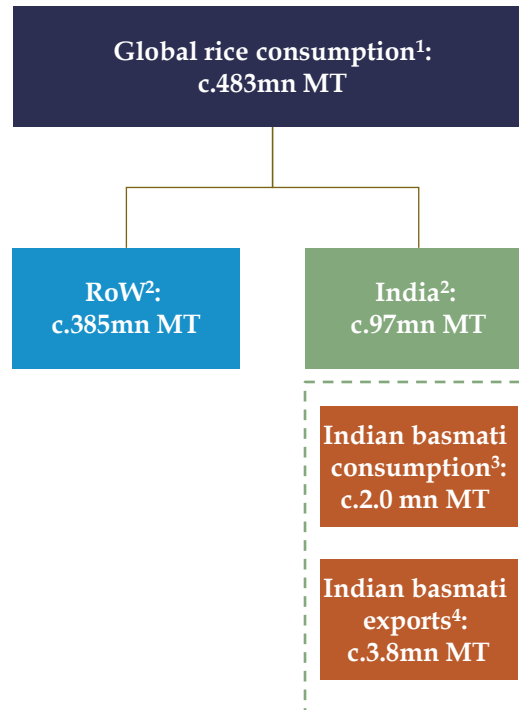


Rice market overview

2010-11

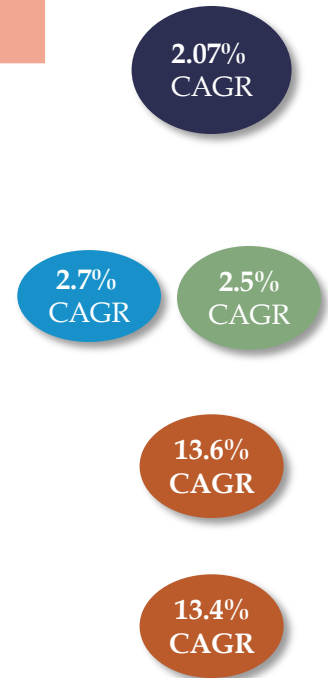


2014-15



Valued at c.\$240bn

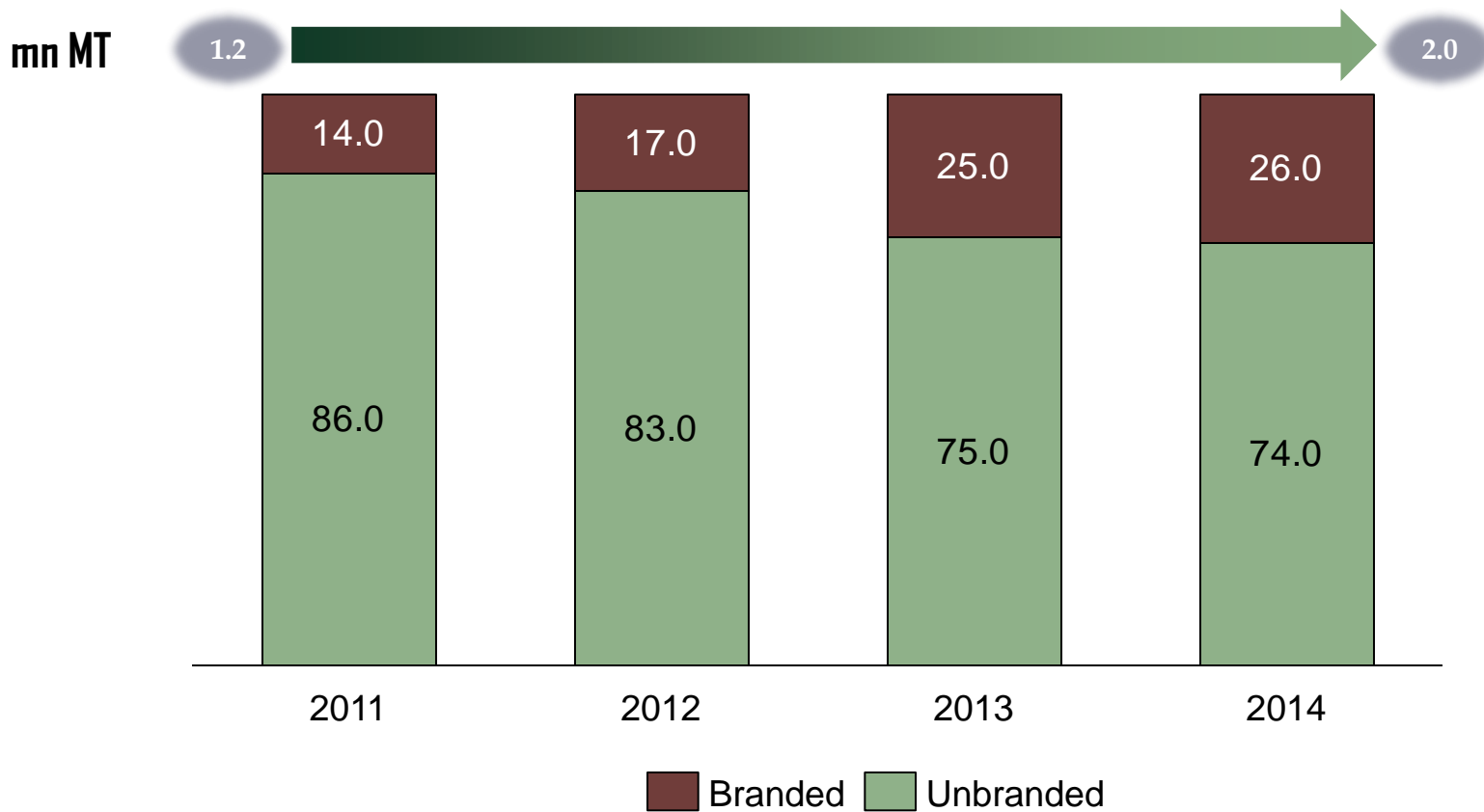
