

DAAWAT

THE FINEST



Investor Presentation February 2017

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9M FY17 & Q3 FY17 Performance Highlights



Performance Highlights

- 9M FY17 - Volume Growth of 34% and 18% for India and International market respectively and overall growth of 25%
- 9M FY17 - Impressive EBITDA and Cash Profit growth of 10.5% and 16% respectively.
- 9M FY17 - Topline growth of 8% outpacing total branded segment growth
- Net Working Capital Cycle has improved by 23% since 2012
- Considerable improvement in financial metrics across the board
- Contribution of branded revenue up to c.57% (vs. 53%) on Y-o-Y basis
- The strength of the Brand has enabled a substantial increase in average price realization
- The Company has implemented a sustainable business model with focus on delivering superior ROI

Strong Volume Growth in India and International

9M FY17

199


India Volume
(‘000 MT)

34% 

Growth
YoY

231

International
Volume
(‘000 MT)

18% 

Growth
YoY

220

Branded
Volume
(‘000 MT)

21% 

Growth
YoY

9M FY17

2354

Consolidated
Revenue
(Rs Crs)

8.3% 

Growth YoY

Strong Volume Growth in India and International

Q3 FY17

65


India Volume
(‘000 MT)

8% 

Growth
YoY

76


International
Volume
(‘000 MT)

12% 

Growth
YoY

79

Branded
Volume
(‘000 MT)


19% 

Growth
YoY

Q3 FY17

799

Consolidated
Revenue
(Rs Crs)

10% 

Growth YoY

Profitability

9M FY17

91

**Net Profit
(Rs Crs)**

135

**Consolidated
PBT
(Rs Crs)**

292

EBITDA (Rs crs)

133

**Cash Profit
(Rs Crs)**

25%



**Growth
YoY**

19%



**Growth
YoY**

11%



YoY

16%



YoY

Profitability

Q3 FY17

32

**Net Profit
(Rs Crs)**

47

**Consolidated
PBT
(Rs Crs)**

101

EBITDA (Rs crs)

47

**Cash Profit
(Rs Crs)**

75%



**Growth
YoY**

55%



**Growth
YoY**

32%



YoY

45%



YoY

Quarterly Update

- **Business Update - International**

- The Company has incorporated a subsidiary in UK and has acquired brand 817 Elephant under it to strengthen its presence in Europe
- Furthermore, the Company has opened up a branch and set up a plant in Rotterdam to further strengthen its presence in Europe
- To strengthen our presence in Middle East, LT Foods has acquired two iconic brands Gold seal Indus Valley and Rozana to further strengthen its foothold in this region

- **Business Update - India**

- JV with Japanese Snack Food major Kameda to manufacture and market rice based snacks in India
- JV with Future Group to for manufacturing, marketing, sales and distribution of regional rice. Inaugurated a plant for the same in Tumkur, Karnataka

Quarterly Update

- **Marketing**

- Expanded our geographic reach with addition of 30 new distributor towns
- Sauté Sauces gaining acceptance among the consumers. Our test launch has been successful and planning a pan India launch in the next 6 months
- Devaaya our staples business is performing well in its core market of North. Recently launched in MP and Bihar
- Company organized an event with the celebrity Chef Sanjeev Kapoor and rising Chef of New York Chef Joseph 'JJ' Johnson

- **Corporate Action**

- During the quarter process of Split of share has been completed which should give boost to the liquidity in the market.

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Three Pillars of Sustainable Growth



Consumer Focused

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



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

A Specialty Food Company with Leading Global & Regional Brands



Branded Basmati rice



Premium



Health



Horeca

Mid-price

Value

Value added staples



Wheat flour

Refined flour

Chickpea flour

Semolina

Flattened rice

Other products



Sauces



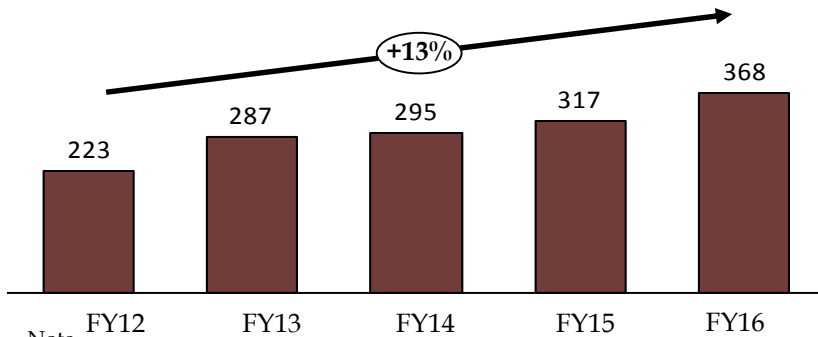
Oils



Organic food

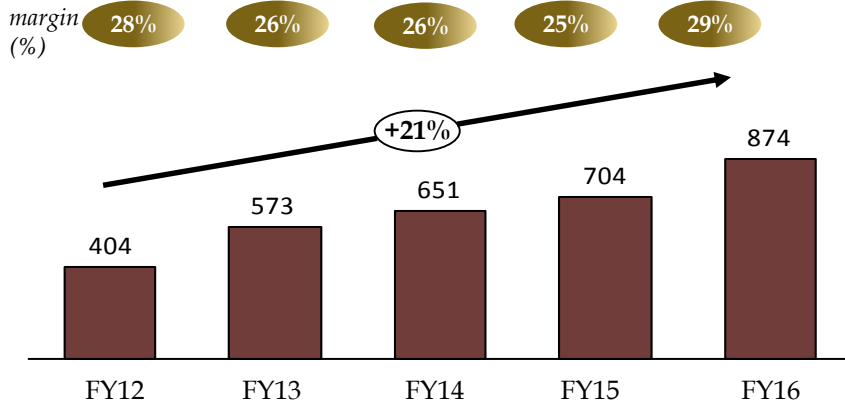
Sustainable Business Model

Rice Volumes ('000s MT)

