

# DAAWAT

## THE FINEST



Investor Presentation May 2017

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# FY17 & Q4 FY17 Performance Highlights



# Performance Highlights


- FY17 - Volume Growth of 27% and 14% for India and International market respectively and overall growth of 20%
- FY17 - Impressive EBITDA and Cash Profit growth of 11% and 9% respectively.
- FY17 - Topline growth of 11.5%
- Considerable improvement in financial metrics across the board
- Contribution of branded revenue up to c.56% (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 Financials

FY17

**298**

Branded  
Volume  
(‘000 MT)

**23%** 

Growth  
YoY

**3322**

Consolidated  
Revenue (Rs. Cr.)


**11.5%** 

Growth  
YoY

Q4 FY17

**78**


Branded  
Volume  
(‘000 MT)

**30%** 

Growth  
YoY

**968**

Consolidated  
Revenue  
(Rs Cr.)

**20%** 

Growth YoY

# Profitability

FY17

**129**

**Net Profit  
(Rs Cr.)**

**195**

**Consolidated  
PBT  
(Rs Cr.)**

**403**


**EBITDA (Rs Cr.)**

**183**


**Cash Profit  
(Rs Cr.)**

**10.5\*% **


**Growth  
YoY**

**19% **

**Growth  
YoY**

**11% **

**YoY**

**9% **

**YoY**

\* Normalized PAT

# Profitability

Q4 FY17

**38**

**Net Profit  
(Rs Cr.)**

**59**

**Consolidated  
PBT  
(Rs Cr.)**

**112**

**EBITDA (Rs Cr.)**

**32\*% **

**Growth  
YoY**

**18% **

**Growth  
YoY**

**13% **

**YoY**

\* Normalized PAT



# Yearly Update

- **Business Update - International**

- The Company is extensively working on expanding its portfolio and geographical reach - incorporated a subsidiary in UK and set up a facility in Rotterdam which will be inaugurated in end of June, 2017
- Acquired brand 817 Elephant under it to strengthen its presence in Europe and America. The sale of 817 Elephant has commenced and is in line with the Company's expectations
- 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. The JV company has been incorporated - Daawat Kameda (India) Pvt. Ltd.
- JV with Future Group to for manufacturing, sales and distribution of regional rice. Inaugurated a plant for the same in Tumkur, Karnataka and manufacturing of Sona Masoori Rice has started and the same will be formally launched in the near future

# Yearly Update

- **Marketing**

- Expanded our geographic reach with addition of 30 new distributor towns
- LT Foods is consistently working on creating innovative products – Fast Cooking Brown Rice and Sauté Sauces. Both the products are gaining acceptance among the consumers and are performing exceedingly well
- 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 year process of Split of share has been completed which is giving boost to the liquidity in the market. There has been a favorable change in the shareholding pattern of the Company

**DAAWAT**  
THE FINEST

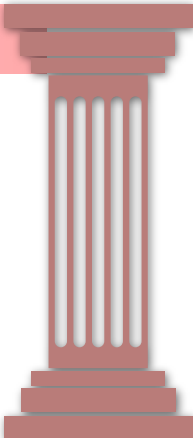


# Three Pillars of Sustainable Growth



## 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"> <li>Traditional Basmati</li> <li>Biryani Basmati</li> <li>Pulav Basmati</li> <li>Super Basmati</li> </ul>	<ul style="list-style-type: none"> <li>Daawat fast cooking brown rice</li> </ul>	<ul style="list-style-type: none"> <li>Chef Secretz Basmati</li> <li>Chef Secretz Light</li> <li>Chef Secretz Sella</li> <li>Altarif / Daawat Golden Sella</li> </ul>		



