

# DAAWAT

## THE FINEST



Investor Presentation August 2017

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# Q1 FY18 Performance Highlights

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# Performance Highlights

- Q1 FY18 - Impressive EBITDA growth of 8%
- Q1 FY18 - Topline growth of 9%
- Considerable improvement in financial metrics across the board
- Contribution of branded revenue up to c.67% (vs. 61%) 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

Q1 FY18

**771**

Revenue  
(Rs Cr.)

**105**

EBITDA  
(Rs Cr.)

**55**

PBT (Rs Cr.)

**34**

PAT  
(Rs Cr.)

**9%**



Growth  
YoY

**8%**



Growth  
YoY

**24%**



YoY

**10%**



YoY

# Quarterly Update

## LT Foods opened up a Plant in Rotterdam

- LT Foods will opened a plant in Rotterdam
- The plant will be used to process brown rice and then will be distributed within Europe.
- The set up of this plant in line with our growth strategy and will strengthen our position in this segment and will also help us expand our portfolio.

New  
Facility



# Quarterly Update

- **The Company is extensively working on expanding its geographical reach in countries such as Europe, Canada and Middle East**
  - Recently commenced operations in its first rice processing plant in Europe at Rotterdam, Netherlands with an initial capacity of 60,000 tonnes
  - Acquisitions of 817 Elephant, Gold Seal Indus Valley and Rozana are performing as per the business plan to further strengthen our foothold in these geographies
- **LT Foods is also consistently working on adding new products to its portfolio**
  - JV with Japanese Snack Food major Kameda to manufacture and market rice based snacks in India is working as per the plan and the products are expected to be launched in the next quarter.
  - LT Foods known for launching innovative products has recently launched “**Daawat Rozana Gold Plus**” that offers a unique mix of 80% White rice + 20% Daawat Fast Cooking Brown Basmati Rice offering a perfect blend of taste and health in one pack
  - JV with Future Group - manufacture, sales and distribution of regional rice (Daawat Sona Masoori) has commenced