Growth



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

Growing Domestic Basmati Rice Industry...

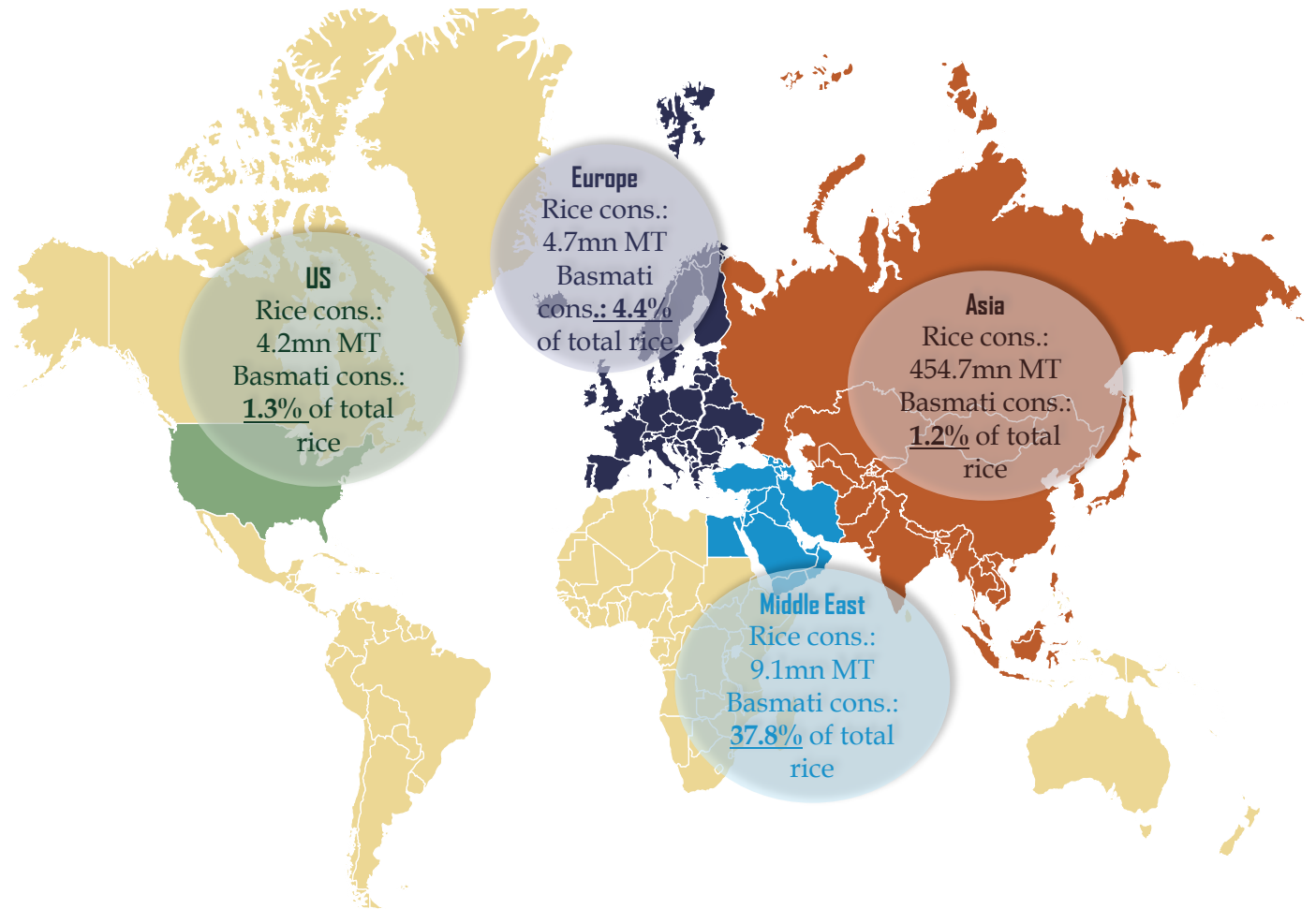
Indian Basmati Consumption (%)