Strong Brands for Each Range of Product

# A Specialty Food Company with Leading Global & Regional Brands



## Branded Basmati rice



## Value added staples



Wheat flour

Refined flour

Chickpea flour

Semolina

Flattened rice

## Premium



Health

## Other products



Sauces



Oils



Organic food



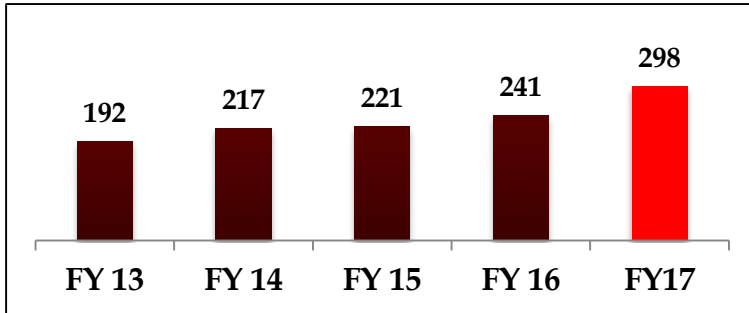
Horeca

Mid-price

Value

# Sustainable Business Model

## Branded Rice Volumes ('000s MT)

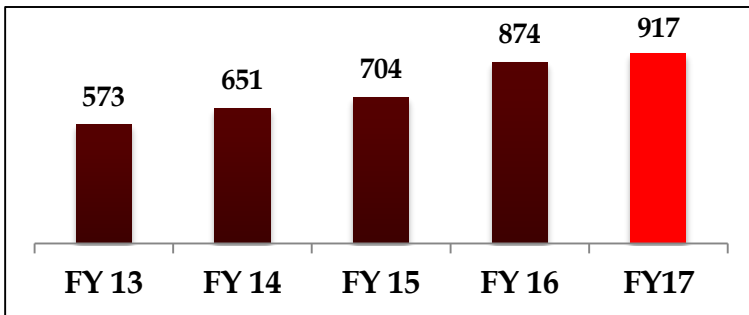


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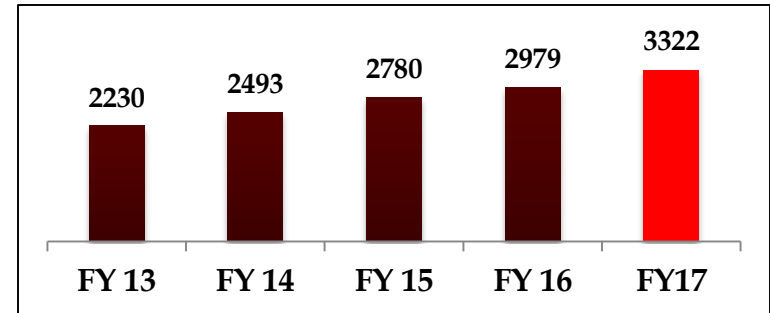
1 Volumes include India branded rice, international branded rice and institutional rice. Excludes organic rice and international agri-trade;

## Gross profit (Rs Crs)

margin (%) 26% 26% 25% 29% 28%



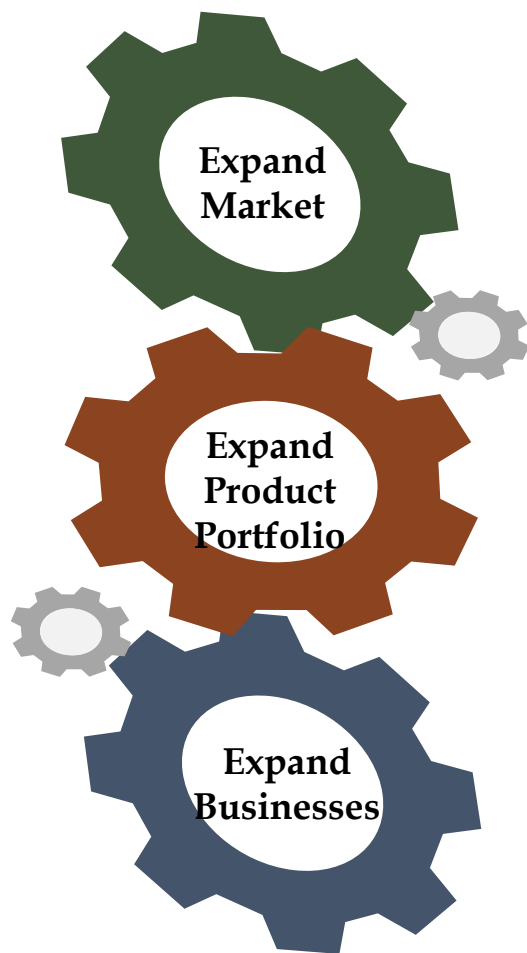
## Revenues (Rs Crs)



## 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

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- Consumer Focused Approach especially in the bigger markets
- Expanding in Newer Markets and Building Stronger Position in Existing Markets

## Expansion in Product Portfolio

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- 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