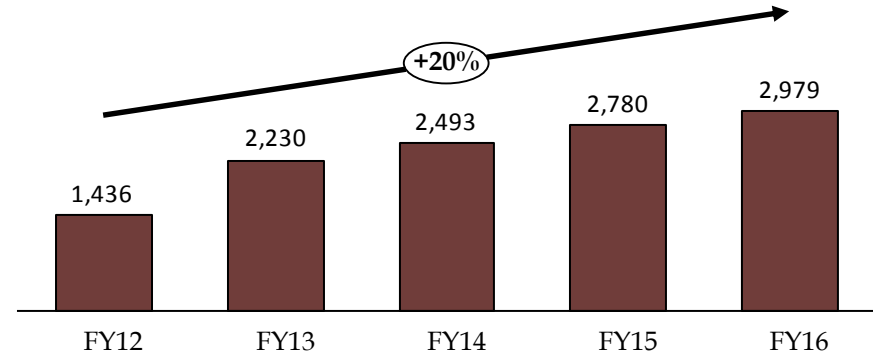


Note
1 Volumes include India branded rice, international branded rice and institutional rice. Excludes organic rice and international agri-trade;

Gross profit (Rs Crs)



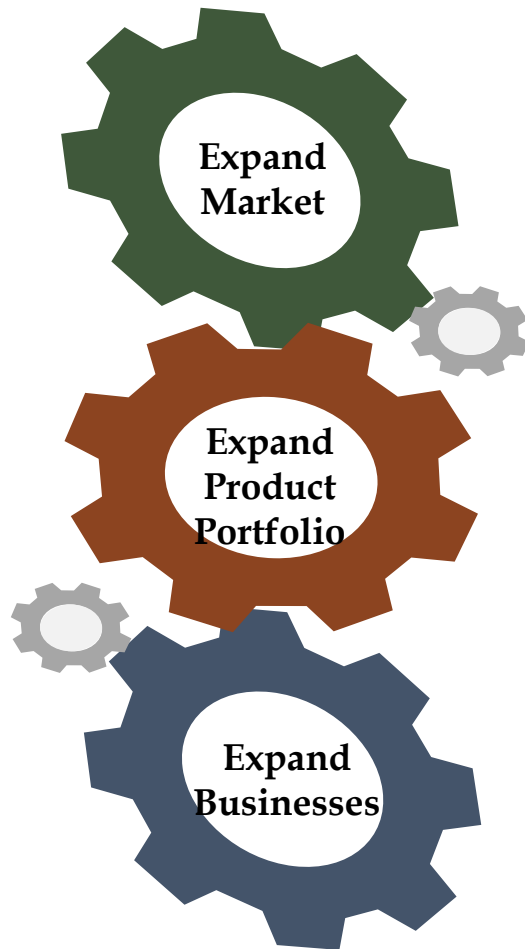
Revenues (Rs Crs)



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

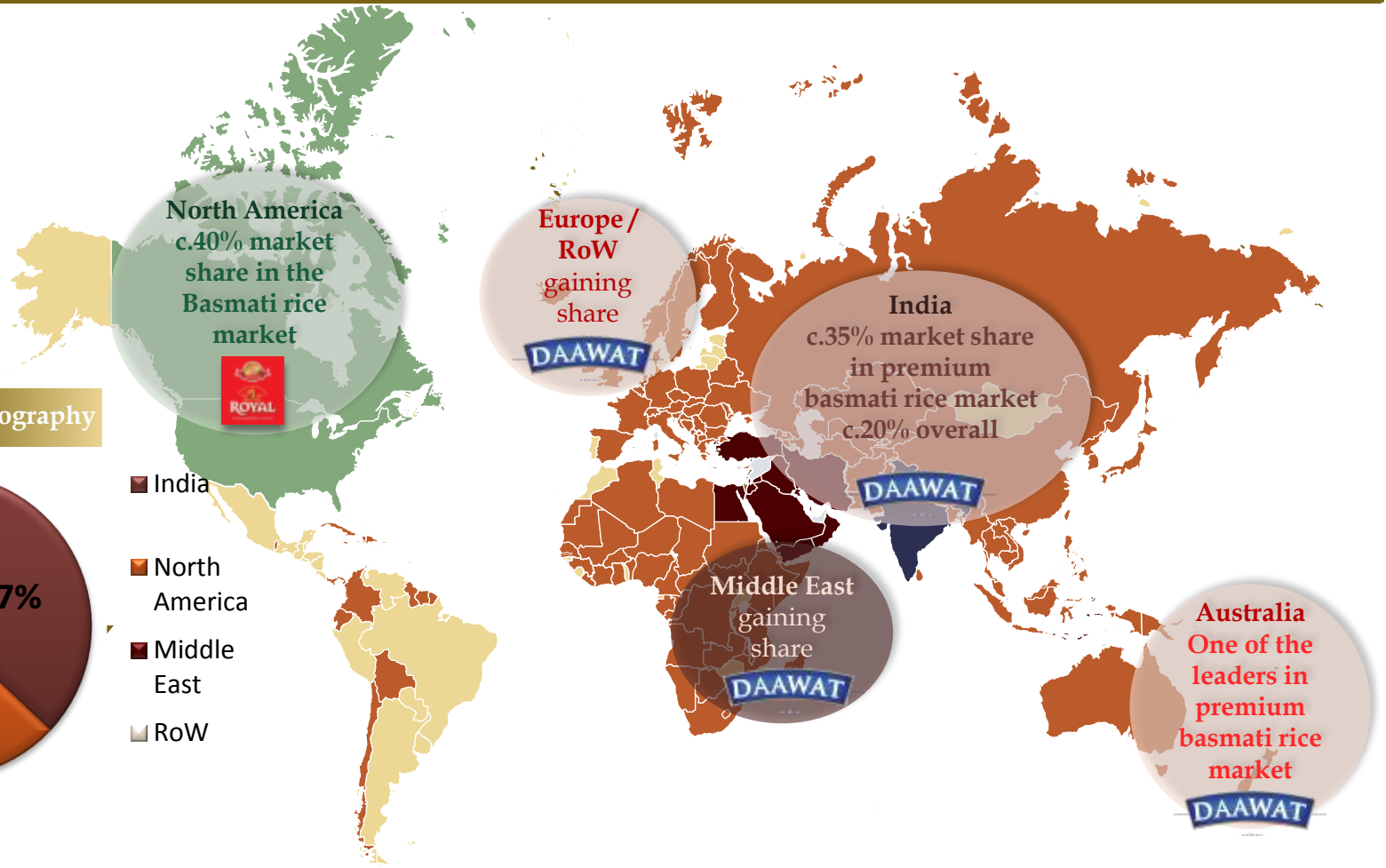
- Leverage - Brand, Distribution Network Portfolio of Branded Basmati Rice
- Recently launched staples with proposition of quality of sourcing and absence of Chemicals