**DAAWAT**  
THE FINEST

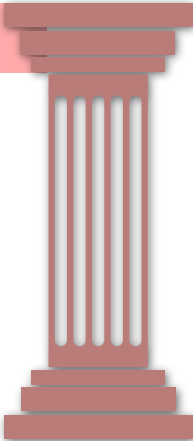


# Three Pillars of Sustainable Growth



## 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 : 6Y CAGR of 18%

# 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



### Premium



### Health



### Horeca

### Mid-price

### Value

## Value added staples



### Wheat flour

### Refined flour

### Chickpea flour

### Semolina

### Flattened rice

## Other products



### Sauces



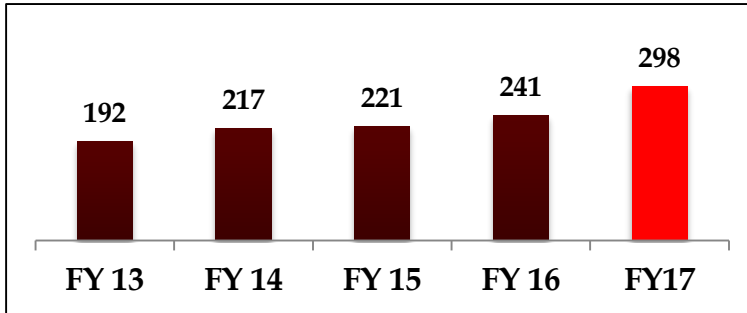
### Oils



### Organic food

# Sustainable Business Model

## Branded Rice Volumes ('000s MT)

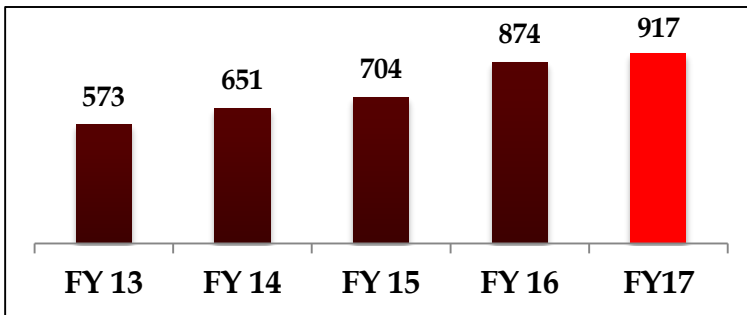


Note

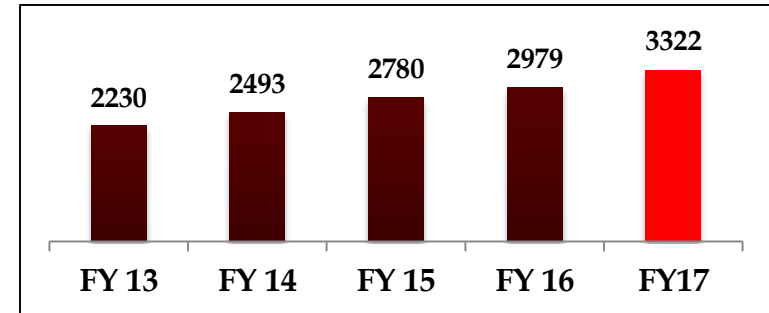
1 Volumes include India branded rice, international branded rice and institutional rice. Excludes organic rice and international agri-trade;