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

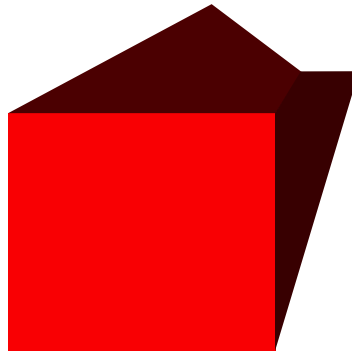
01
Integrated
Business Model



02
Contract Farming
Relationships



03
Expertise in
Paddy
Procurement

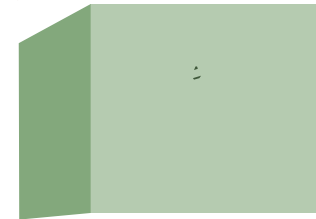


**High Entry
Barriers**

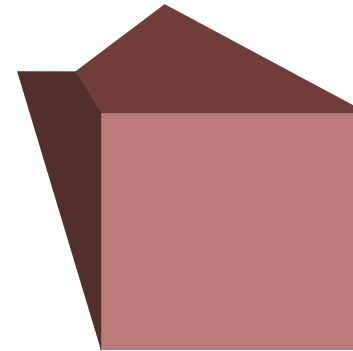
04
Strong Brand &
Market Share



05
Broad Portfolio
of Products



06
Distribution
Network



01 Integrated Business Model



LT Foods Presence

02 Contract Farming Relationships

Backward Integration

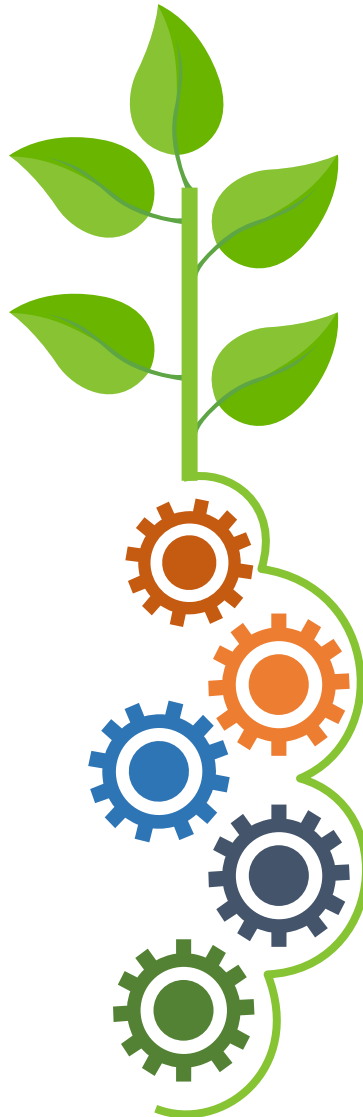
Backward integration program for the last 9 years

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

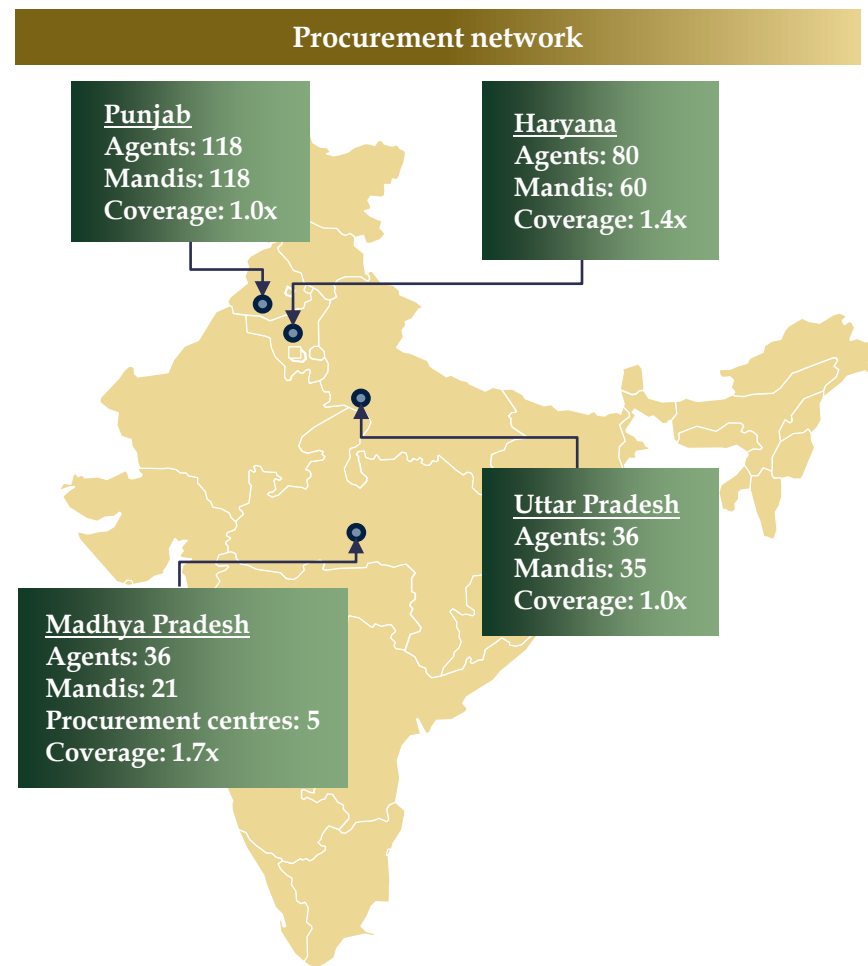
Full control on buying process throughout the year