Expansion in Business

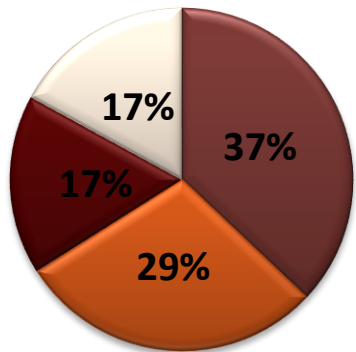
- Entry into Organic Foods Business – Nature Bio – Foods Ltd.
- Nature Bio's Product Range : Pulses, Oil Seeds, Spices, Cereal Grains, Grains, Lentils, Rice, Nuts Fruits & Vegetables etc

Facilities Expansion through Asset Light Outsourcing Model

... Global Presence in over 65 Countries



FY16 Revenue by Geography

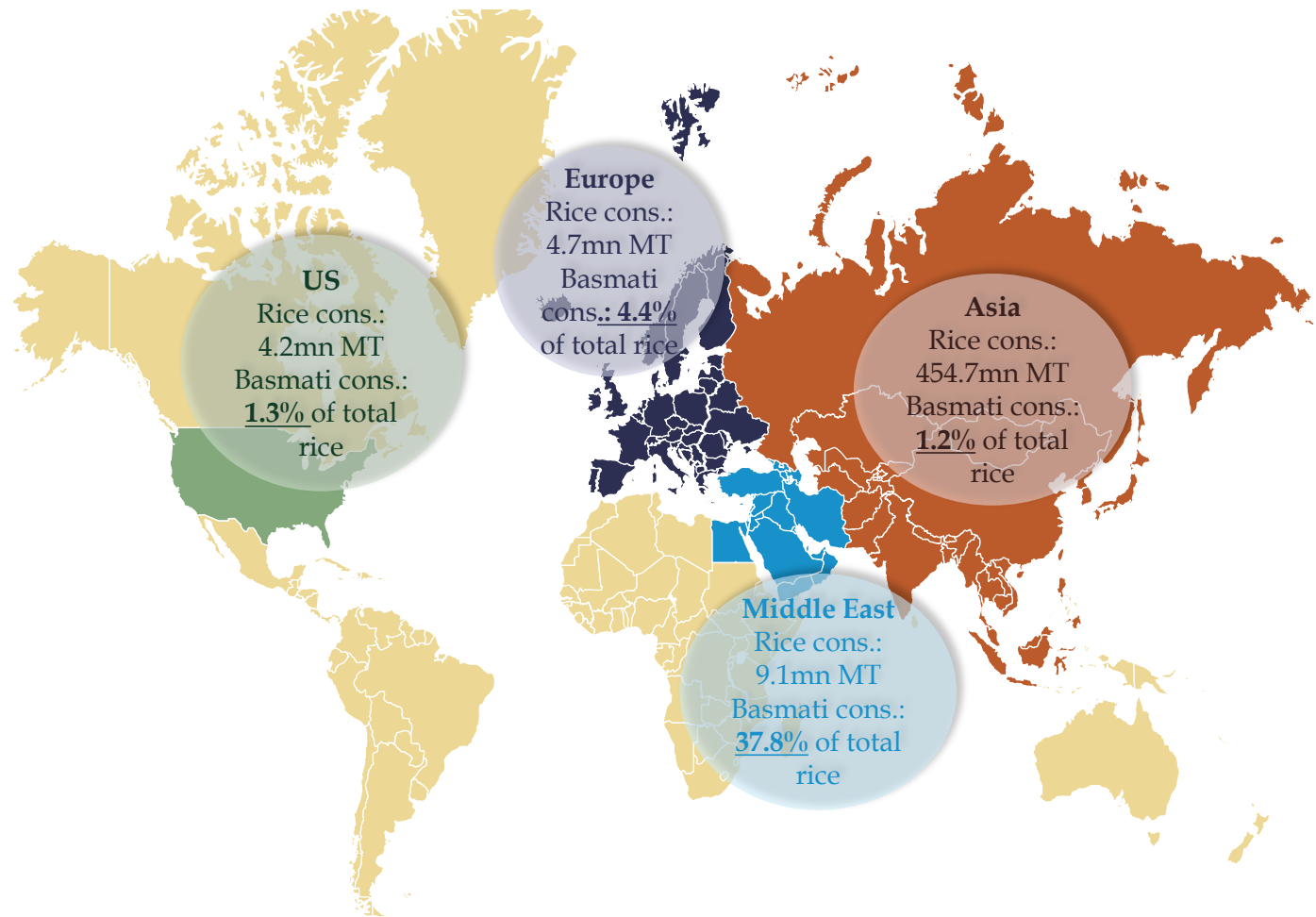


- India
- North America
- Middle East
- RoW

*Market shares as per management's estimates
 * India's Market share data by AC Nielsen

...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



Expansion in Product Portfolio & Businesses

Value added staples



*"Responsibly sourced,
honestly packed"*

"Correct food"

Organic food



Daawat Saute Sauces



Product portfolio

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

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

Range of Ready to Cook Sauces to Create Exciting Rice Dishes Instantly. Available in 7 variants.

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)
- 80,000 farmers divided into 130 groups across 15 states
- c. 116,000 hectares of land which is 8% of the total certified organic land of India

- Capitalise on existing distribution platform (synergies)
- Build the imagery of Daawat as an Innovative and Contemporary brand by introducing New Innovative Products
- Market opportunity: Helps launching more such products.

Stage of development

- Sales across India planned for FY17
- Currently well placed and well distributed in 10 states; back-end infrastructure set up at Bhopal, Indore and Delhi

- Launched in both India and the US

- Sales across India planned for FY17
- Currently well placed and well distributed in MR in Mumbai and Bangalore; Launch initiated in Standalone stores in Other cities

Medium to Long Term Growth Strategy

- Over the next 3 years, sales volume expected to grow at a CAGR of 15% + led by consumer business.
- Reduce debt levels as a proportion of Sales/EBITDA
- EBITDA margins expected to expand by ~200 bps led by improvement in manufacturing efficiency, increase in scale and change in product mix.