## Gross profit (Rs Crs)

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

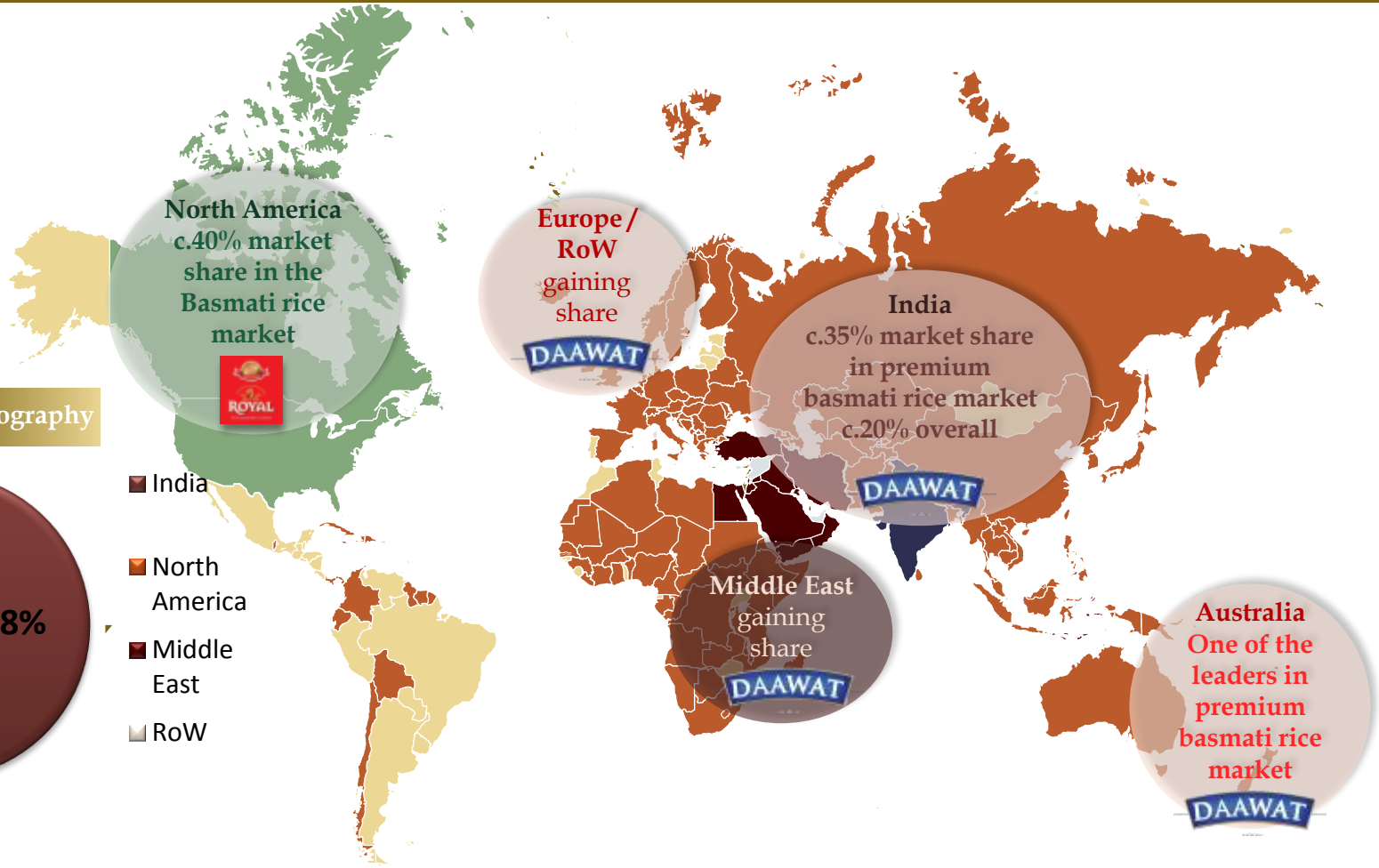
## Expansion in Business

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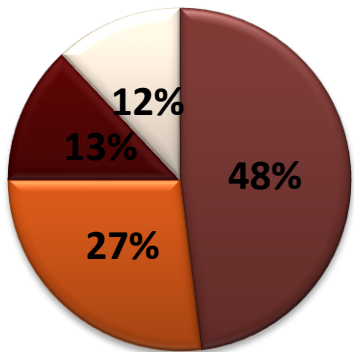
- Entry into Organic Foods Business – Nature Bio – Foods Ltd.
- Nature Bio's Product Range : Pulses, Oil Seeds, Spices, Cereal Grains, Grains, Lentils, Rice, Nuts Fruits & Vegetables etc

