



INTRODUCTION TO LT FOODS



DAAWAT THE FINEST



Investor Presentation August 2016

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Contents



I Q1 FY17 Performance Highlights

II Evolution of LT Foods

III Industry Overview

IV Entry Barriers

V Strategy for Sustainable Growth

VI Financials



Q1FY17 Performance Highlights



Strong Volume Growth in India and International

Q1 FY17

64

India Volume
(‘000 MT)

28%



Growth YoY

74

International Volume
(‘000 MT)

30%



Growth YoY

75

Branded Volume
(‘000 MT)

19%



Growth YoY

Q1 FY17

710

Consolidated Revenue
(Rs Crs)

-6%



Growth YoY

Improved Operational Performance

Q1 FY17

31

Net Profit
(Rs Crs)

45

Consolidated PBT
(Rs Crs)

13.72%

EBITDA Margin

45.2

Cash Profit
(Rs Crs)

11%



Growth YoY

7%



Growth YoY

82 bps



YoY

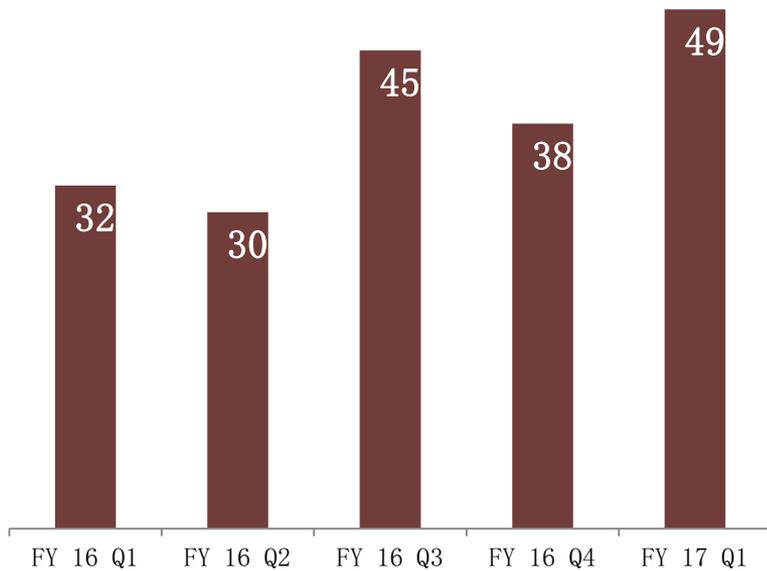
8%



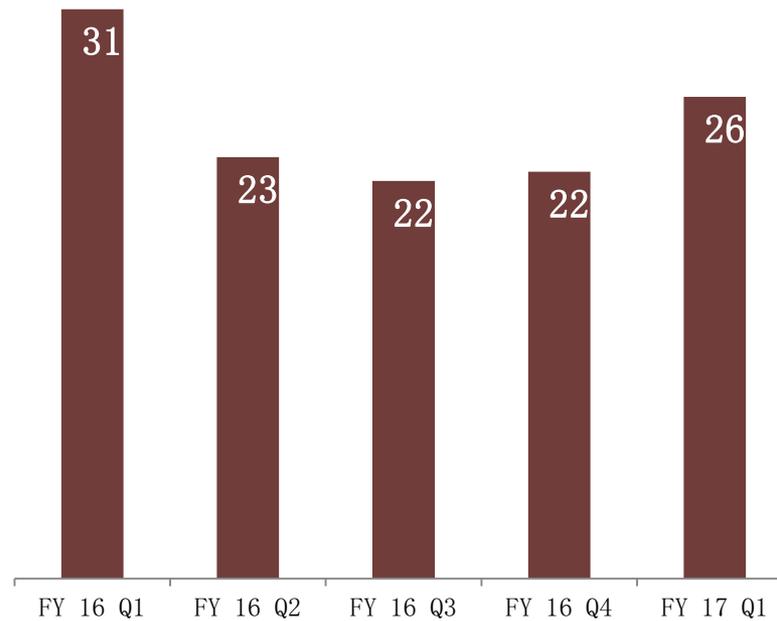
YoY

Branded Sales Volume – India & International

India ('000 MT)

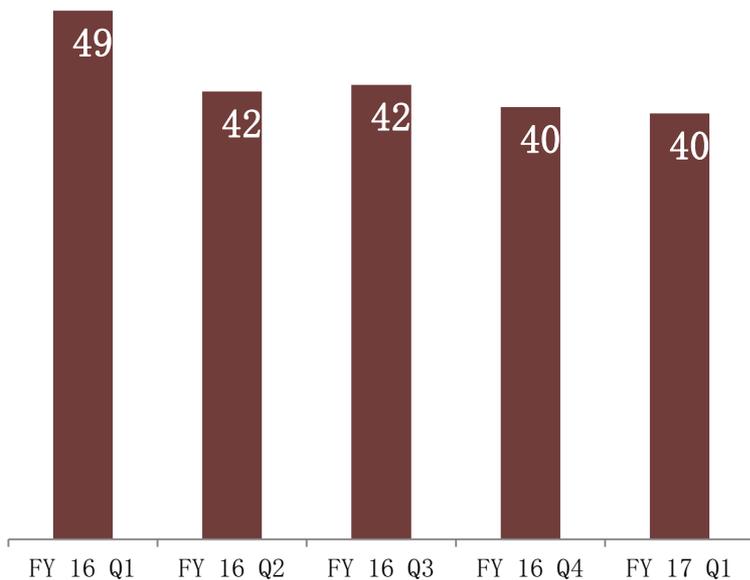


International ('000 MT)

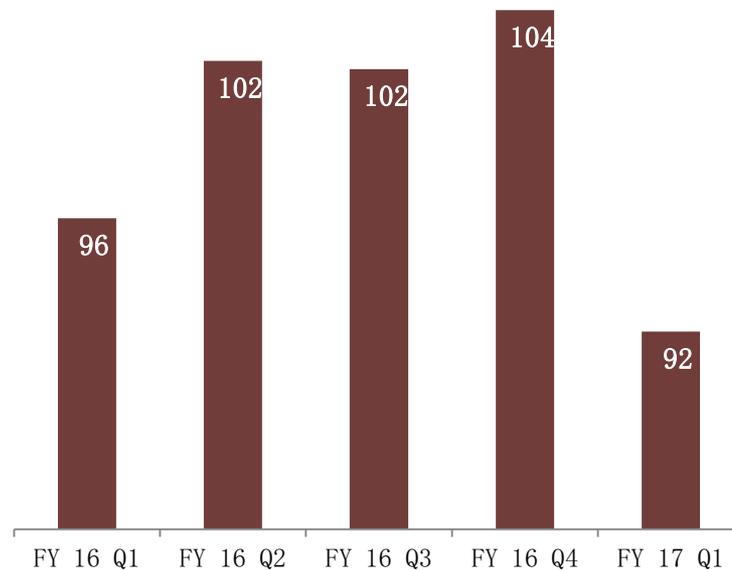


Realization Branded- India & International

India (Rs/'000 MT)



International (Rs/'000 MT)



Improving Margin Profile

Revenues (Rs Crs)

EBITDA (Rs Crs)

margin (%)