Key Differentiators



Consumer Business = NON Commodity Business

01

Strong Brand
& Market
Share



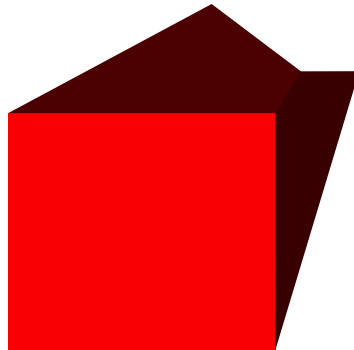
02

Broad
Portfolio of
Products



03

Distribution
Network



High Entry

Barriers

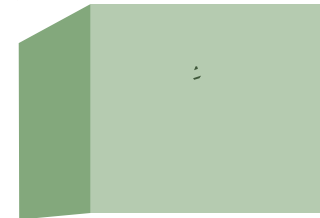
04

Integrated
Business
Model



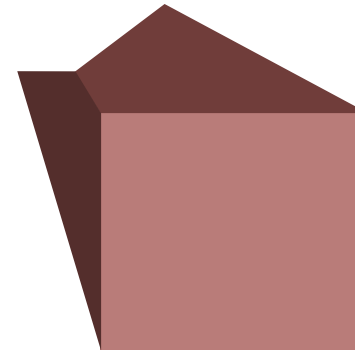
05

Contract
Farming
Relationships



06

Expertise in
Paddy
Procurement &
State of the Art
Manufacturing
Facilities

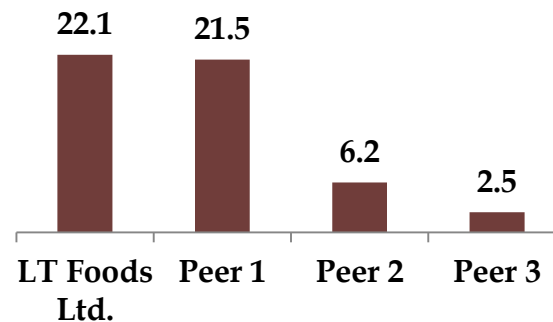


01 Strong Brand & Market Share...

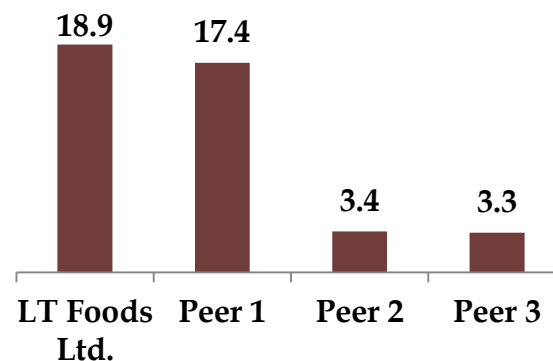
#1 and #2 market position
in 7 Countries incl India &
US



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



#1 : All India Modern
Trade (%)



...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			✓

02 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



03 Fully Developed Sales & Distribution Network

General Trade

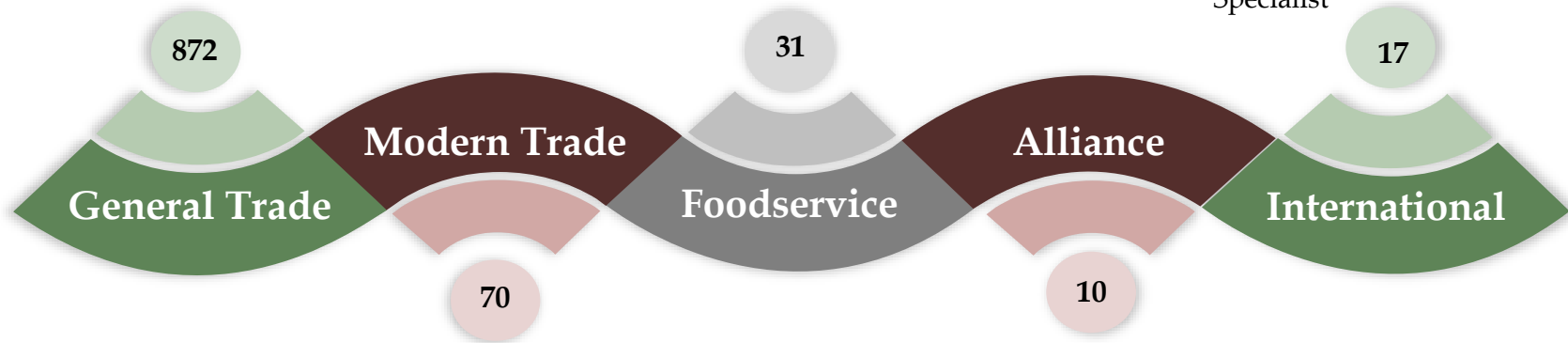
- Currently access to 1,40,000 traditional retail outlets
- Reach - 93% of towns with over 2 lakh population
- Access to 3000 Wholesalers