Stringent Quality Checks

Quality check at each stage from Mandis to Test Labs

Responsible Sourcing Programme

Sustainable farming practices in partnership with BayerCropScience



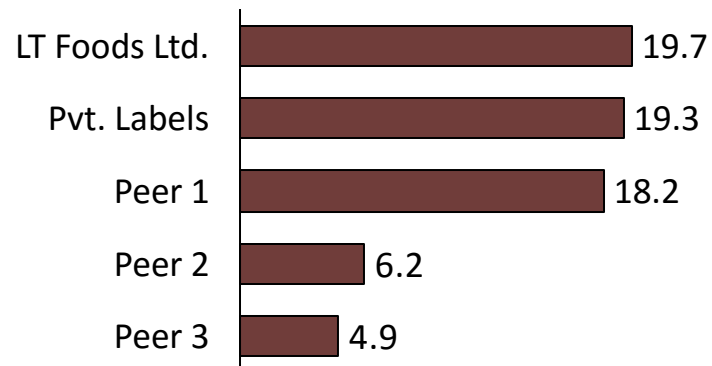
Strong coverage of mandis across the key basmati producing states

04 Strong Brand & Market Share...

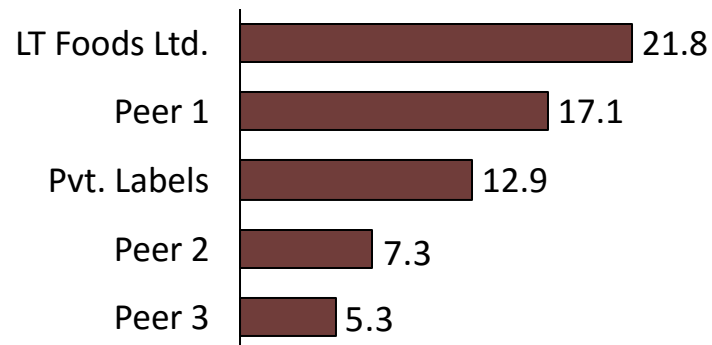
#1 and #2 market position in 7 Countries incl India & US



#1 : All India Urban Markets (%)



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



...that hedges Profitability...

Paddy Procurement



Branding Creates Pricing Power

Paddy Aging & Processing

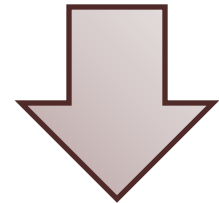


Sale to End Consumer

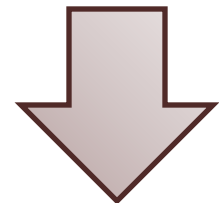


Purchase Price can be ascertained in advance

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

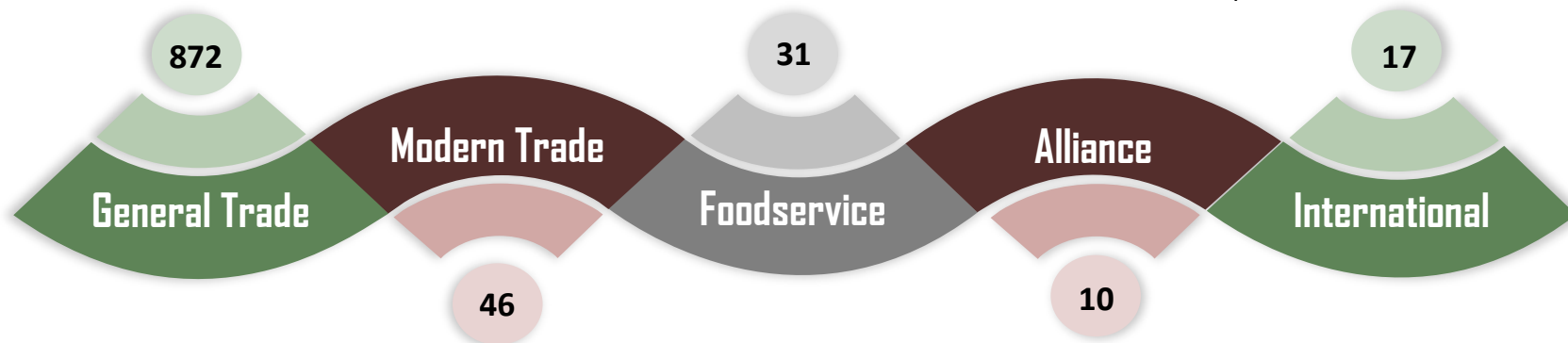
- Currently access to 1,10,000 traditional retail outlets
- Reach – 93% of towns with over 2 lakh population
- Access to 3000 Wholesalers