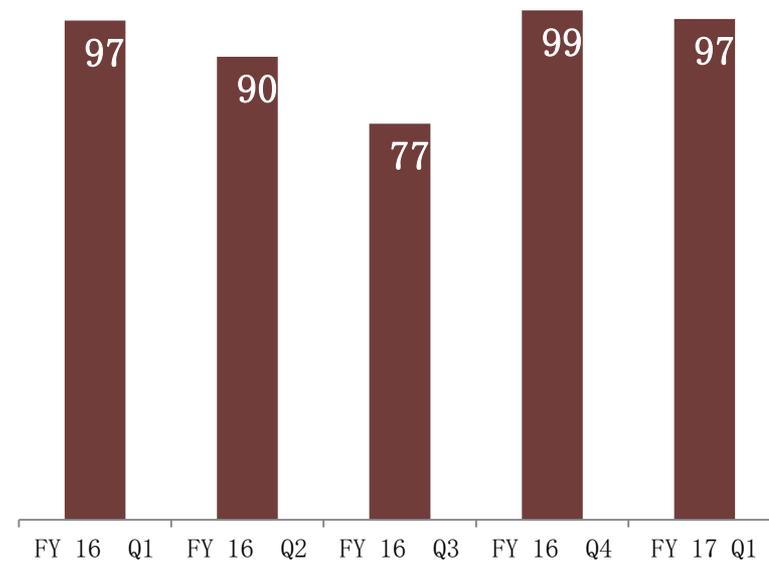
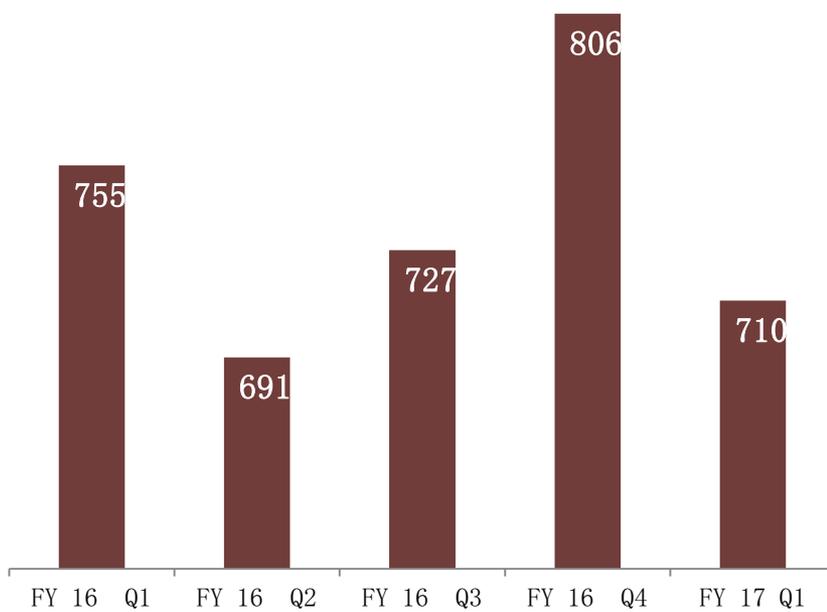
13%

13%

11%

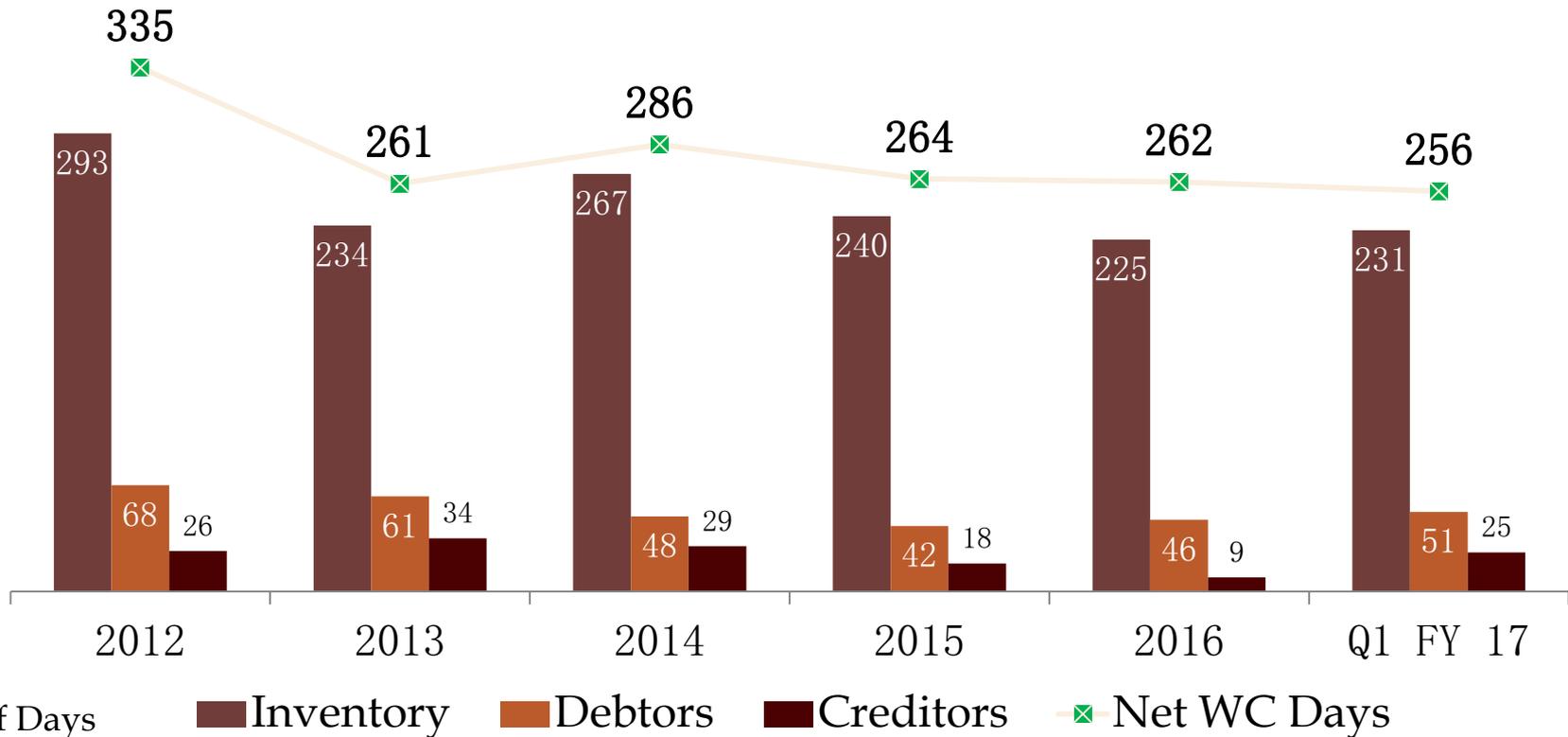
12%

14%



Improving Working Capital

Raw Material needs 9-12 months Ageing



S&GA Expenses as % of Sales

margin (%)

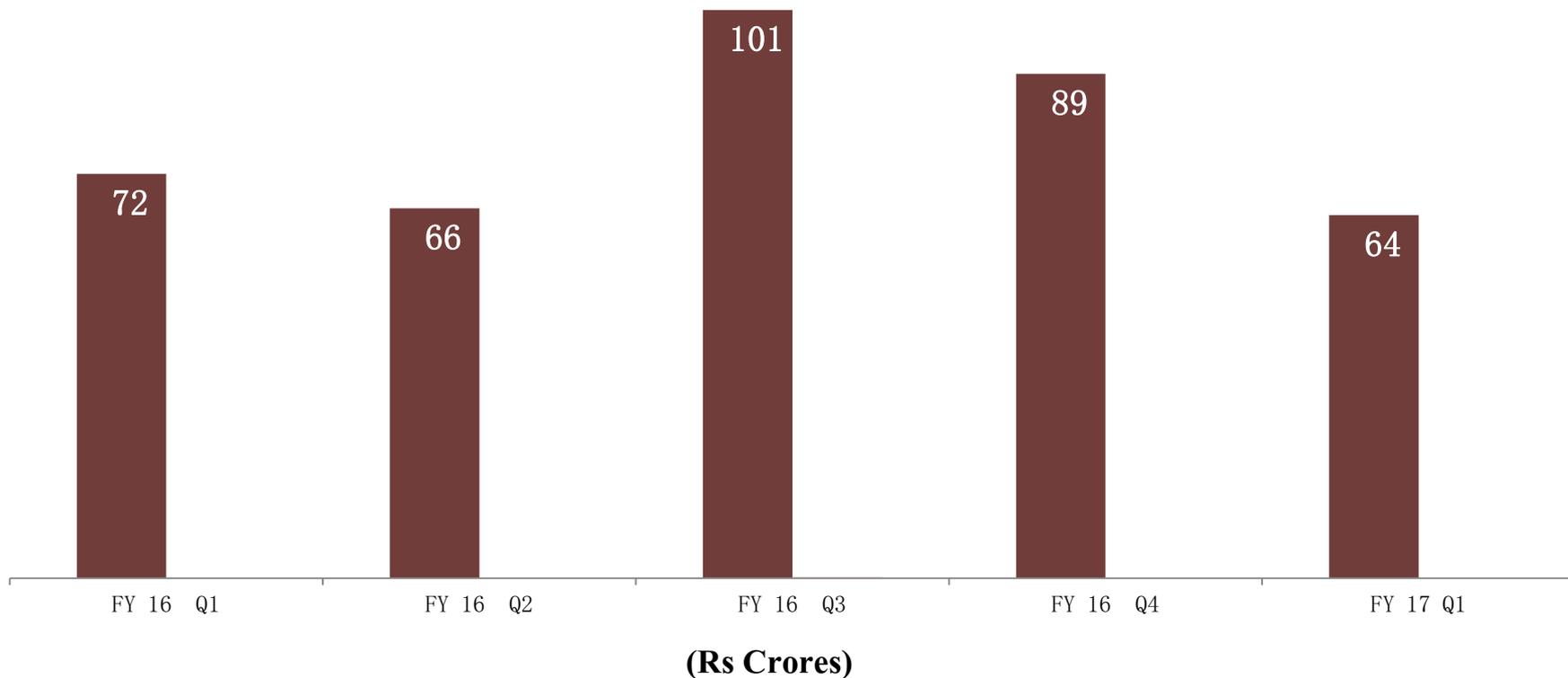
9.5%

9.5%

13.9%

11.1%

9.2%



Other Highlights

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

- Iconic Brands established in 1985
- Acquired these brands to further strengthen our position in Qatar, Oman and Bahrain.
- 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 has Incorporated a subsidiary in UK

- Incorporated a wholly owned subsidiary LT Foods International Limited, UK.
- To further strengthen its presence in UK and Europe.