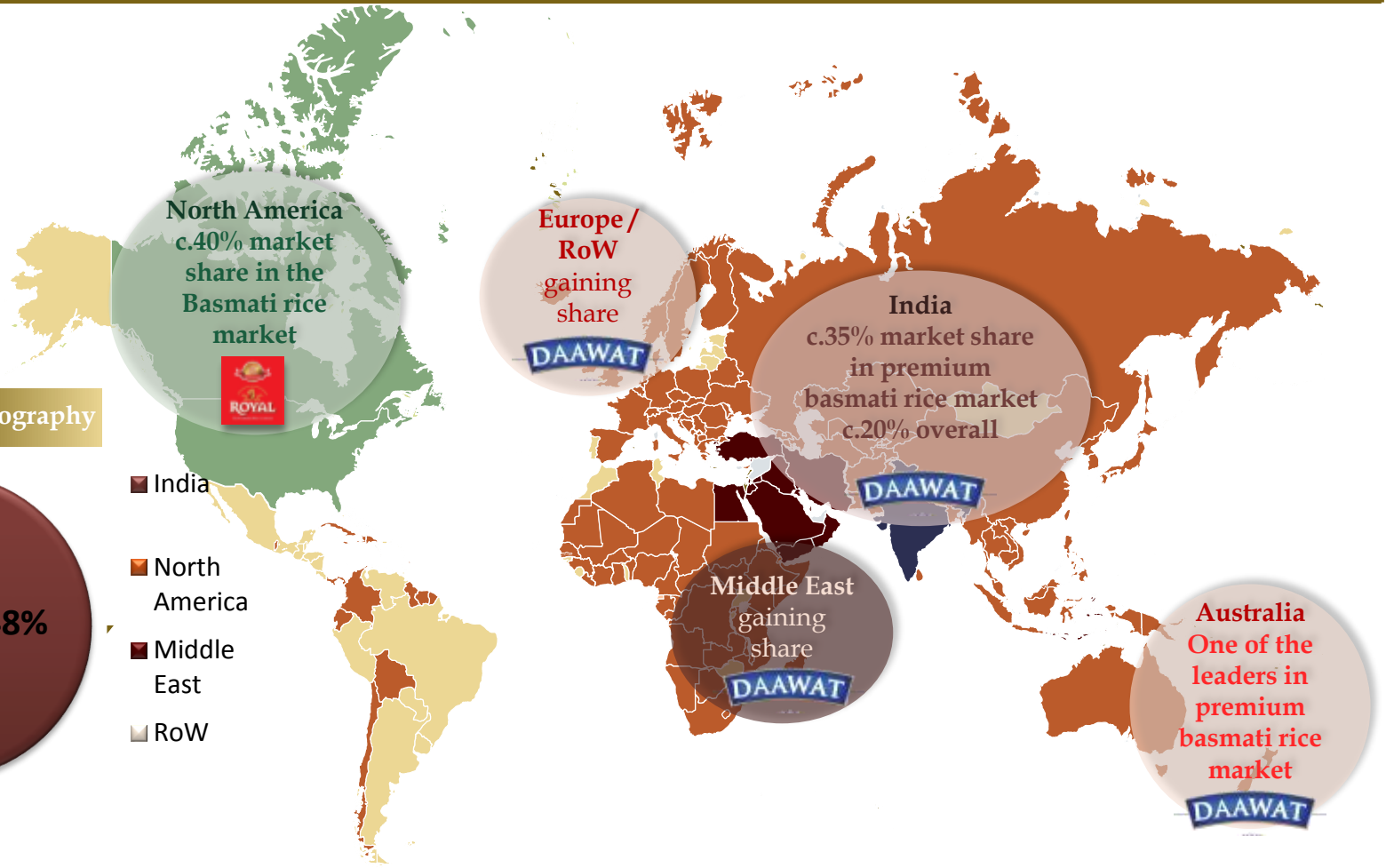
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- Entry into Organic Foods Business – Nature Bio – Foods Ltd.
- Nature Bio's Product Range : Pulses, Oil Seeds, Spices, Cereal Grains, Grains, Lentils, Rice, Nuts Fruits & Vegetables etc

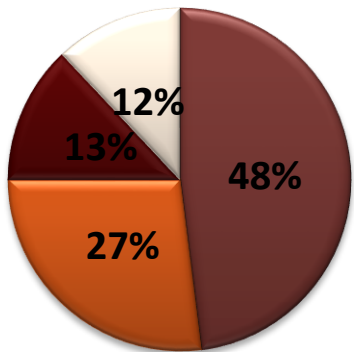
Facilities Expansion through Asset Light Outsourcing Model