Facilities Expansion through Asset Light Outsourcing Model

# ... Global Presence in over 65 Countries



FY17 Revenue by Geography

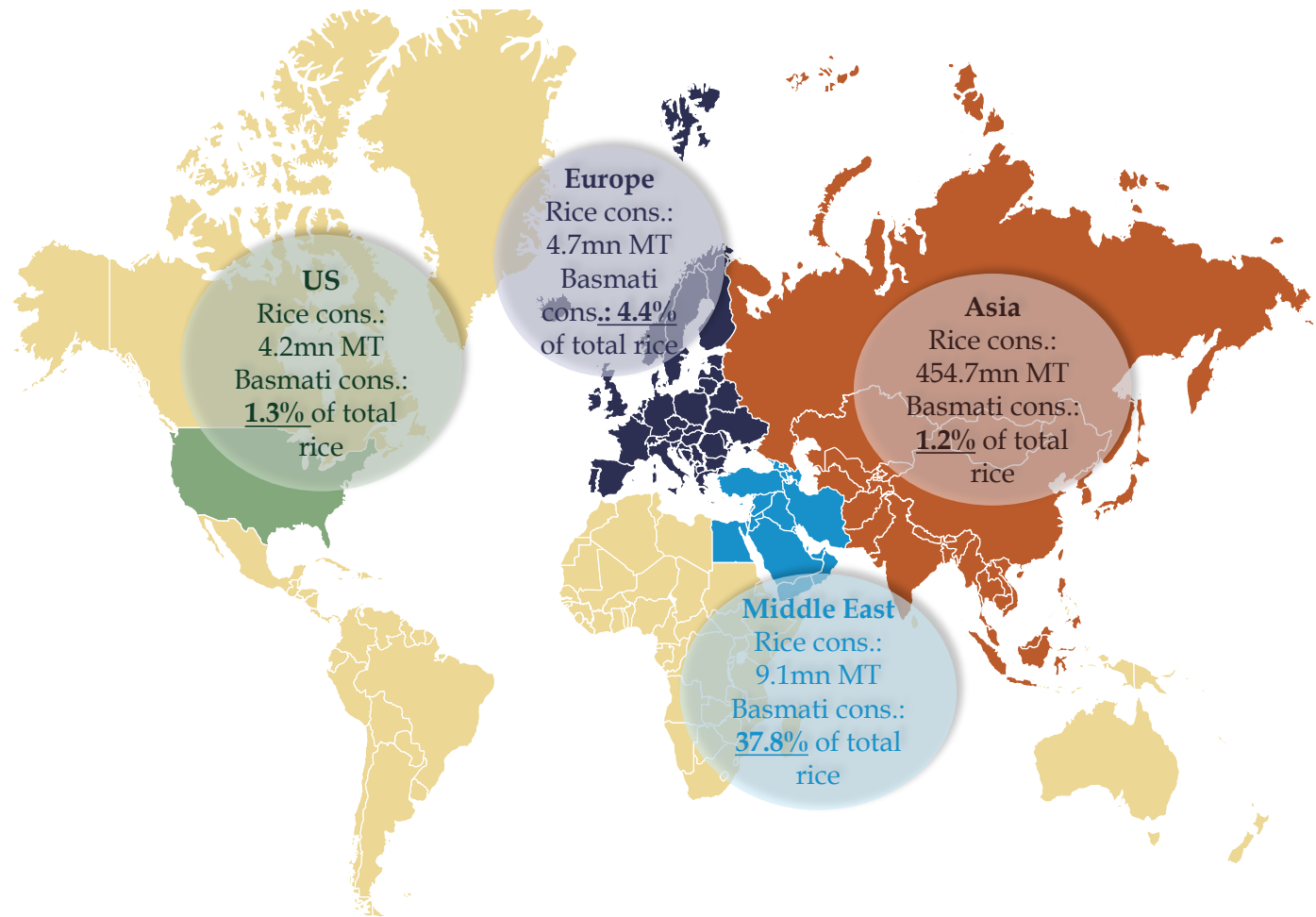


- India
- North America
- Middle East
- RoW

\*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 Q1 FY18
- 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 Q1 FY18
- 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



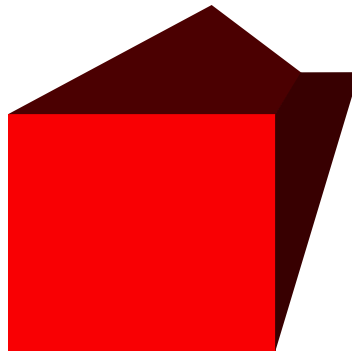
02

Broad  
Portfolio of  
Products



03

Distribution  
Network



High Entry

Barriers

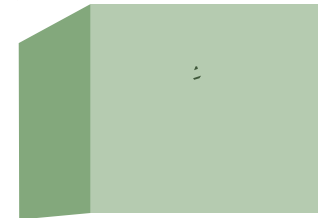
04

Integrated  
Business  
Model



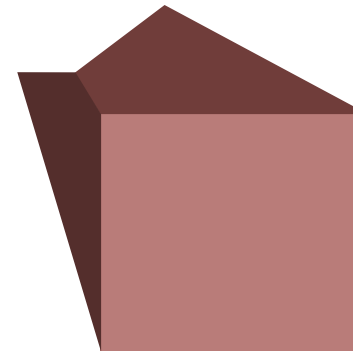
05

Contract  
Farming  
Relationships



06

Expertise in  
Paddy  
Procurement &  
State of the Art  
Manufacturing  
Facilities

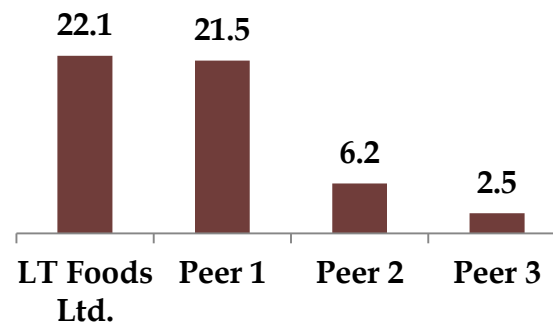


# 01 Strong Brand & Market Share...

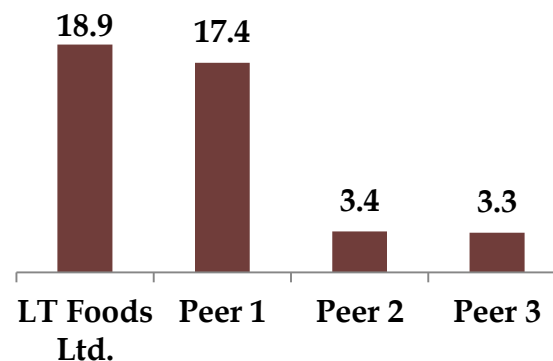
#1 and #2 market position  
in 7 Countries incl India &  
US