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



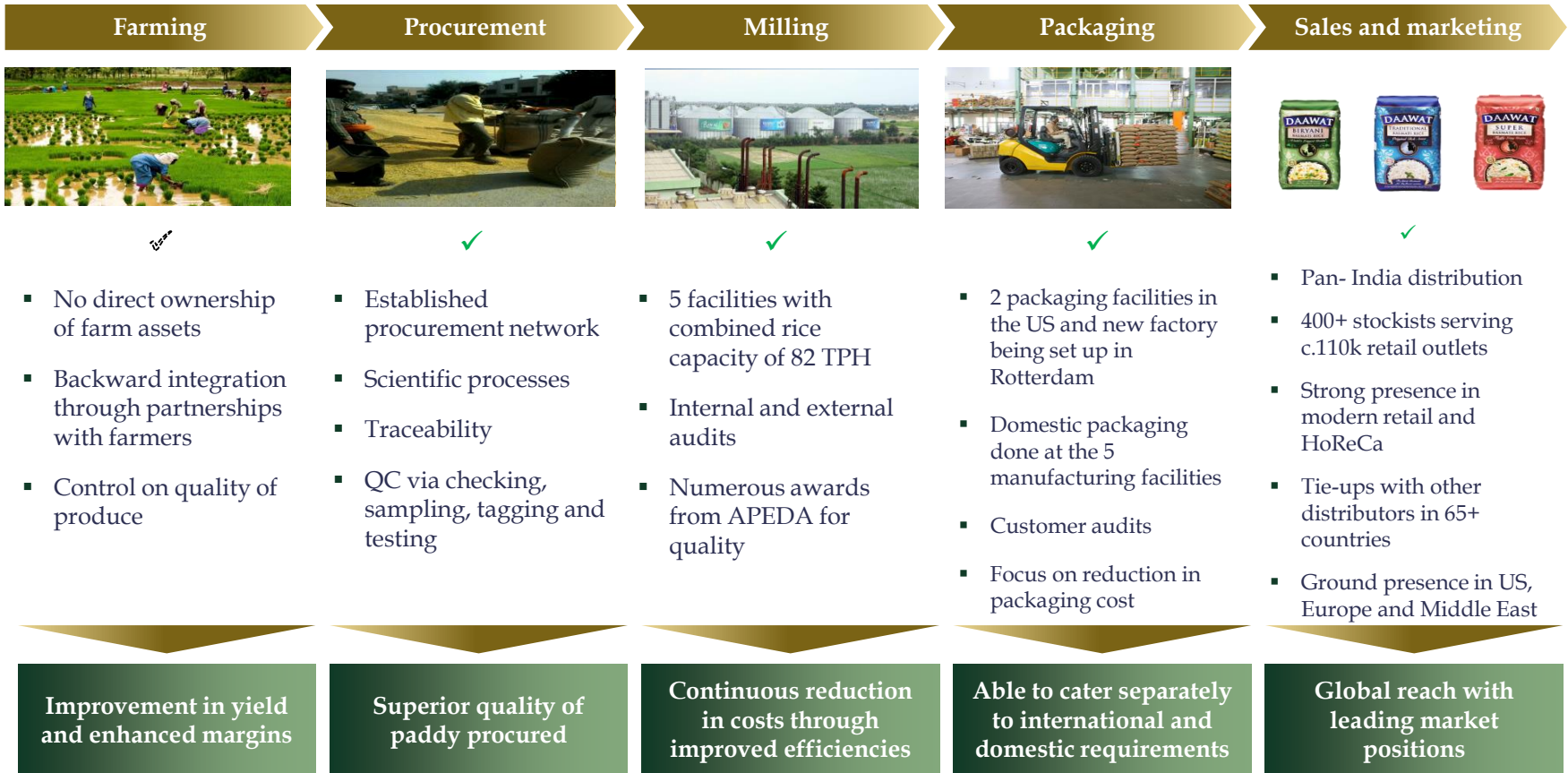
Modern Trade

- 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

04 Integrated Business Model

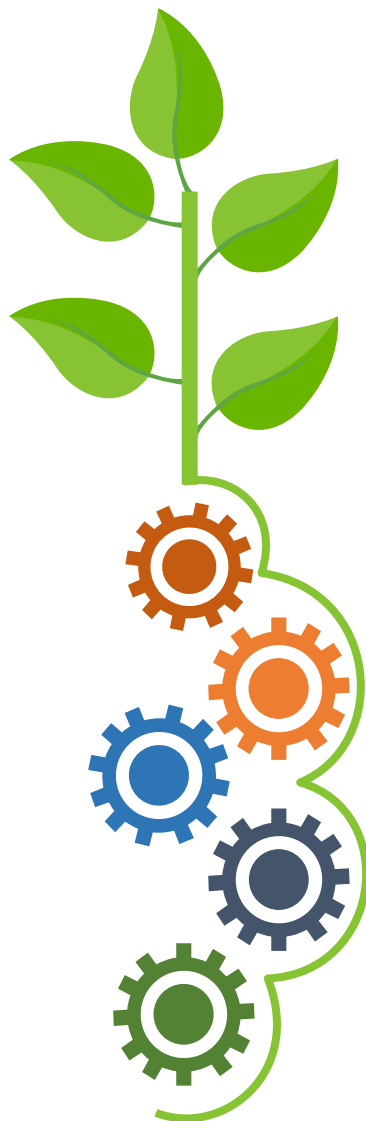


Benefits extracted at each stage of the value chain

... 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

05 Contract Farming Relationships



Backward Integration

Backward integration program for the last 10 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

06 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

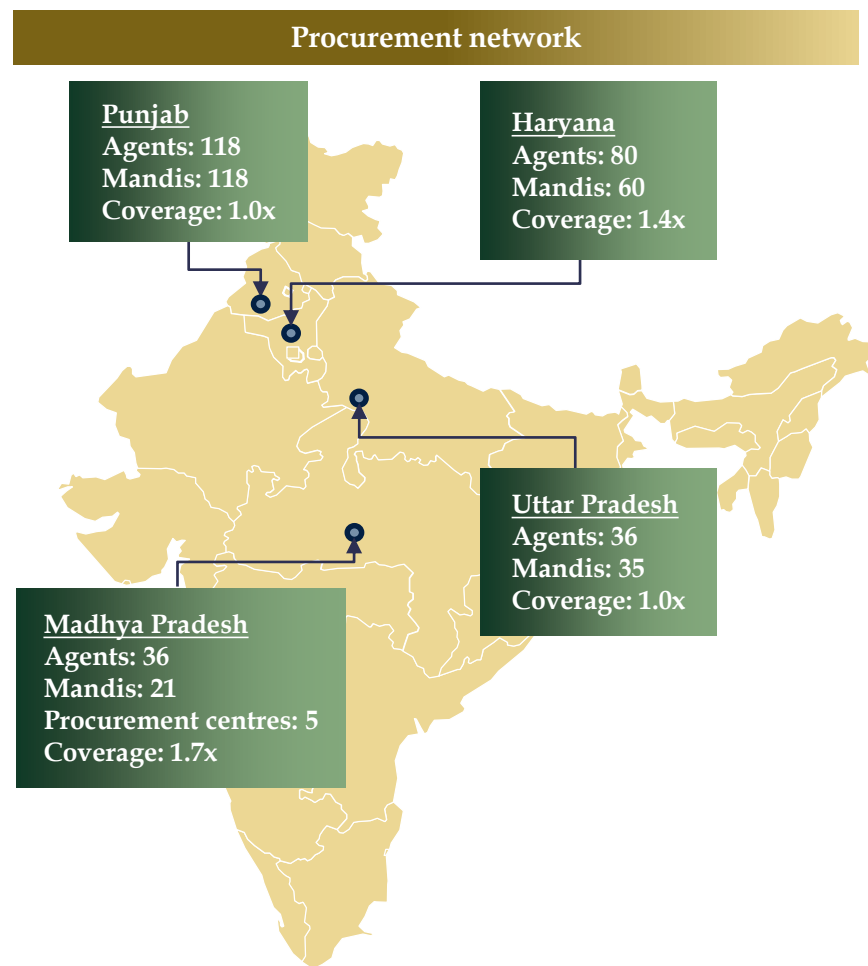
Full control on buying process throughout the year

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

About LT Foods



A family business with a 60 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



2011-16

- Daawat ranked top 2 of basmati rice brands in India and of a selection of international markets
- Launched value added staples and other food products



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	2007-2016	2017+
<p>Branded revenue (%)</p> <ul style="list-style-type: none"> ■ Founded by the Arora Family in the 1950s ■ First rice mill in 1978 ■ Set up as a partnership for trading of basic staples such as rice, wheat etc. 	<10%	<p><20%</p> <ul style="list-style-type: none"> ■ Focus on expanding the brand proposition and establishing a presence across the entire value chain (i.e. from premium to value) ■ Presence extended to 35+ countries ■ Dec-06: IPO at INR 56 p/s raising \$7.8m for the expansion of manufacturing facilities 	<p>>60%</p> 	<p>>65%</p> <ul style="list-style-type: none"> ■ Present in +60 countries ■ Further increase focus on branded business to enhance margin profile ■ Extend distribution reach ■ Leverage existing strengths - brand and distribution to expand product portfolio

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

... 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.