New Subsidiary



Acquisition of Brands '817 Elephant' from DSSS

- Iconic brand established in 1984
- Acquired 817 Elephant from DSSS to further strengthen our foothold in Canada, US and Dubai
- Acquisition made through our UK arm.
- Brands registered a turnover of approx. Rs. 47 crs in FY15.

Brand Acquisition



Evolution of LT Foods

DAAWAT
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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



Foundation of company

Focus on B2B (private label)

Focus on brands and product value chain

Internationalisation

Next stage of growth

Pre 1985

1985-1995

1995-2006

2007-2014

2015+

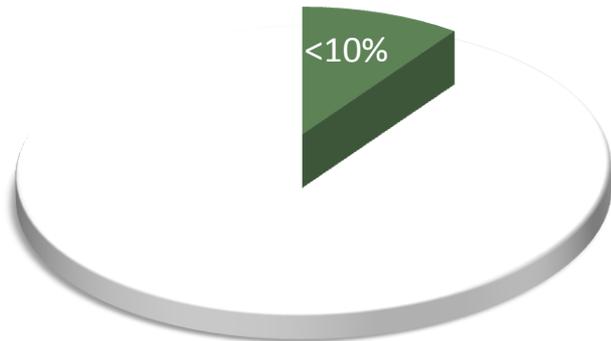
- Founded by the Arora Family in the 1950s
- First rice mill in 1978

- Presence extended to 35+ countries
- **Dec-06:** IPO at INR 56 p/s raising \$7.8m for the expansion of manufacturing facilities
- Foundation strengthened by partnering with various top notch consultants

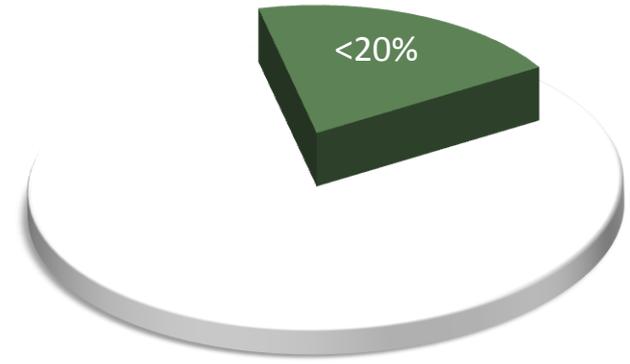


- Present in 60+ countries
- Leverage
 - Strong Brand
 - Product base
 - Geographical presence

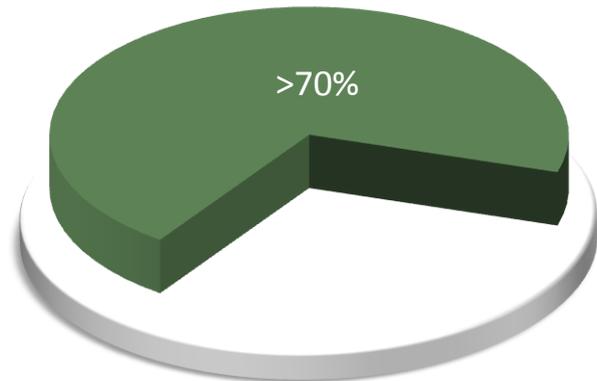
...A Leading Branded Speciality Rice Player...



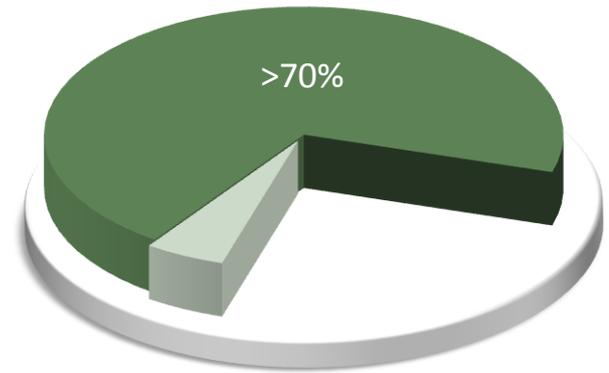
1985-95 **Focus on B2B
(Private Label)**



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



2007-14 **Internationalization**



NEXT Stage of Growth

A Specialty Food Company...

Branded Basmati rice



Value added staples



Wheat flour

Refined flour

Chickpea flour

Semolina

Flattened rice

Premium



Health

Other products



Sauces



Oils



Organic food

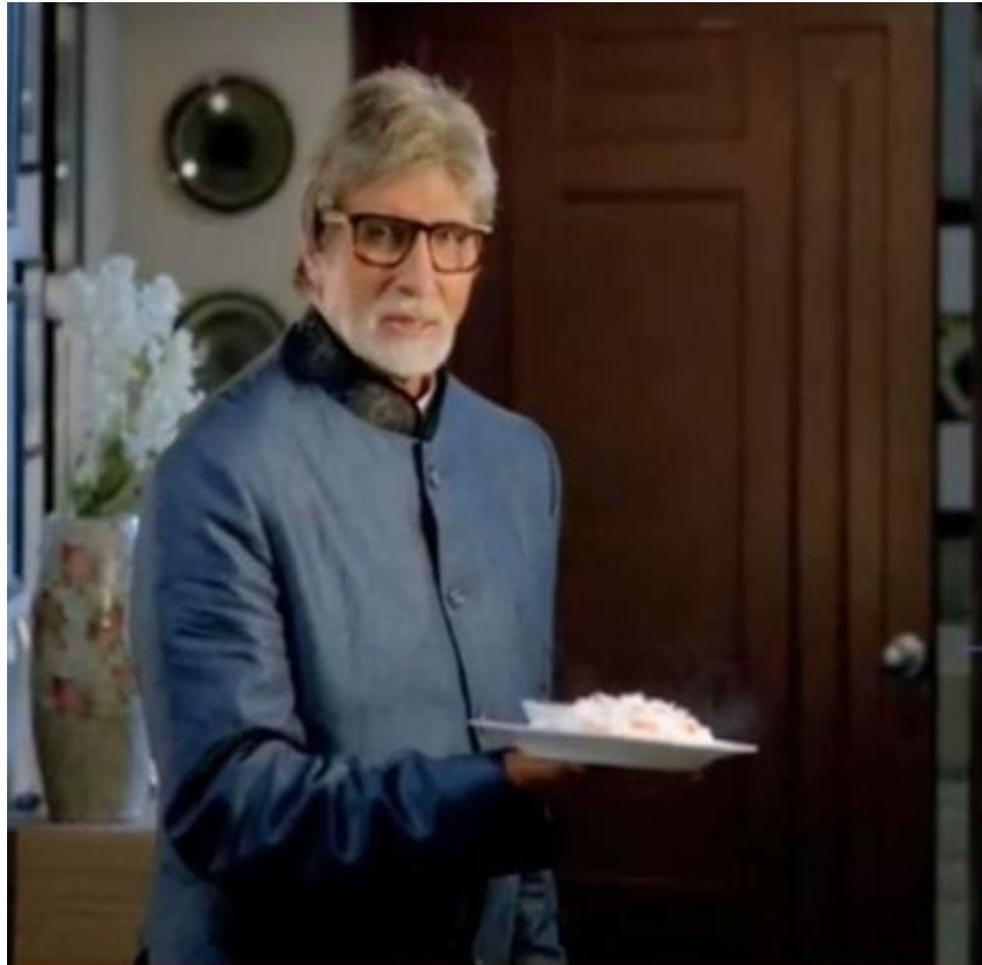
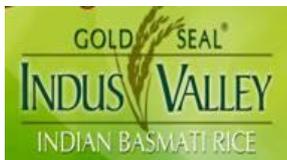