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



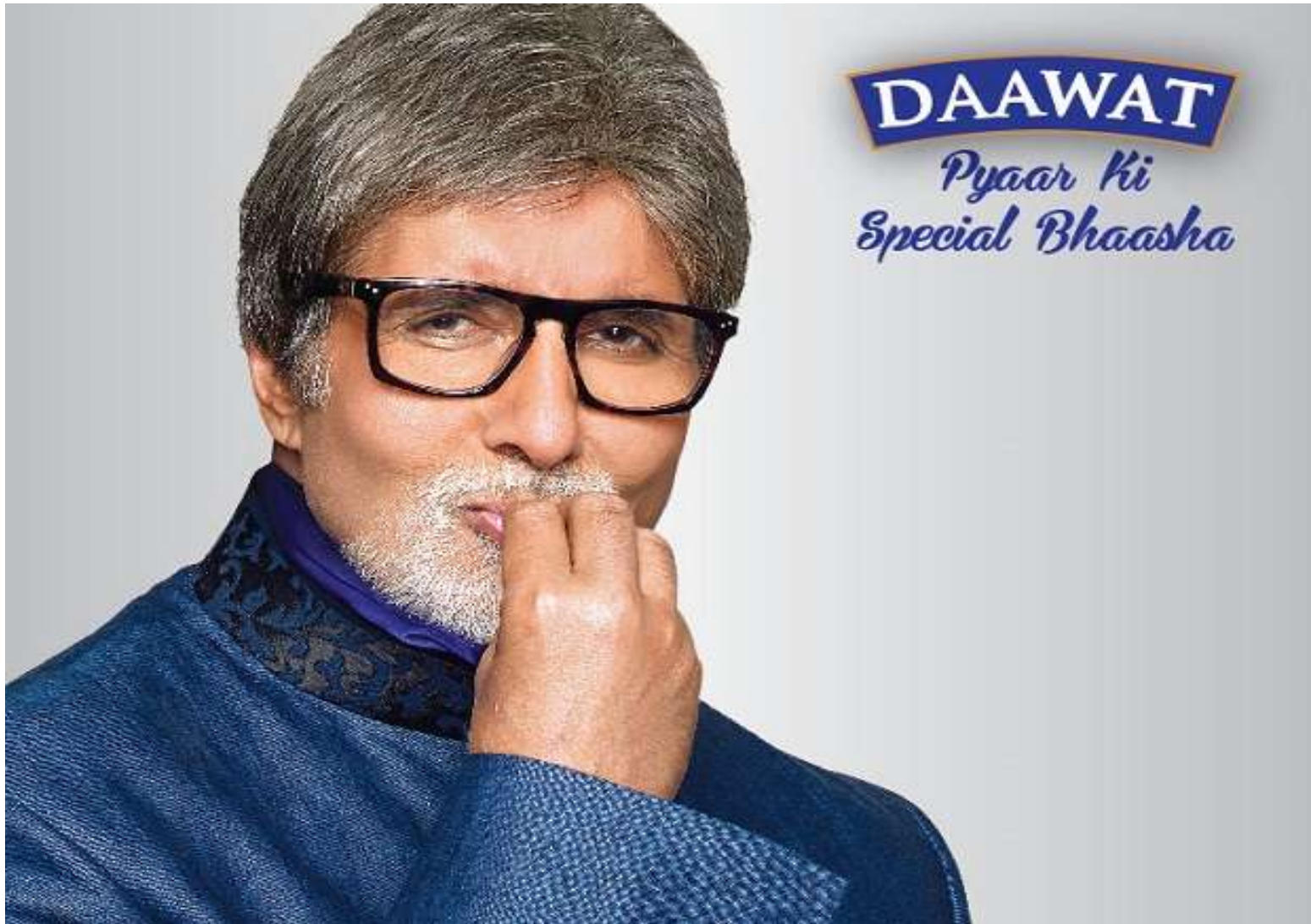
Modern Trade

- Access to 2,500 modern trade stores incl. 121 hypermarkets, 298 supermarkets and 1,462 mini markets
- 1st 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