10 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



Kaizar Colombowala
Head, R&D

8 years



Jerry Taylor
Senior,
VP Sales

23 years



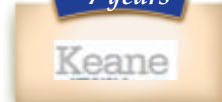
Chris Skolmutch
Product Development
Manager, LTFA

1 year



Mukesh Aggarwal
CFO, LTFA

7 years



Som Nath Chopra
Director, LTF International,
UK

12 years



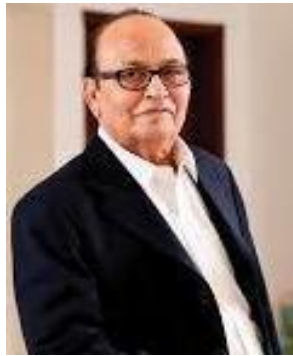
Years at
LT Foods

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*

10 years



5 years



Management and Corporate Governance of International Standard

Corporate structure

- Key sourcing and product quality assurance functions are centralised in India
- Significant on ground sales presence in India, the US and to a lesser extent in the Middle East, with other geographies covered through dedicated central resources
- India and US run independently, with HR & admin, IT, legal and corporate affairs centralised in India

Management

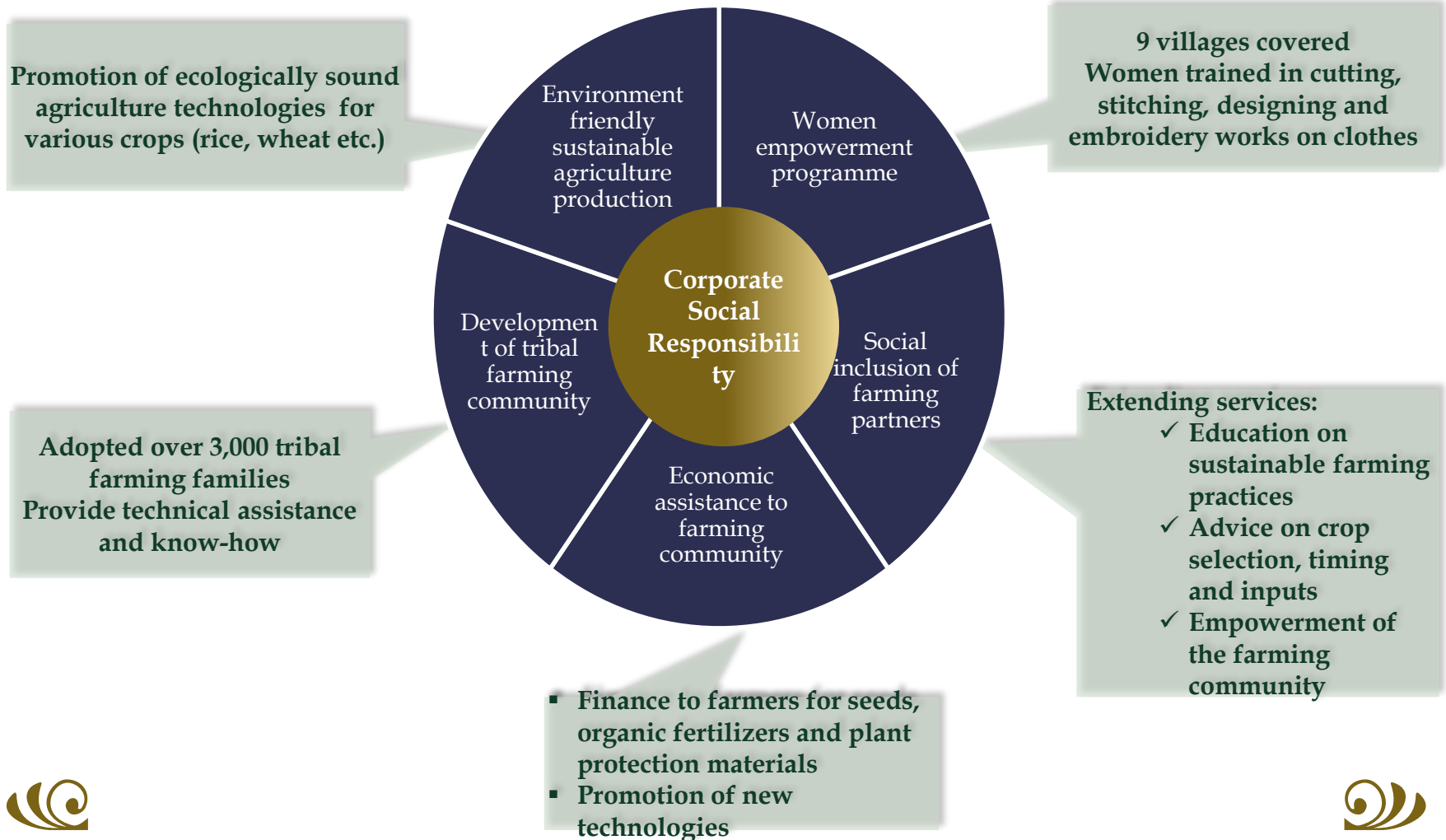
- Highly experienced professional management team running day-to-day operations
- Family / promoters remain closely involved, preserving the heritage and culture of the business
- External consultants (E&Y, Accenture, McKinsey) hired when expertise is required to follow best practices
- Well known experts on the Advisory Board including the former chairman of E&Y, Mr. K.N.Memani and former Head of ITC Food Division, Mr. Ravi Naware