Horeca

Mid-price

Value

...with Leading Global & Regional Brands



#1 Brand in US



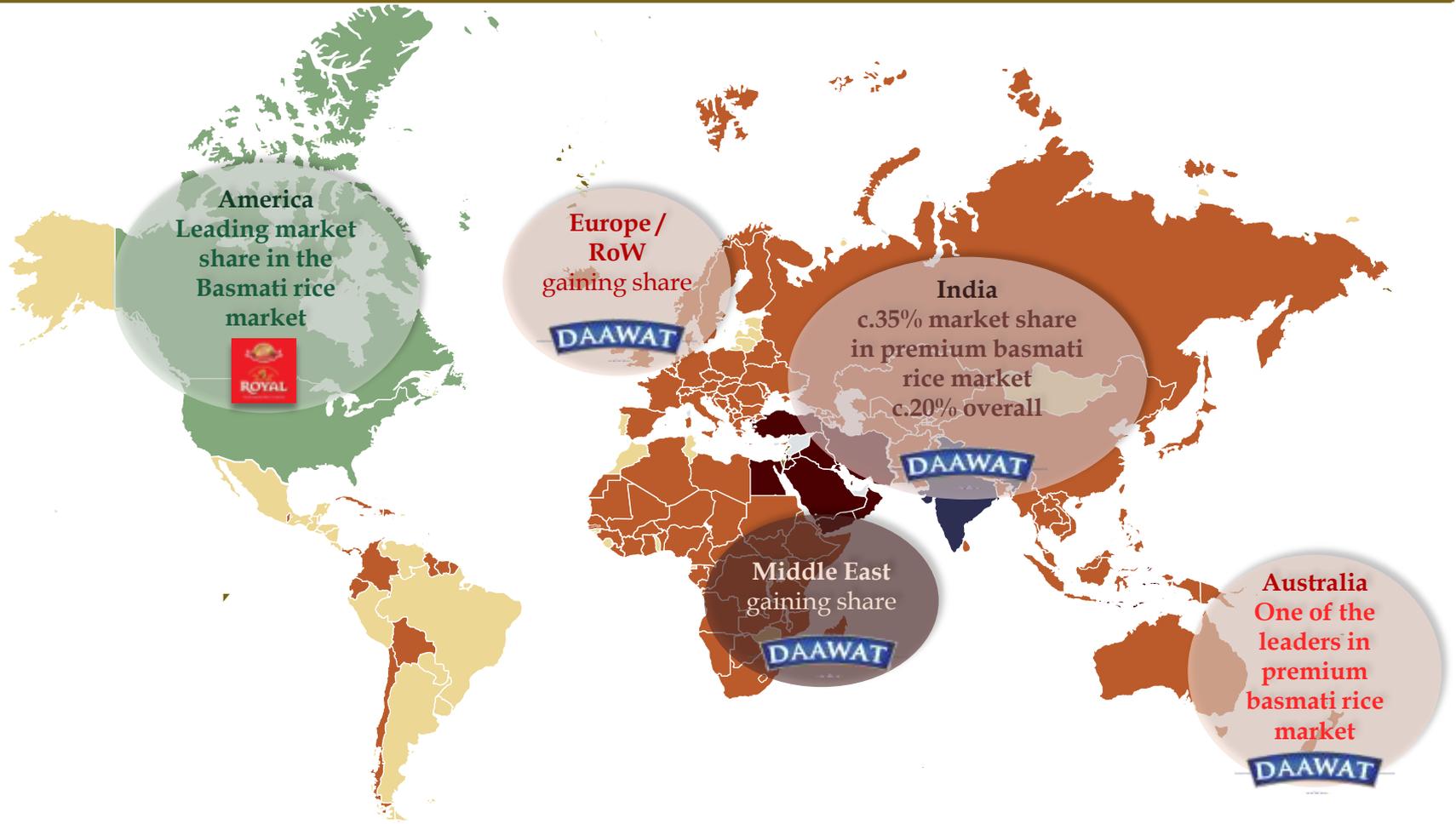
100% Organic



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 c.20% in 2016

... 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

39 years



LT Foods Ltd.

30 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

Previous
experience



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



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*

10 years



5 years



... With State of the Art Manufacturing Facilities

	Sonepat (Bahalgarh)	Sonepat (Kamaspur)	Bhopal	Amritsar	Varpal
					
	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	1 st to have complete storage in 1 MT bags	100% organic facility with cold and CO ₂ treatment	1 st to get FSSC 22000 certification		Fully integrated and automated facility