# ... Global Presence in over 65 Countries



FY17 Revenue by Geography

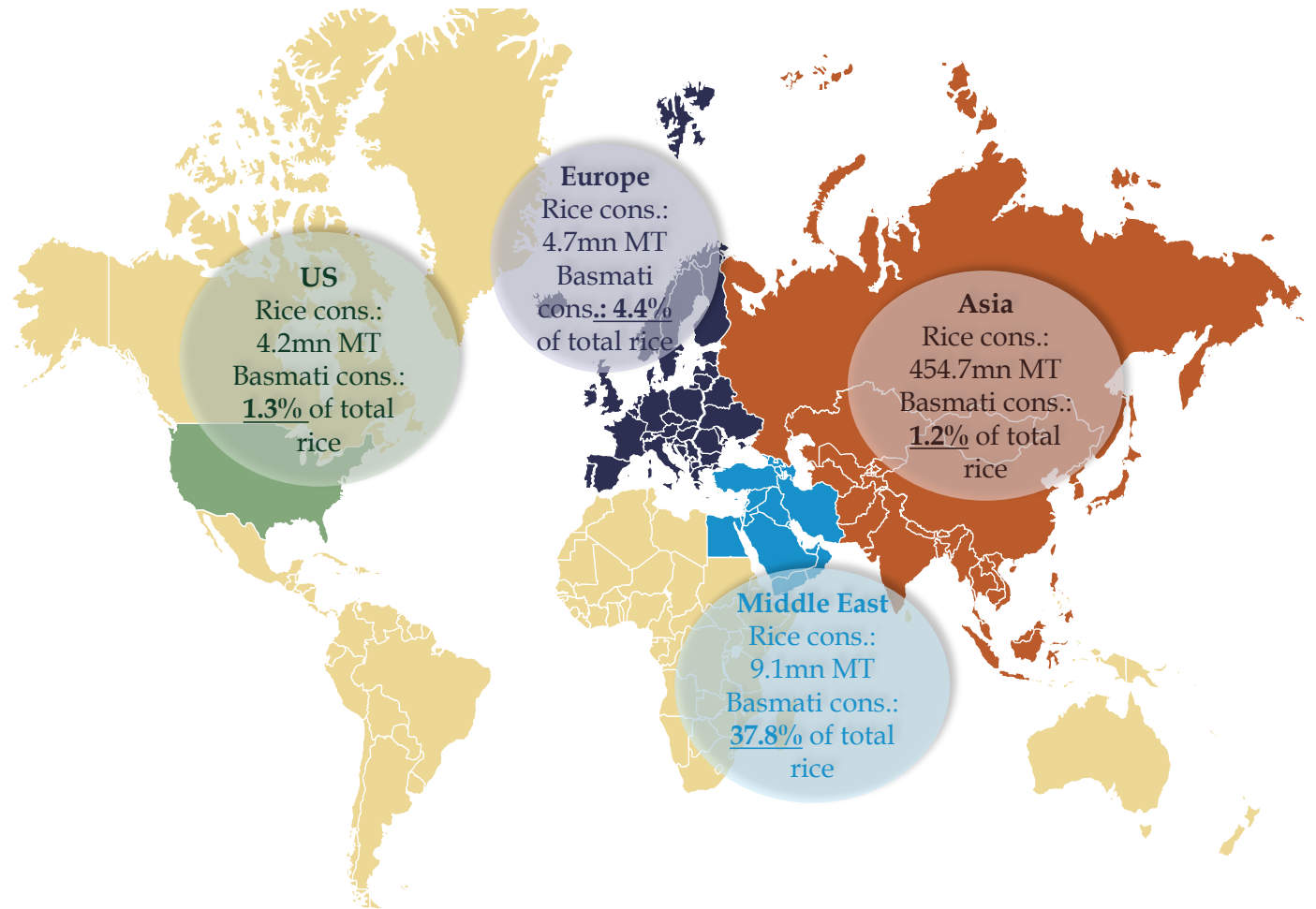


- India
- North America
- Middle East
- RoW

\*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

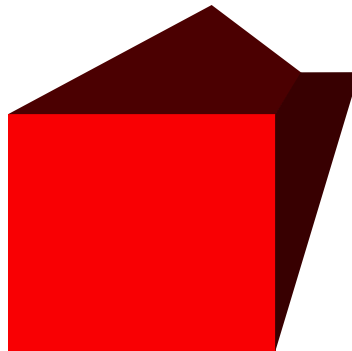


High Entry

Barriers

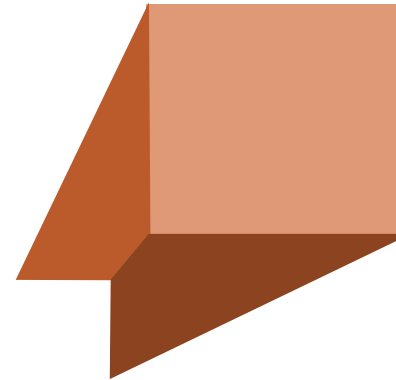
03

Distribution  
Network



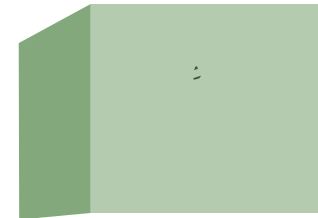
04

Integrated  
Business  
Model



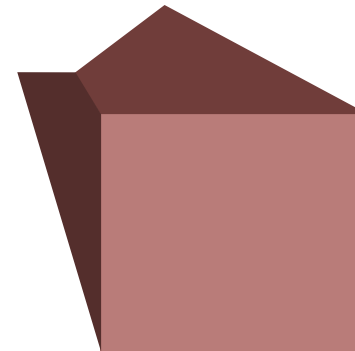
05

Contract  
Farming  
Relationships



06

Expertise in  
Paddy  
Procurement &  
State of the Art  
Manufacturing  
Facilities

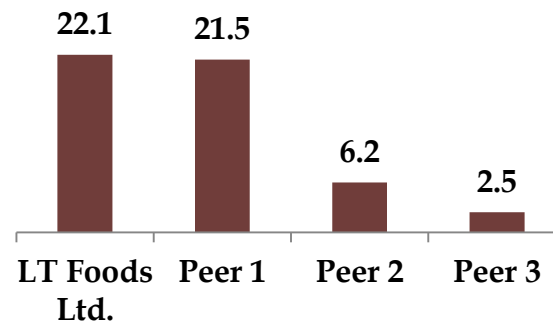


# 01 Strong Brand & Market Share...

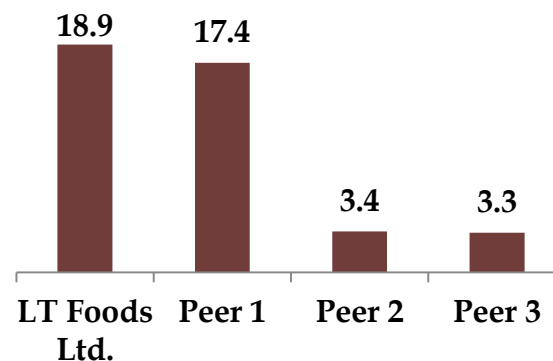
#1 and #2 market position  
in 7 Countries incl India &  
US