#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

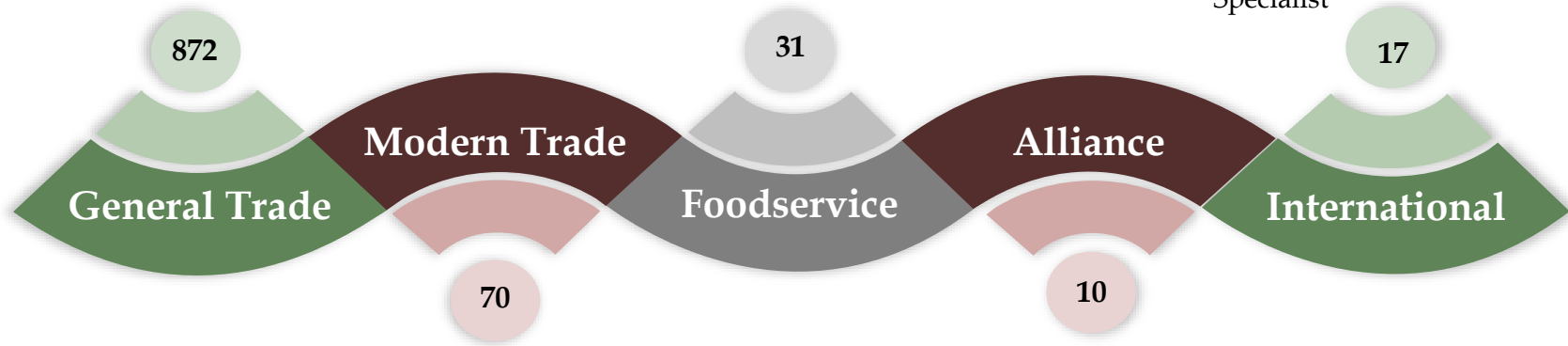
- Currently access to 1,40,000 traditional retail outlets
- Reach - 93% of towns with over 2 lakh population
- Access to 3000 Wholesalers

## 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
- 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



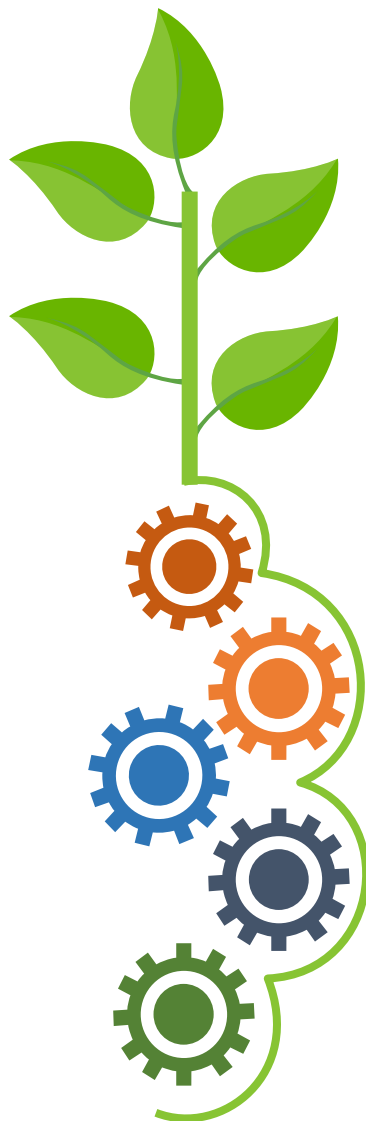
*Benefits extracted at each stage of the value chain*