Industry Overview

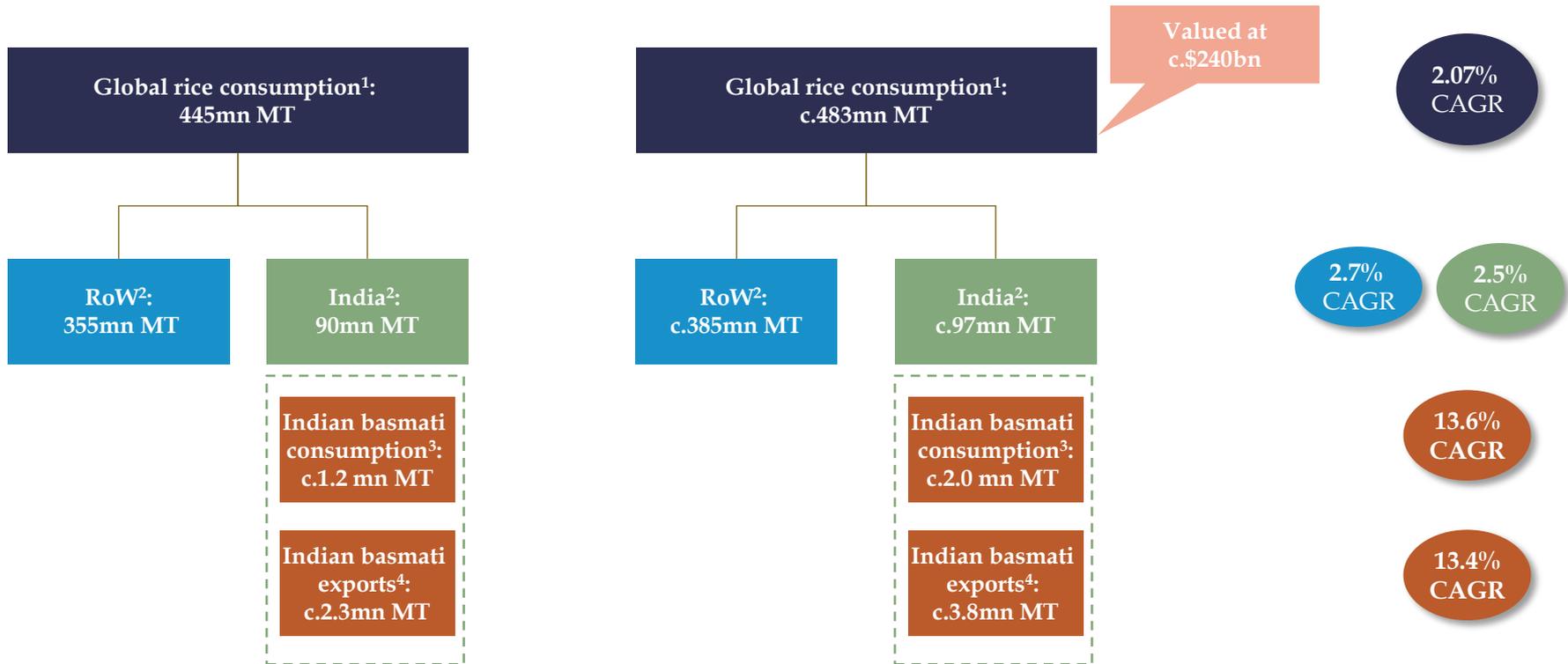


Rice market overview

2010-11

2014-15

Growth



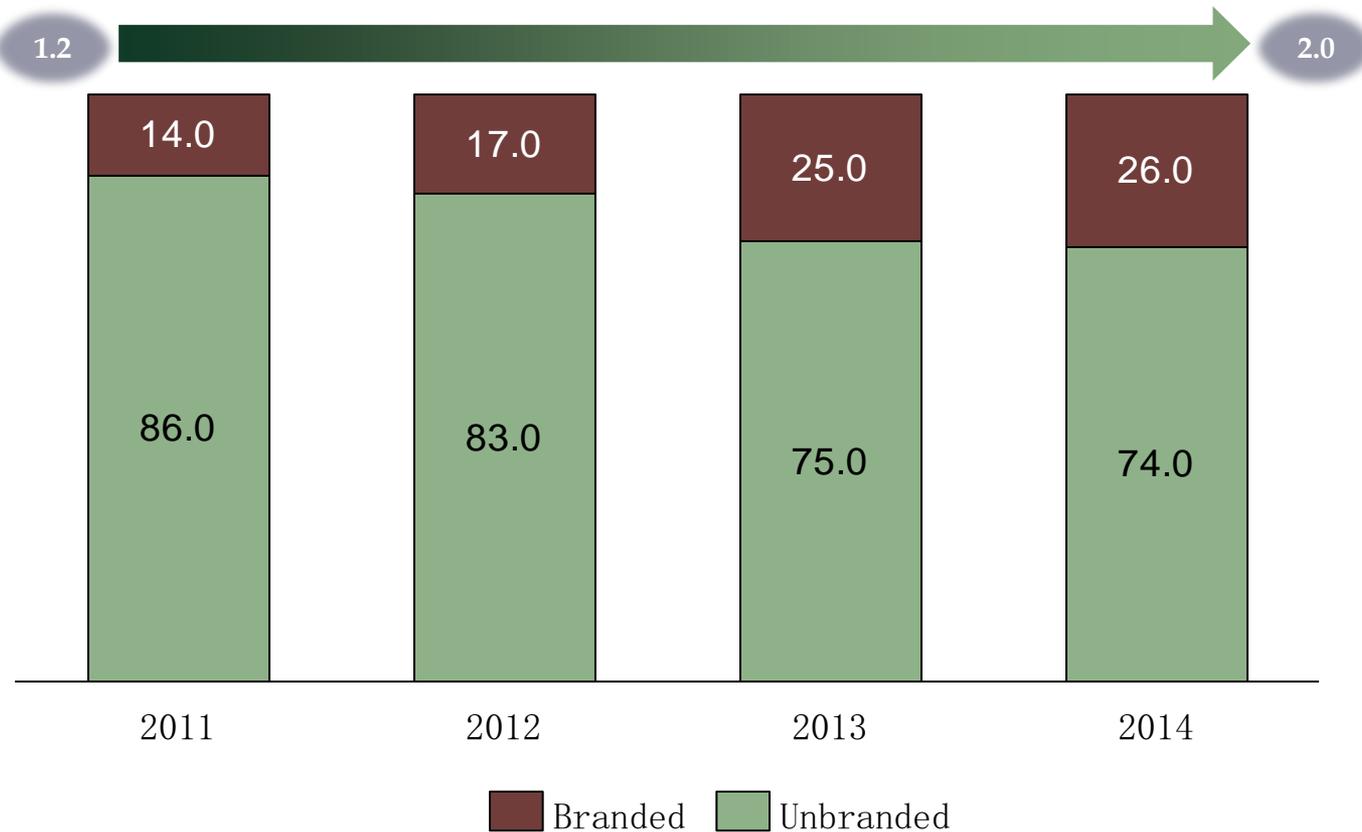
India Accounts for 20% of global rice consumption and 80% of Global Basmati Exports

Growing Domestic Basmati Rice Industry...

Indian Basmati Consumption

(%)