#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

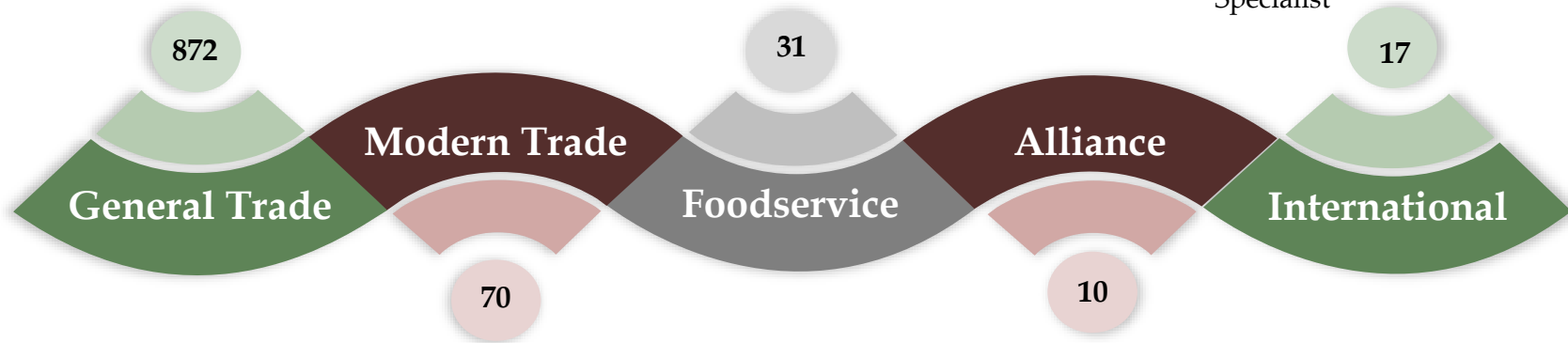
- Currently access to 1,40,000 traditional retail outlets
- Reach - 93% of towns with over 2 lakh population
- Access to 3000 Wholesalers