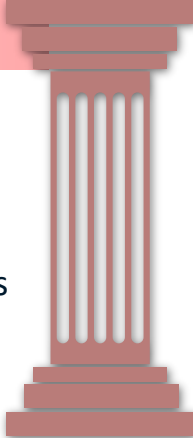


Three Pillars of Sustainable Growth



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 20%

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

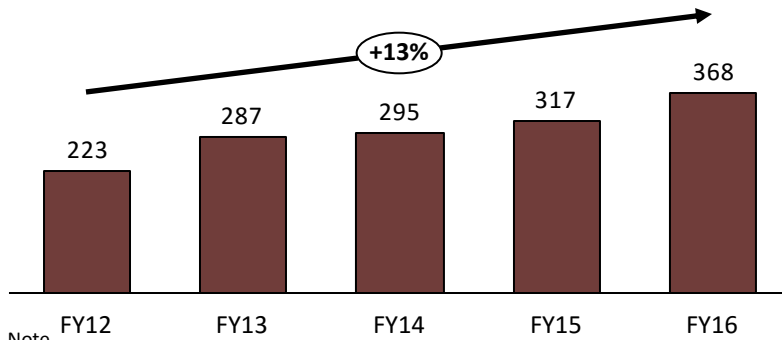
Brands



Strong Brands for Each Range of Product

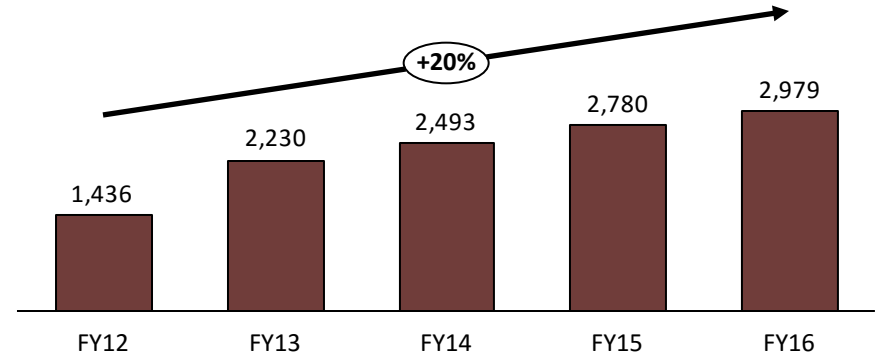
Sustainable Business Model

Rice Volumes ('000s MT)

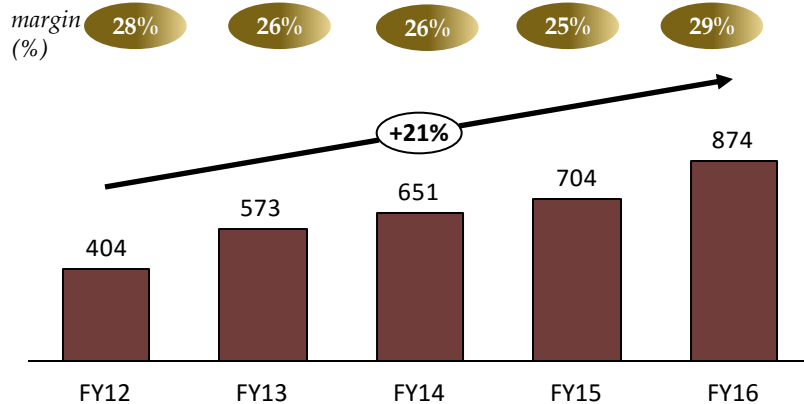


Note 1 Volumes include India branded rice, international branded rice and institutional rice. Excludes organic rice and international agri-trade;

Revenues (Rs Crs)



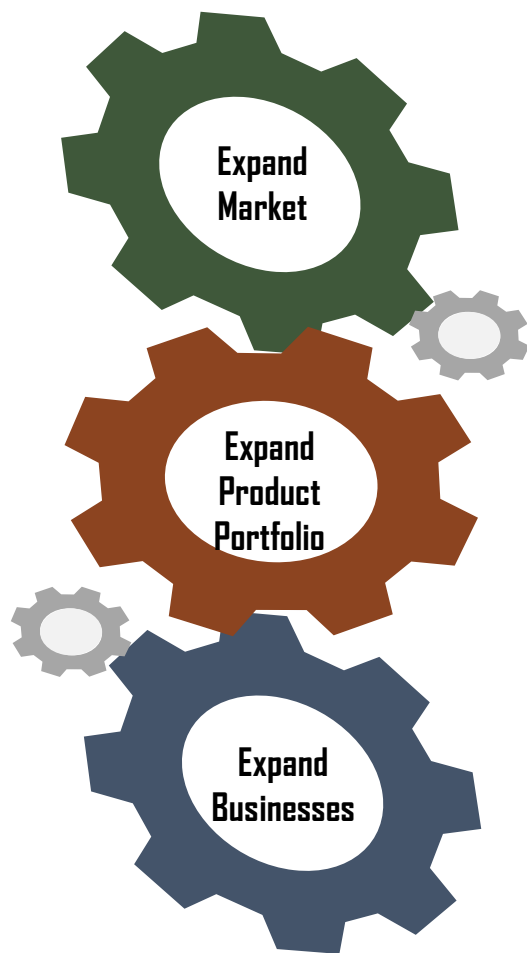
Gross profit (Rs Crs)