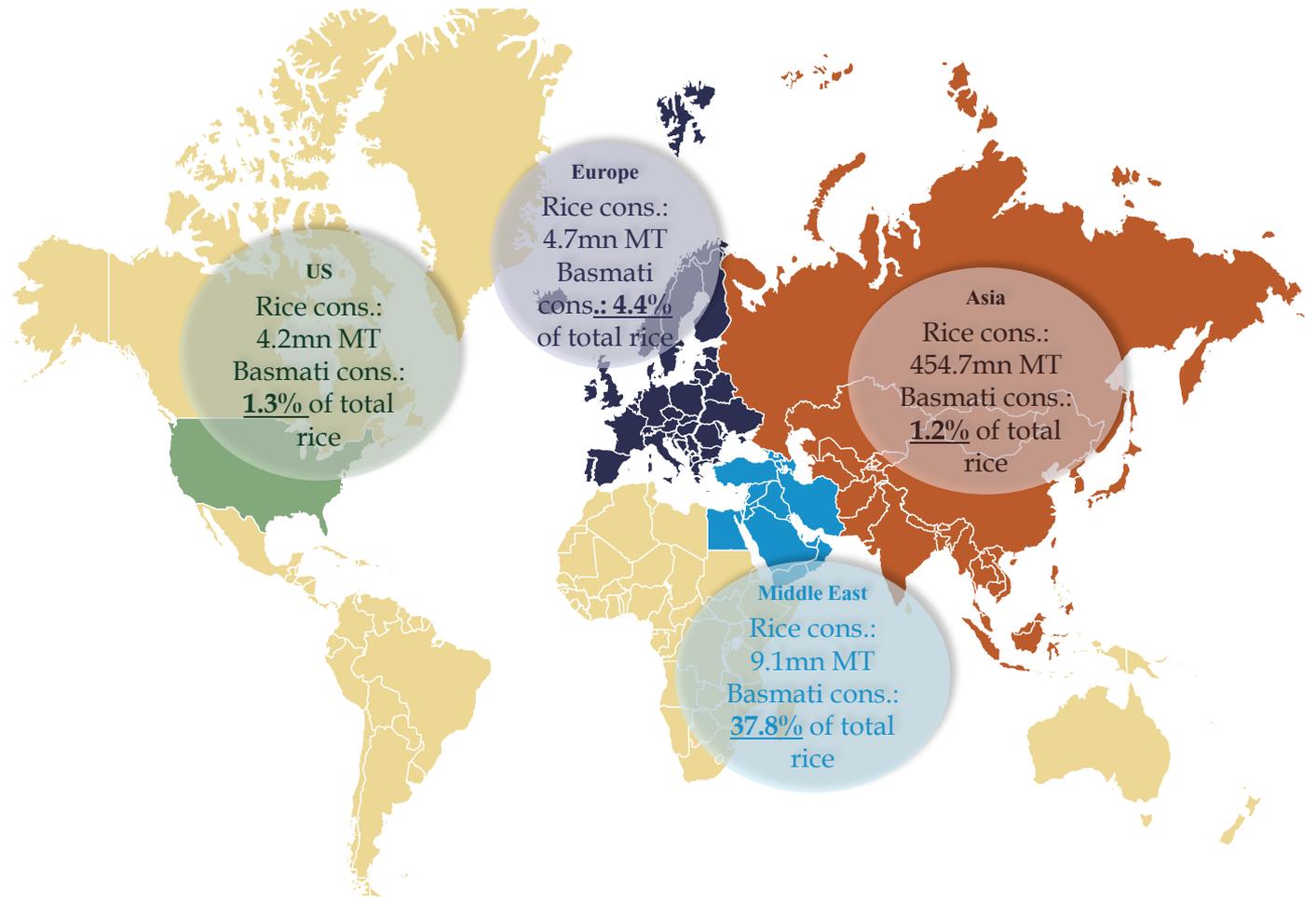
mn MT



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

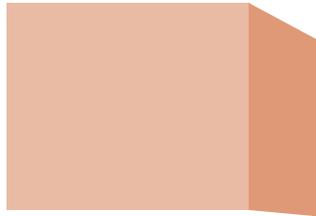
01

**Integrated
Business Model**



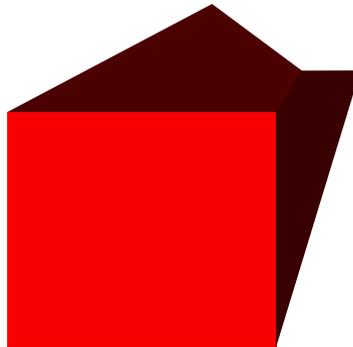
02

**Contract Farming
Relationships**



03

**Expertise in
Paddy
Procurement**

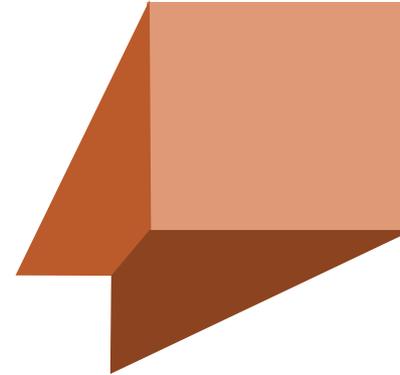


High Entry

Barriers

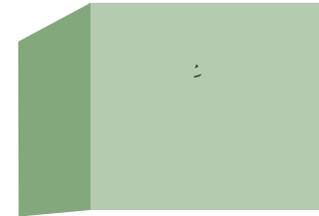
04

**Strong Brand &
Market Share**



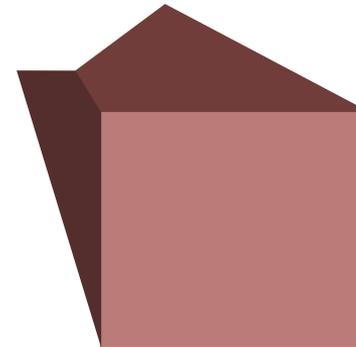
05

**Broad Portfolio
of Products**



06

**Distribution
Network**

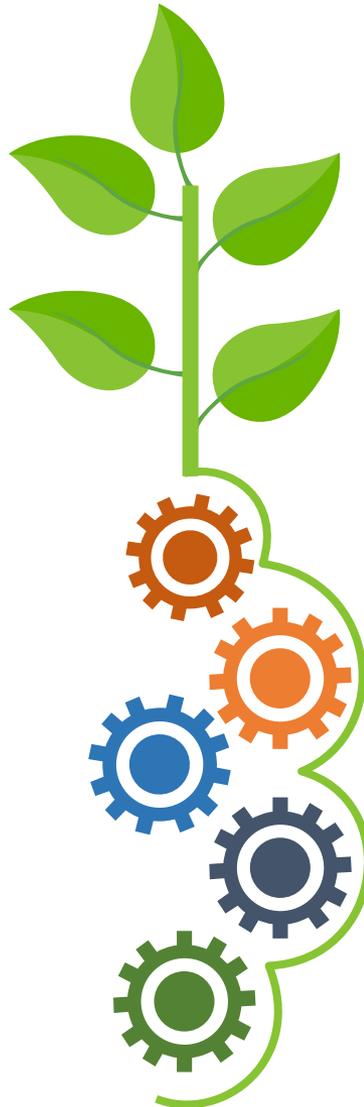


01 Integrated Business Model



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

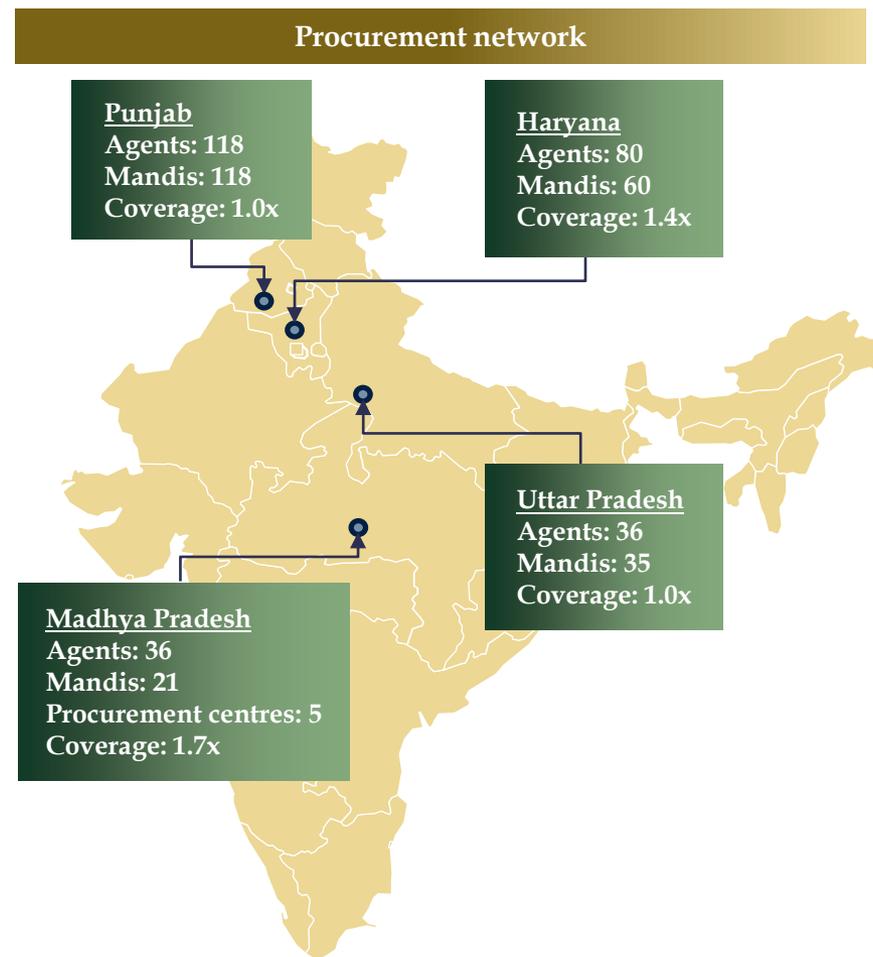
Full control on buying process throughout the year

Stringent Quality Checks

Quality check at each stage from Mandis to Test Labs

Responsible Sourcing Programme

Sustainable farming practices in partnership with BayerCropScience



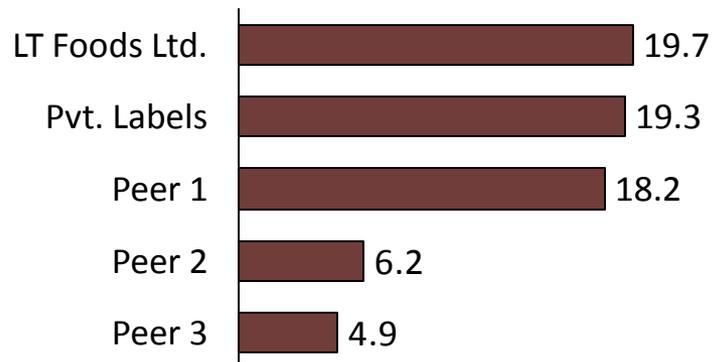
Strong coverage of mandis across the key basmati producing states

04 Strong Brand & Market Share...

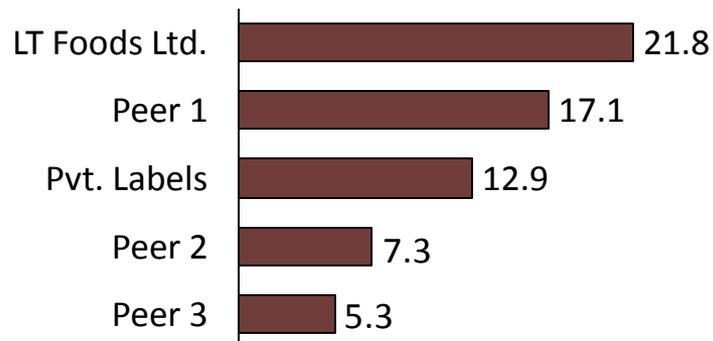
#1 and #2 market position in 7 Countries incl India & US



#1 : All India Urban Markets (%)



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



...that hedges Profitability...

Paddy Procurement



Branding Creates Pricing Power

Paddy Aging & Processing

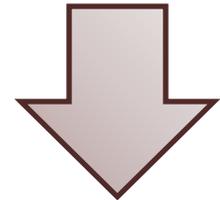


Sale to End Consumer

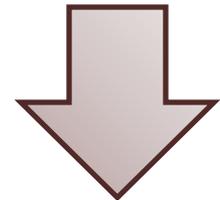
Purchase Price can be ascertained in advance



**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

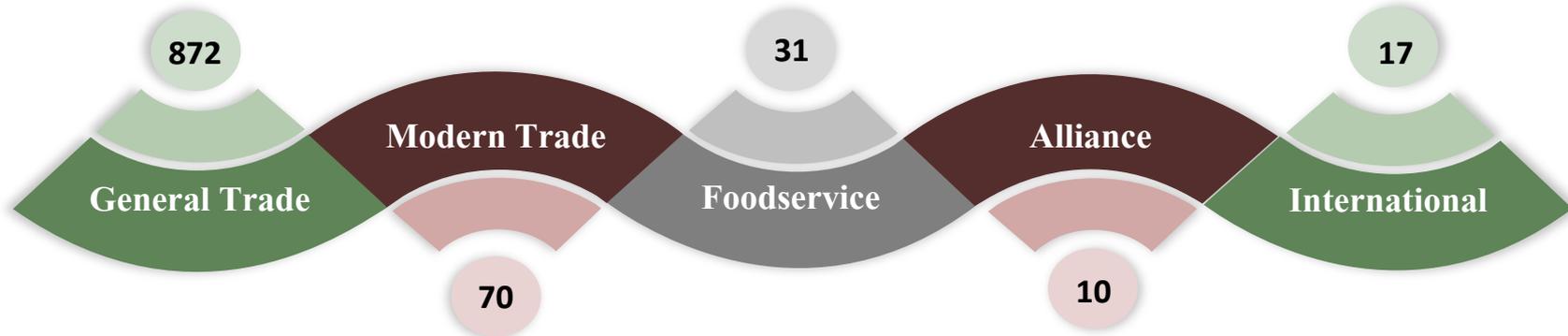
- Currently access to 1,40,000 traditional retail outlets
- Reach – 93% of towns with over 2 lakh population
- Access to 3000 Wholesalers