## 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



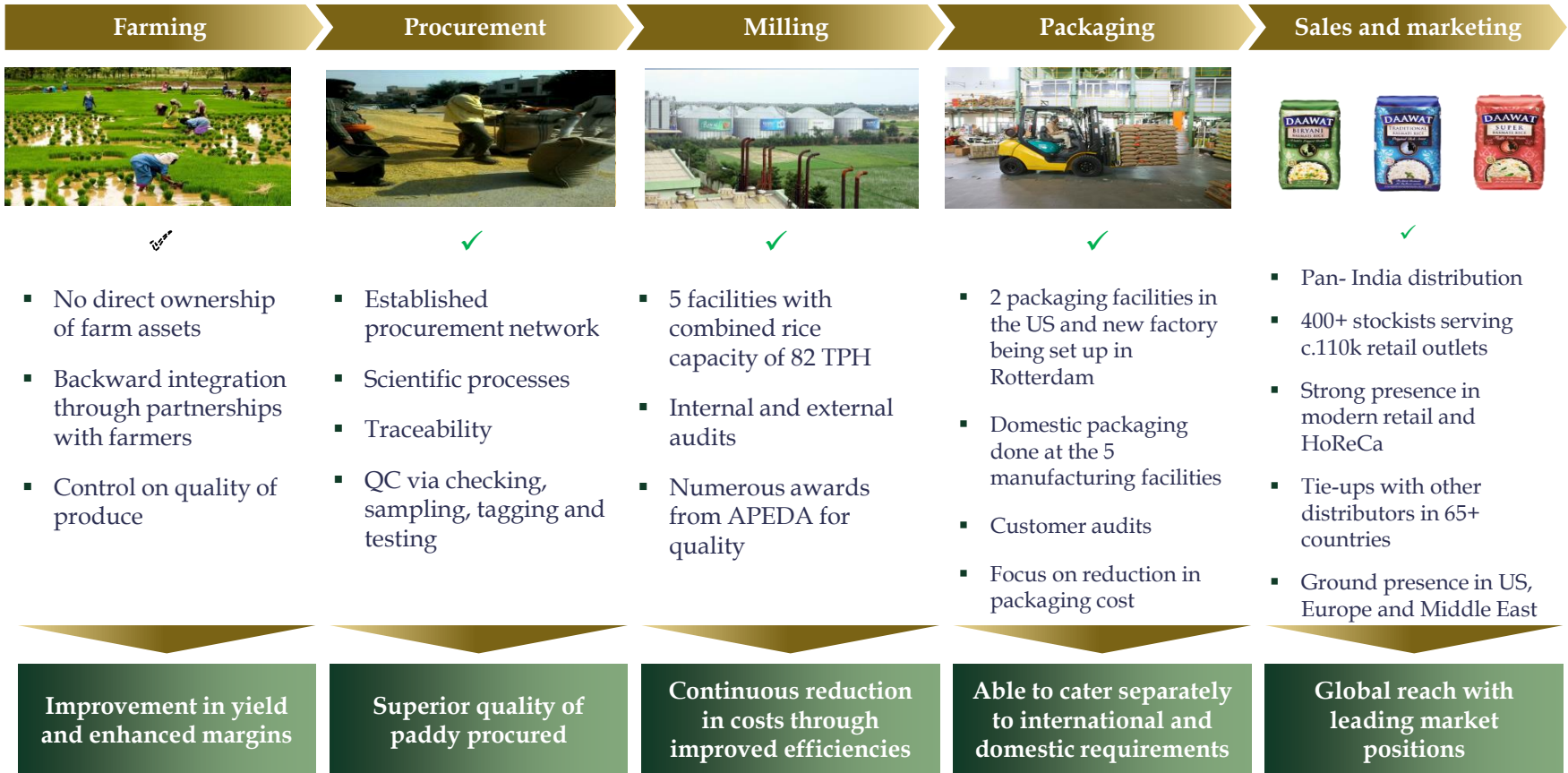
## Modern Trade

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

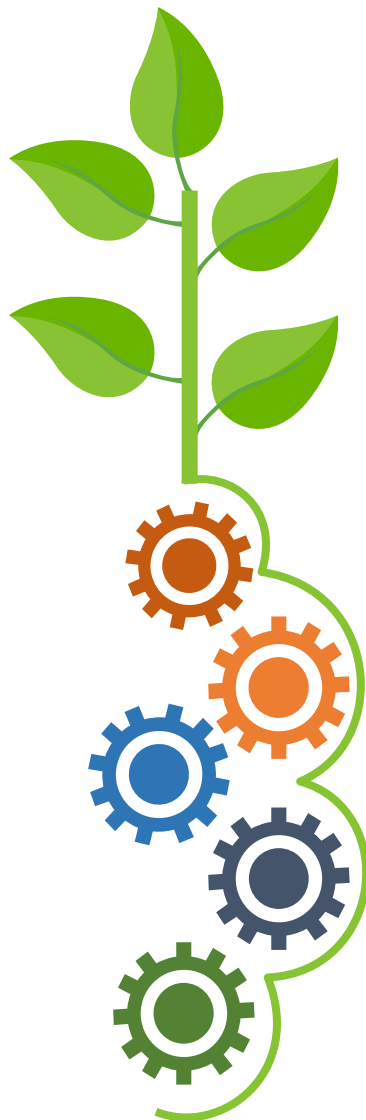


*Benefits extracted at each stage of the value chain*

# ... With State of the Art Manufacturing Facilities

	Sonepat (Bahalgarh)	Sonepat (Kamaspur)	Bhopal	Amritsar	Varpal
					
	1999	2005	2008	1960	2010
<b>Rice capacity (TPH)</b>	33	5 (organic rice)	26	6	12
<b>Key products</b>	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)
<b>Accreditation</b>	ISO, SQF, BRC, SA, Kosher, OU, Halal	ISO, NOP, NPOP, EEC and Kosher	FSSC, Halal, Kosher and BRC	ISO	FSSC and BRC
<b>USP</b>	1 <sup>st</sup> to have complete storage in 1 MT bags	100% organic facility with cold and CO <sub>2</sub> treatment	1 <sup>st</sup> 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

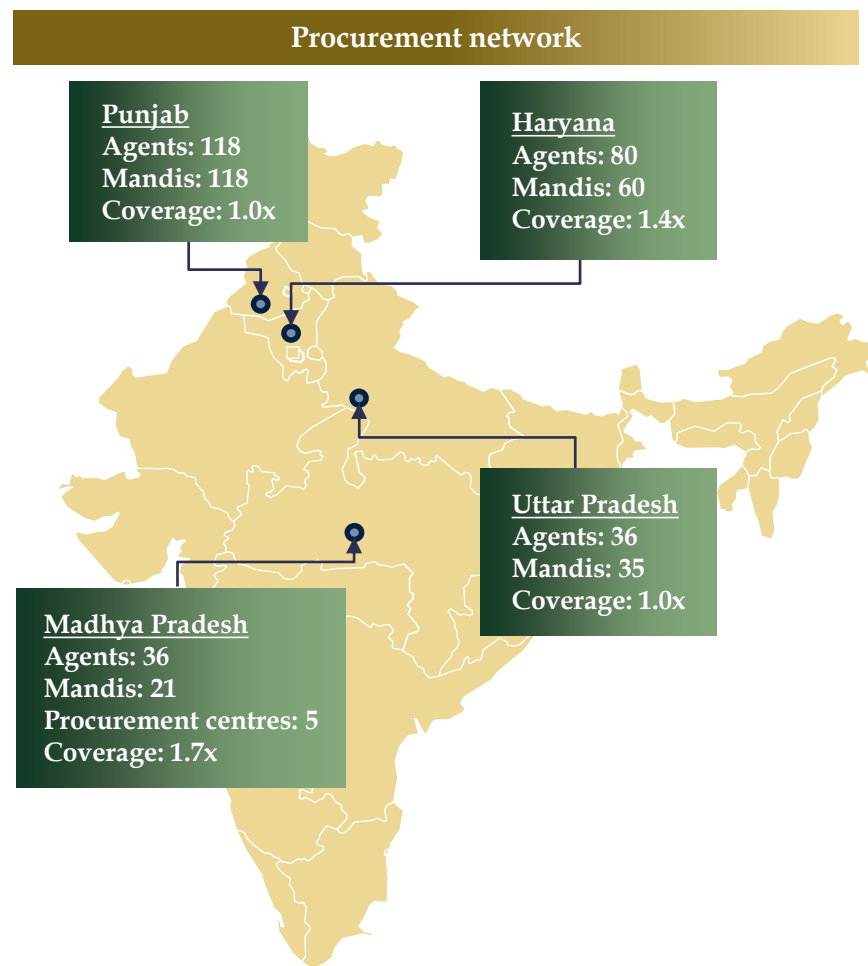
Full control on buying process throughout the year