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

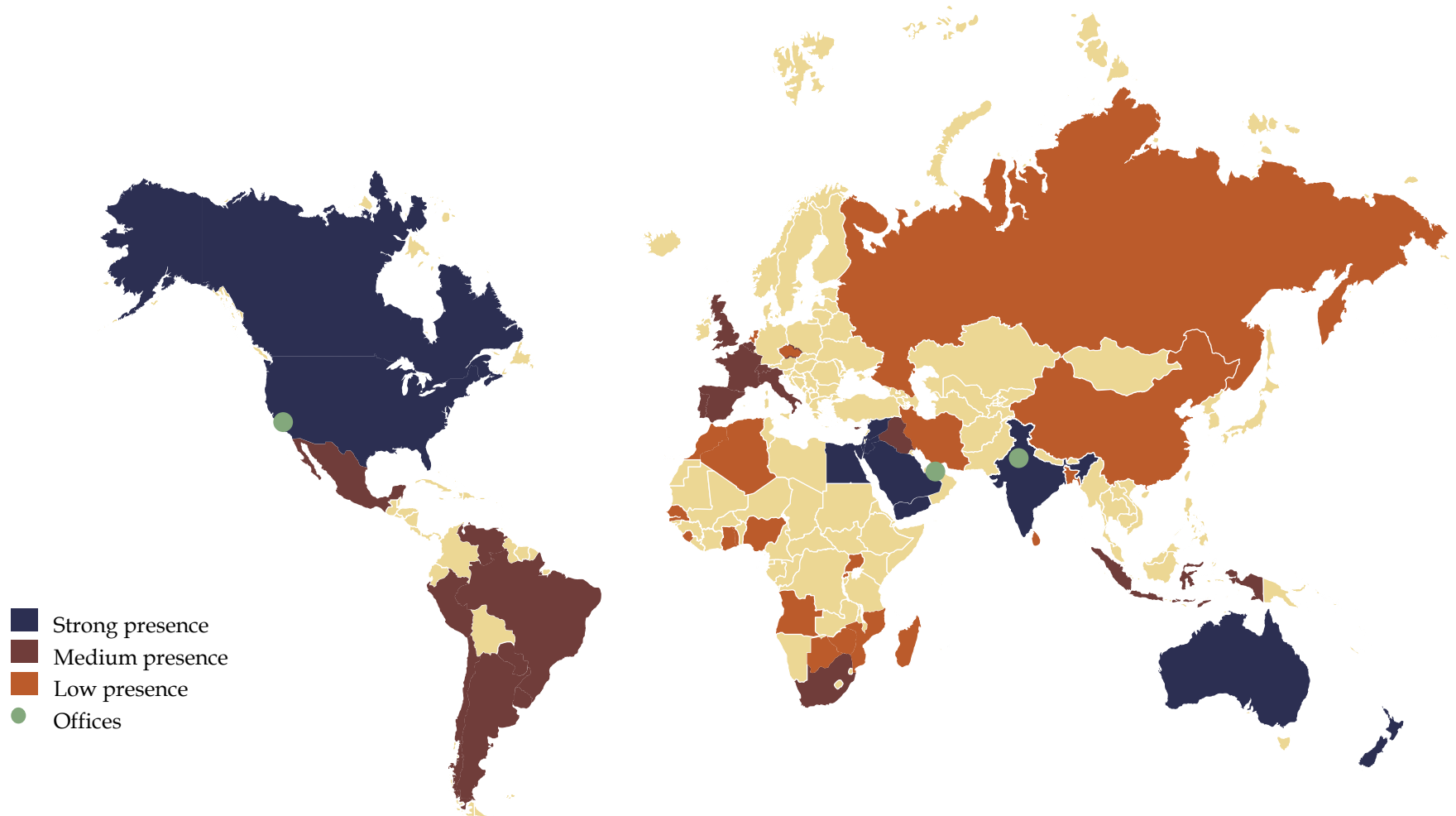
Expansion in Business

- 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

To further expand its geographical reach, which encompasses more than 65 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 FY17
- Currently in pilot in 3 states

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

Expansion in Business – Nature Bio-Foods Ltd.