Food Service

- #1 supplier amongst the premium hotels & restaurants with ~50% share
- Access to 6,000 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



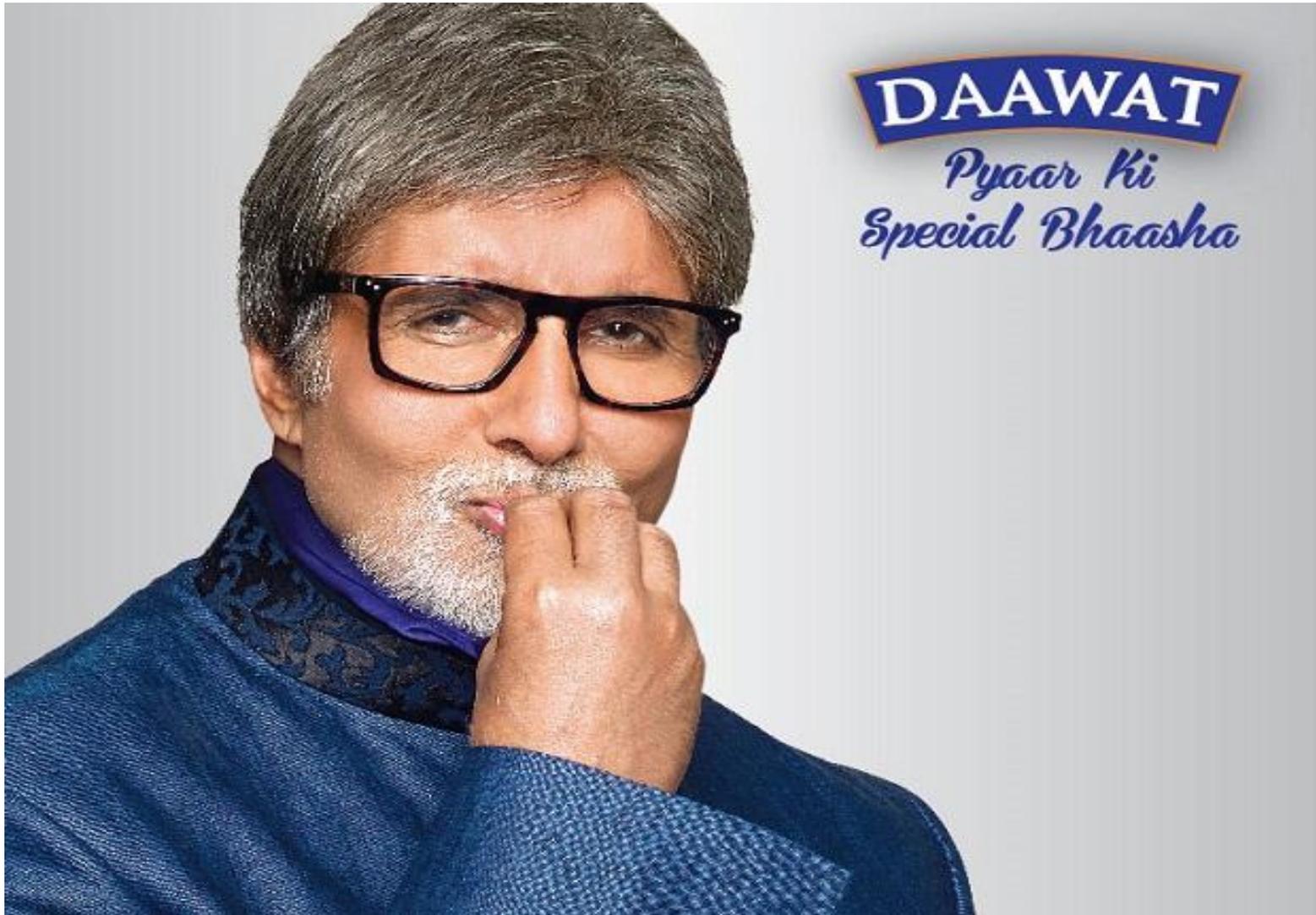
Modern Trade

- 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

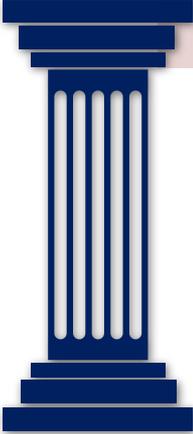
Alliance

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

Strategy For Sustainable Growth

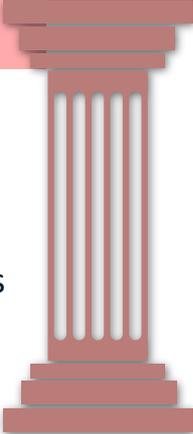


Three Pillars of Sustainable Growth



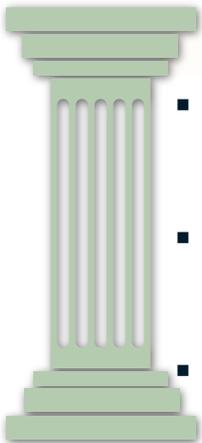
Consumer Focused

- 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 : 5Y CAGR of 20%

Consumer Focused



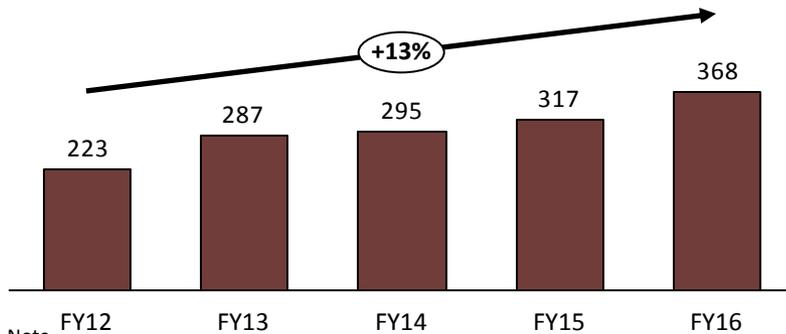
	Premium range	Health range	Institutional range	Mid-price range	Value range
Price Range	INR 160+	INR 150+	INR 80+	INR 60+	INR 30+
Branded products	<ul style="list-style-type: none"> Traditional Basmati Biryani Basmati Pulav Basmati Super Basmati 	<ul style="list-style-type: none"> Daawat fast cooking brown rice 	<ul style="list-style-type: none"> Chef Secretz Basmati Chef Secretz Light Chef Secretz Sella Altarif / Daawat Golden Sella 		



Strong Brands for Each Range of Product

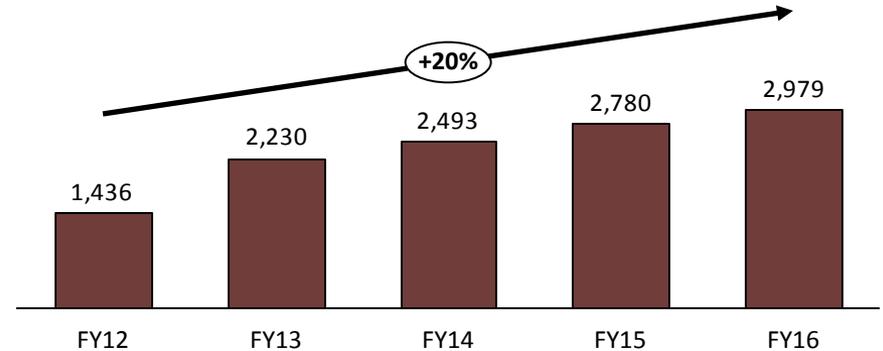
Sustainable Business Model

Rice Volumes ('000s MT)