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

*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**  
CEO,  
Organic Business

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



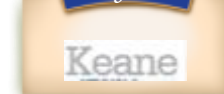
**Chris Skolmutch**  
Product Development  
Manager, LTFA

1 year



**Mukesh Aggarwal**  
CFO, LTFA

7 years

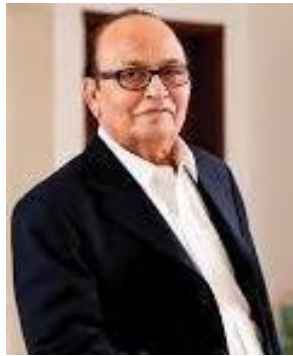


**Sanjeev Uppal**  
Head, Supply Chain

15 years



# ... And Experienced Advisory Board...



☺ K.N. ☺  
*Memani*  
*Advisory Board*



☺ Ravi S. ☺  
*Naware*  
*Advisory Board*

*Years at  
LT Foods*

*Previous  
experience*



# 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

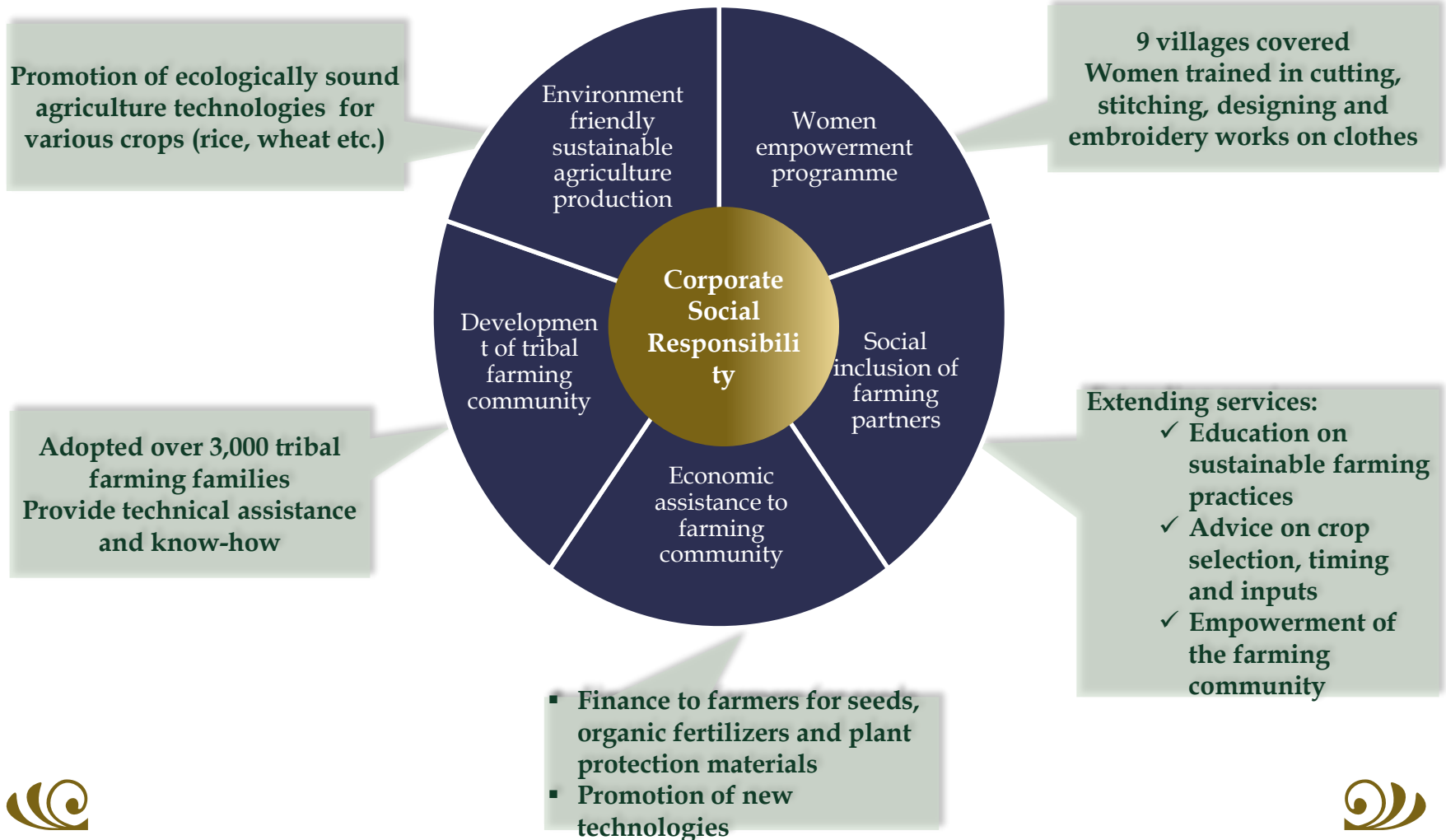
- Highly experienced professional management team running day-to-day operations
- Family / promoters remain closely involved, preserving the heritage and culture of the business
- External consultants (E&Y, Accenture, McKinsey) hired when expertise is required to follow best practices
- Well known experts 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