- 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

Key products

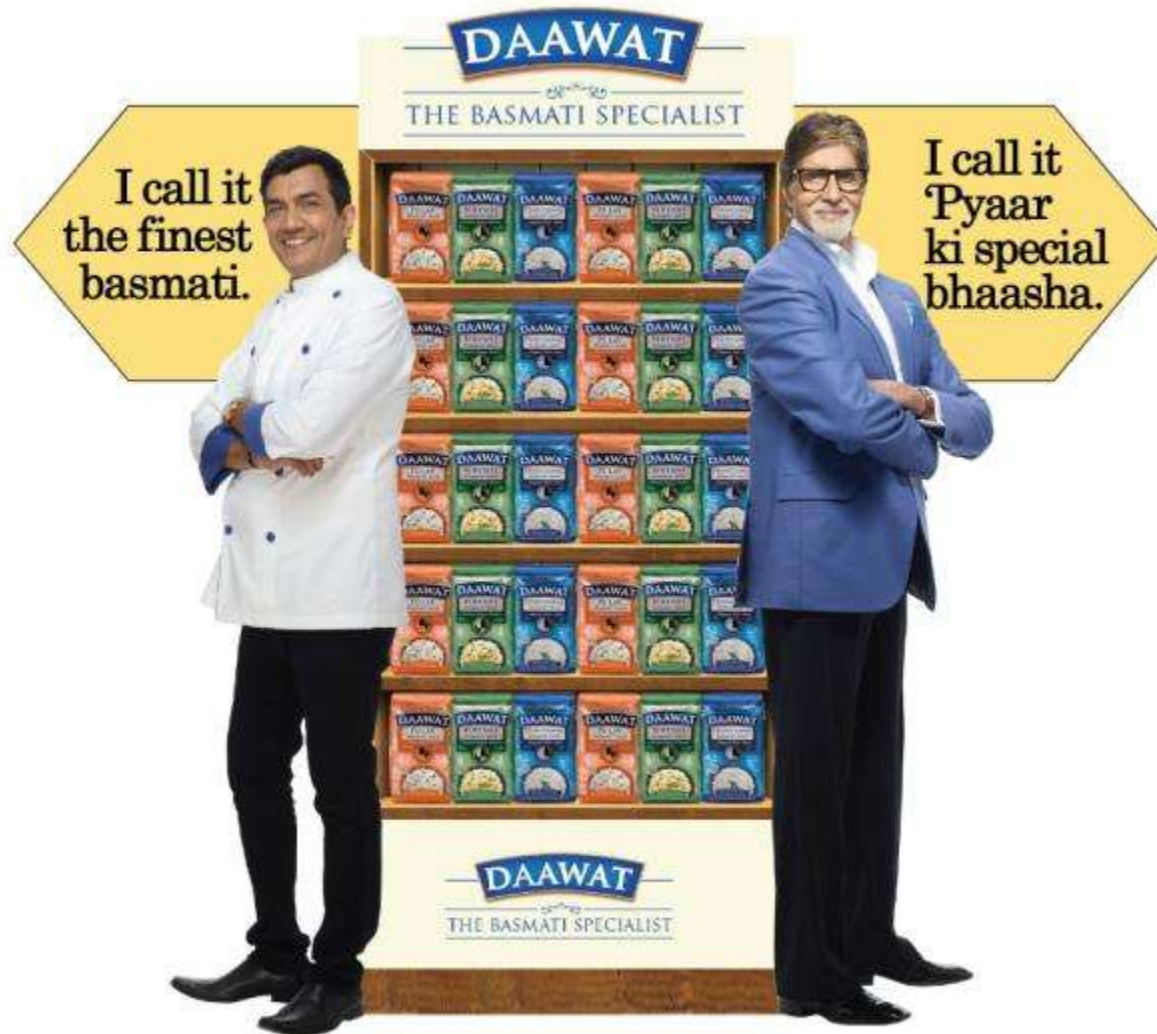


Preparing for B2C launch by FY17 in both India (Daawat umbrella) and the US (Royal umbrella)



Certifications





Consolidated Profit and Loss Statement

Rs. Cr	4QFY16	4QFY15	YoY %	3QFY16	QoQ%	FY16	FY15	YoY%
Revenue	806	715	13%	727	11%	2,979	2,779	7%
Raw Material	562	504	11%	504	11%	2,105	2,076	1%
Employee Expense	27	20	38%	21	29%	90	74	21%
Other Expenses	118	104	13%	125	-6%	422	321	32%
EBITDA	99	87	13%	76	29%	362	308	18%
<i>EBITDA Margin</i>	<i>12.3%</i>	<i>12.2%</i>		<i>10.5%</i>		<i>12.2%</i>	<i>11.1%</i>	
Other Income	0	0		0		1	1	
Depreciation	11	13	-18%	14	-20%	52	47	11%
EBIT	88	74	19%	63	40%	311	262	19%
Finance costs	38	44	-15%	33	15%	148	151	-2%
PBT (Before Exceptional Item)	50	30	69%	30	67%	163	111	47%
Exceptional (Gain)/Loss	44	0		0		44	0	
PBT (After Exceptional Item)	6	30	-79%	30	-79%	119	111	7%
Tax	7	7		12		47	35	
PAT	0	22	-102%	18	-102%	72	76	-5%

Consolidated Balance Sheet

Rs. Cr	Mar-16	Mar-15
Shareholders Fund	537	463
Share Capital	27	26
Reserves & Surplus	510	436
Minority Interest	34	34
Total Non Current Liabilities	39	90
Long Term Borrowings	38	89
Other Non-Current Liabilities	1	1
Total Current Liabilities	1,854	1,858
Short Term Borrowings	1,520	1,550
Trade Payables	53	100
Other Current Liabilities	281	208
TOTAL EQUITY & LIABILITIES	2,464	2,445

Rs. Cr	Mar-16	Mar-15
Total Non Current Assets	567	422
Fixed Assets	309	311
Goodwill on Consolidation	77	74
Non Current Investments	6	7
Other Non Current Assets	175	30
Total Current Assets	1897	2023
Inventories	1300	1362
Trade Receivables	376	318
Cash & Cash Equivalents	32	21
Other Current Asset	189	322
TOTAL ASSETS	2,464	2,445

Update on Insurance Claim

- The fire accident that had happened in Company's subsidiary i.e. Daawat Foods Limited plant in June 2014 resulted in loss of stock of raw material having book value of Rs. 179.91 crs. The stock was insured and the Company had filed an insurance claim with the insurance company for Rs. 189.71 crs. The said claim had been repudiated by the insurance company on several contestable grounds.
- Based on multiple legal advices The Board of Directors of Daawat Foods Limited (DFL) has decided that the Company should strongly challenge the Order passed by the Insurance Company in various forums as determined by the lawyers.
- However on basis of claim assessment report issued by the surveyors to the insurance company, obtained by the management of the Company under Right to Information Act (RTI), as a prudent accounting measure DFL has decided to make a provision of Rs 44 crs during the year.
- The Company's legal advisors are confident of successful recovery of the insurance claim.



Company :

LT Foods Limited.

CIN - L74899DL1990PLC041790

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