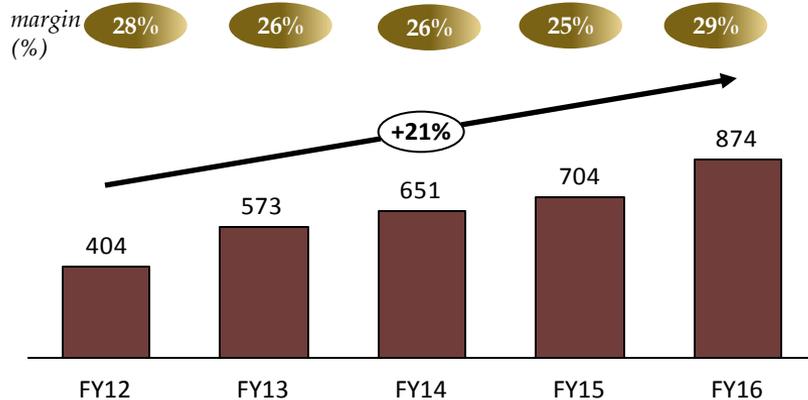


Note 1 Volumes include India branded rice, international branded rice and institutional rice. Excludes organic rice and international agri-trade;

Revenues (Rs Crs)



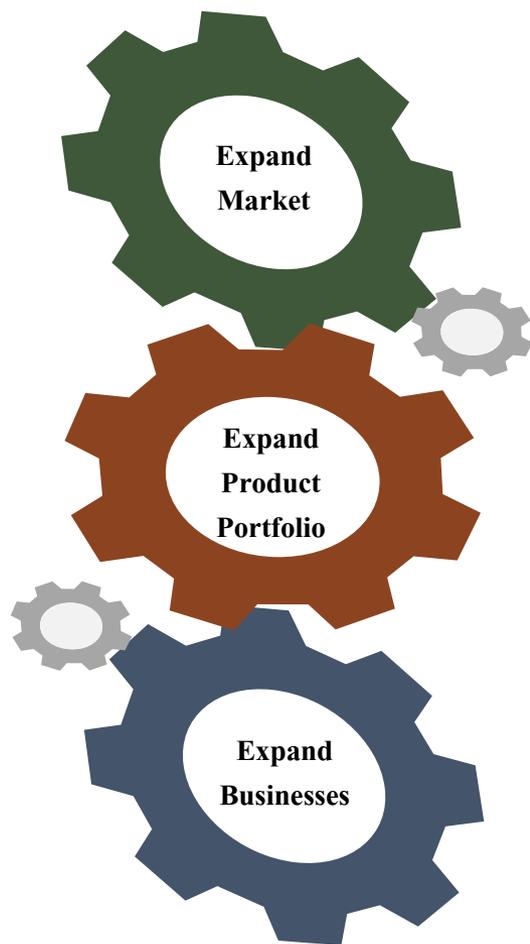
Gross profit (Rs Crs)



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

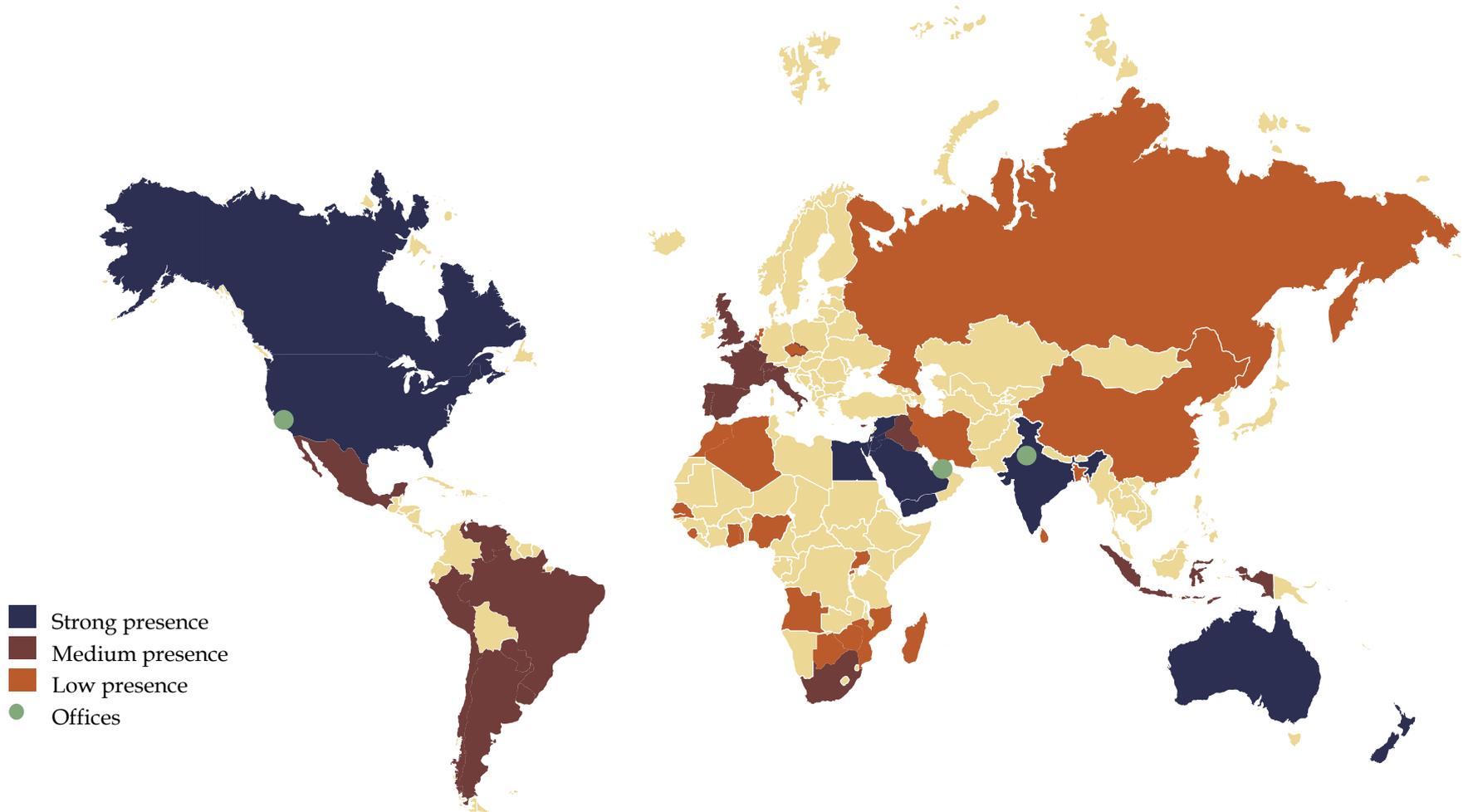
Expansion in Business

- 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



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.

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

Launched in the US (Royal umbrella) and India



Oil seeds



Pulses



Spices



Cereal grains



Nuts, fruits and vegetables

Certifications



Medium to Long Term Growth Strategy

- Over the next 3 years, sales volume to grow at a CAGR of 15% + led by consumer business.
- Lower than proportionate increase in debt level.
- EBITDA margins will expand by ~200 bps led by improvement in manufacturing efficiency, increase in scale and change in product mix.
- No major CAPEX currently envisaged in near term.



Consolidated Profit and Loss Statement

Rs. Cr	1QFY17	1QFY16	YoY %	4QFY16	QoQ%	FY16	FY15	YoY%
Revenue	710	755	-6%	806	-12%	2,979	2,779	7%
Raw Material	499	545	-8%	560	-11%	2,105	2,076	1%
Employee Expense	25	20	26%	27	-7%	90	74	21%
Other Expenses	88	93	-5%	118	-25%	422	321	32%
EBITDA	97	97	0%	101	-3%	362	308	18%
<i>EBITDA Margin</i>	14%	13%	100 bps	12%	200 bps	12.2%	11.1%	
Other Income	0	0	-1%	0		1	1	
Depreciation	14	14	2%	13	10%	52	47	11%
EBIT	83	84	0%	88	-5%	311	262	19%
Finance costs	39	42	-8%	38	3%	148	151	-2%
PBT (Before Exceptional Item)	45	42	7%	50	-11%	163	111	47%
Exceptional (Gain)/Loss	-	-		44		44	0	
PBT (After Exceptional Item)	45	42	7%	6	611%	119	111	7%
Tax	13	13	0%	7	100%	47	35	
PAT	31	28	11%	(0)		72	76	-5%



Company :

LT Foods Limited.

CIN - L74899DL1990PLC041790

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