Control/ transparency

- Grant Thornton auditing since 2010
- Well developed and transparent reporting structure in place
- Robust Internal Control Systems – world class consulting firm Protiviti appointed to further strengthen our systems and procedures
- As an initiative to foster transparency and pro-active investor communications, a full-fledged Investor Relations outreach programme has been initiated

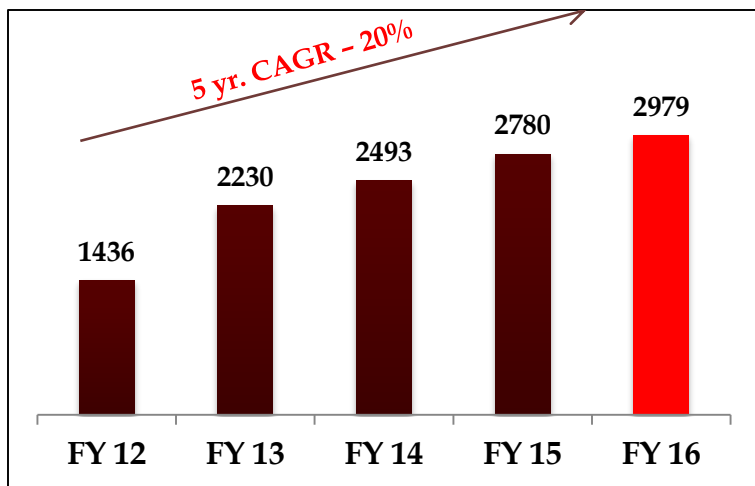
 *Professionally run organization with culture of control and transparency* 

Corporate Social Responsibility

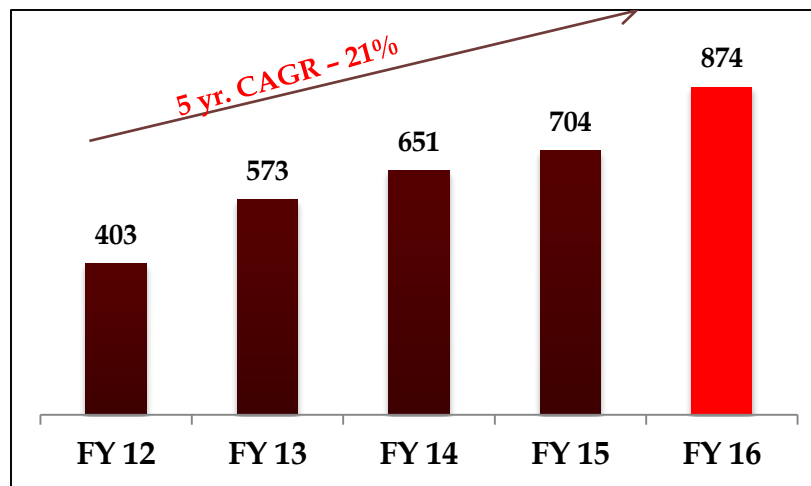




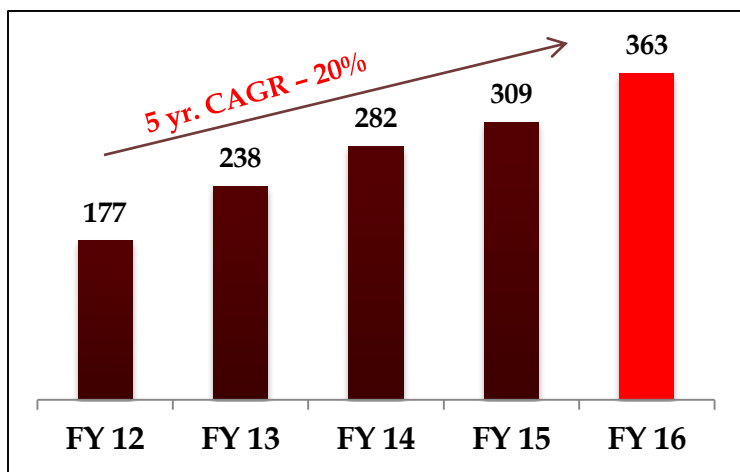
Annexure 1: Financial Highlights



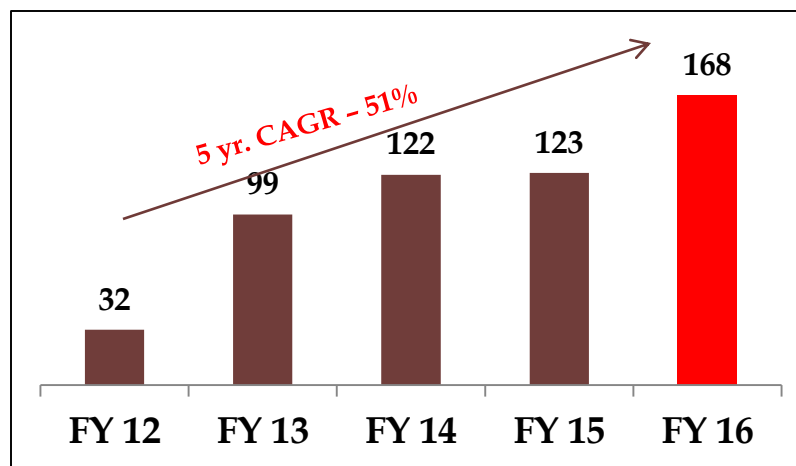
Sales (crores)



Gross Profit (crores)

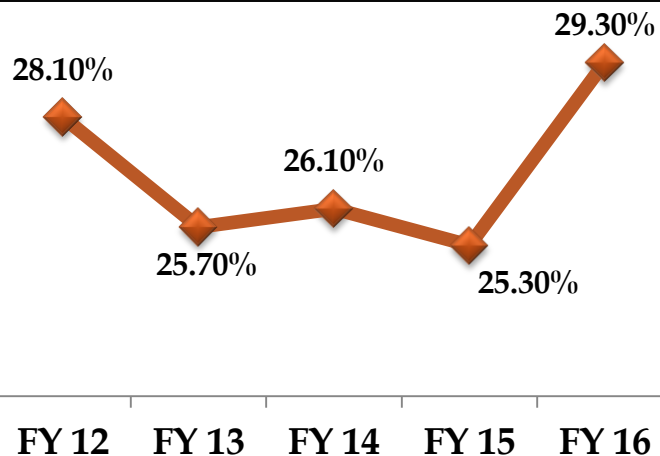


EBITDA (crores)