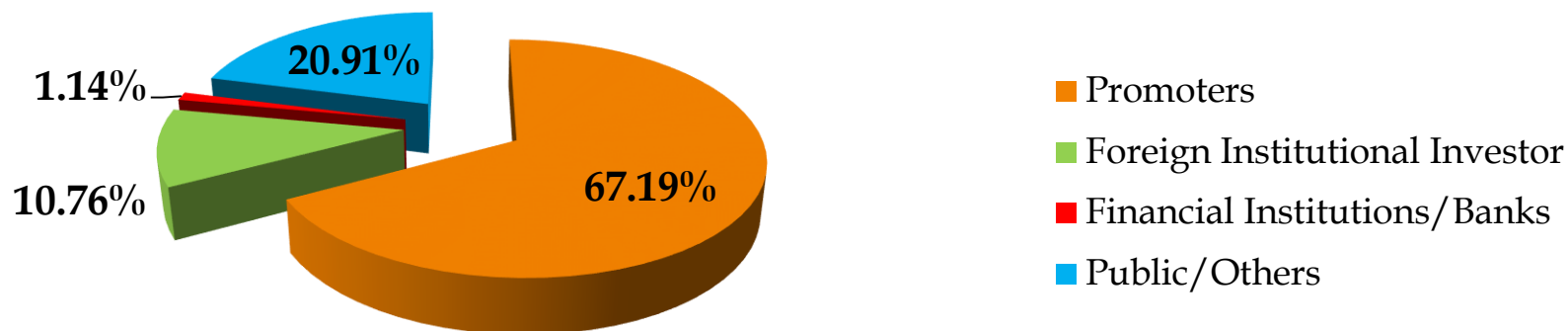
 *Professionally run organization with culture of control and transparency* 

# Corporate Social Responsibility

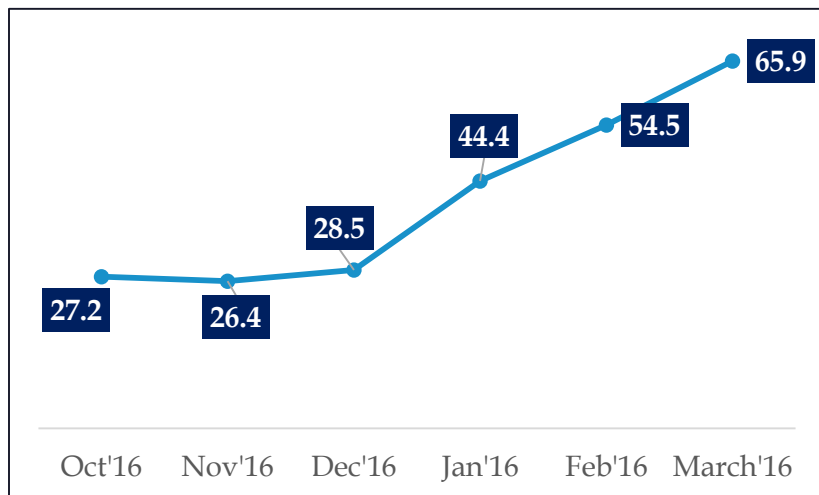




# Annexure 1: Shareholding Structure – Q4FY17



## Share Price Performance



## Market data as on 31<sup>st</sup> March 2017

Market Cap. (crores)	1750
Close Price – NSE (INR)	65.80
No. of Outstanding shares	266631870
Face Value (INR)	1
52 week High-Low (NSE)	67.85-21.51



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**Company :**

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LT Foods Limited.

CIN - L74899DL1990PLC041790

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