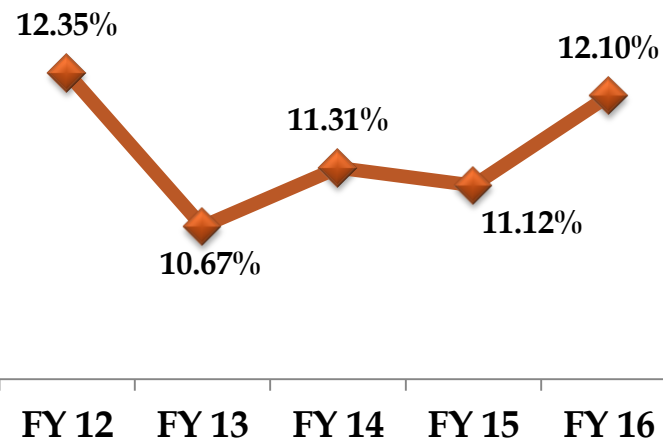


Cash Profit (crores)

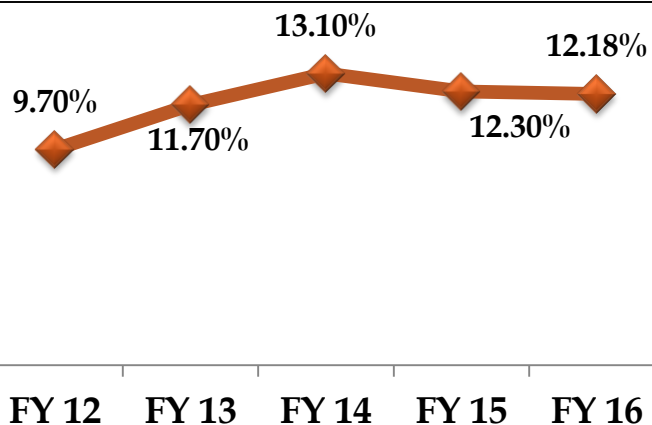
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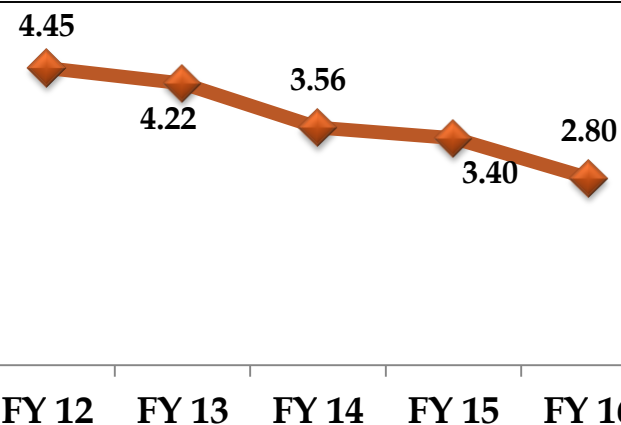
Gross Margin (%)



EBITDA Margin (%)

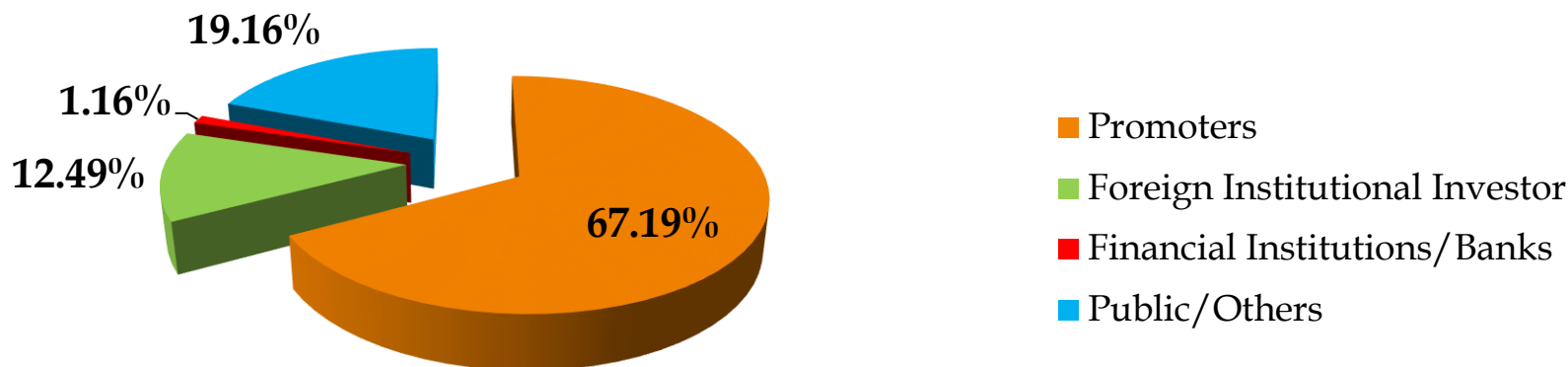


ROCE (%)

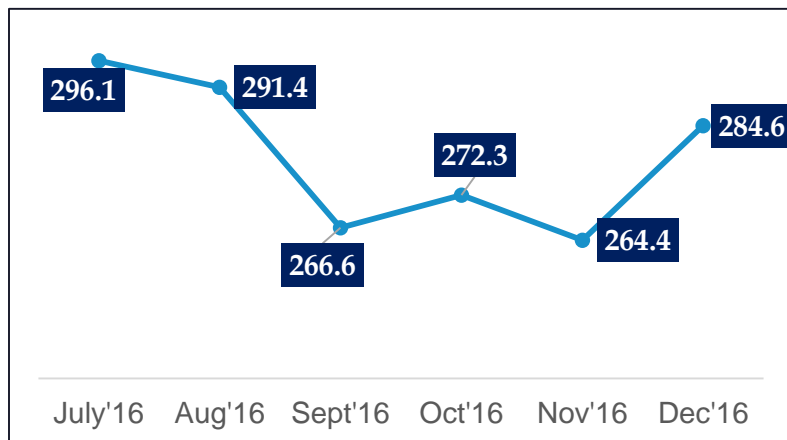


Debt-Equity Ratio

Annexure 2: Shareholding Structure – Q3FY17



Share Price Performance



Market data as on 31st December 2016

Market Cap. (crores)	760
Close Price (INR)	284.25
No. of Outstanding shares	26663187
Face Value (INR)	10
52 week High-Low	319.20-180



Company :

LT Foods Limited.

CIN - L74899DL1990PLC041790

Ms Monika Jaggia

Monika.Jaggia@ltgroup.in

www.ltgroup.in