# ... 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

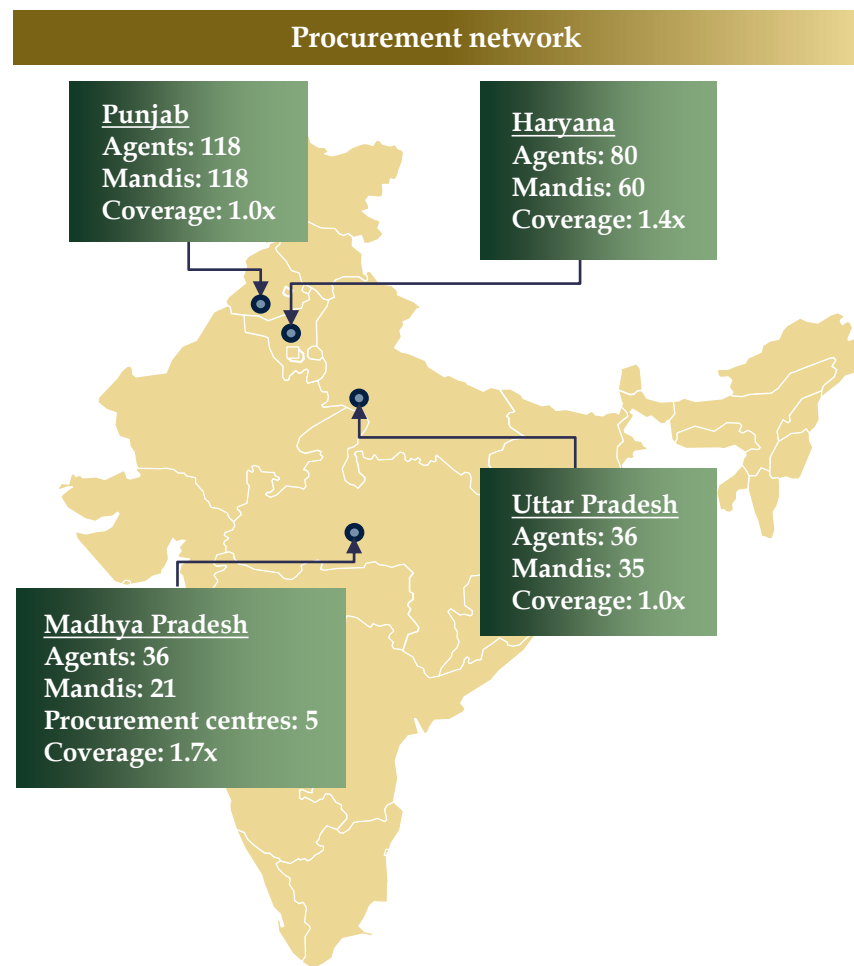
Full control on buying process throughout the year

## 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



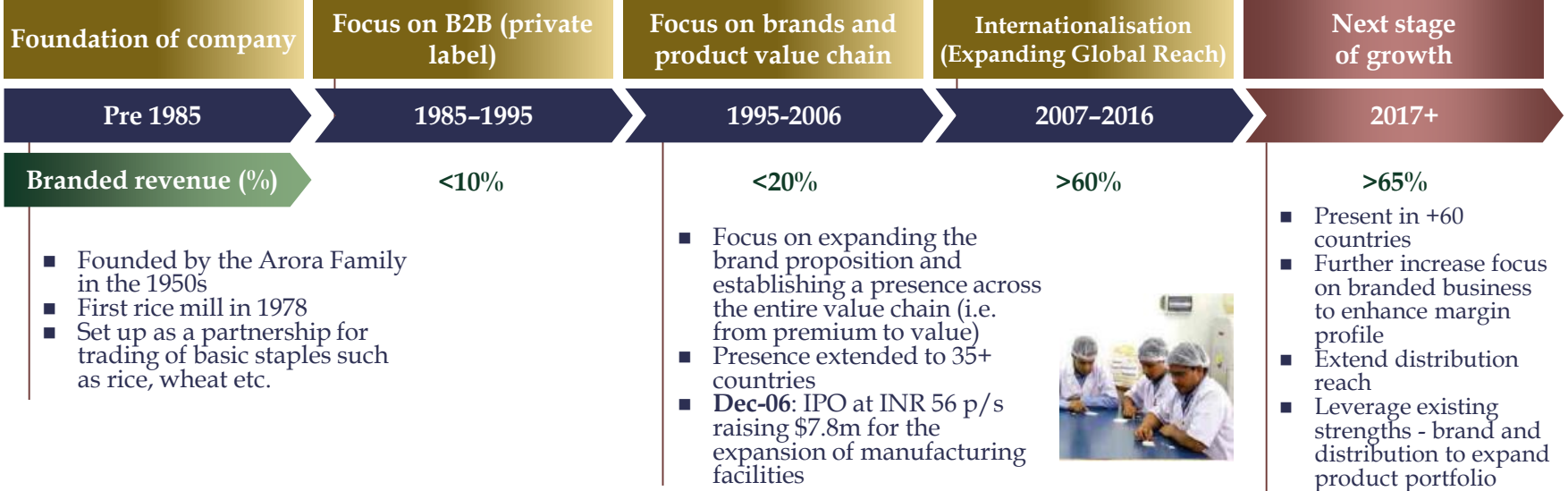
## 2007-2010

- 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 one of the leading basmati rice brands in India and of a selection of international markets
- Launched value added staples and other food products



*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



**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*

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

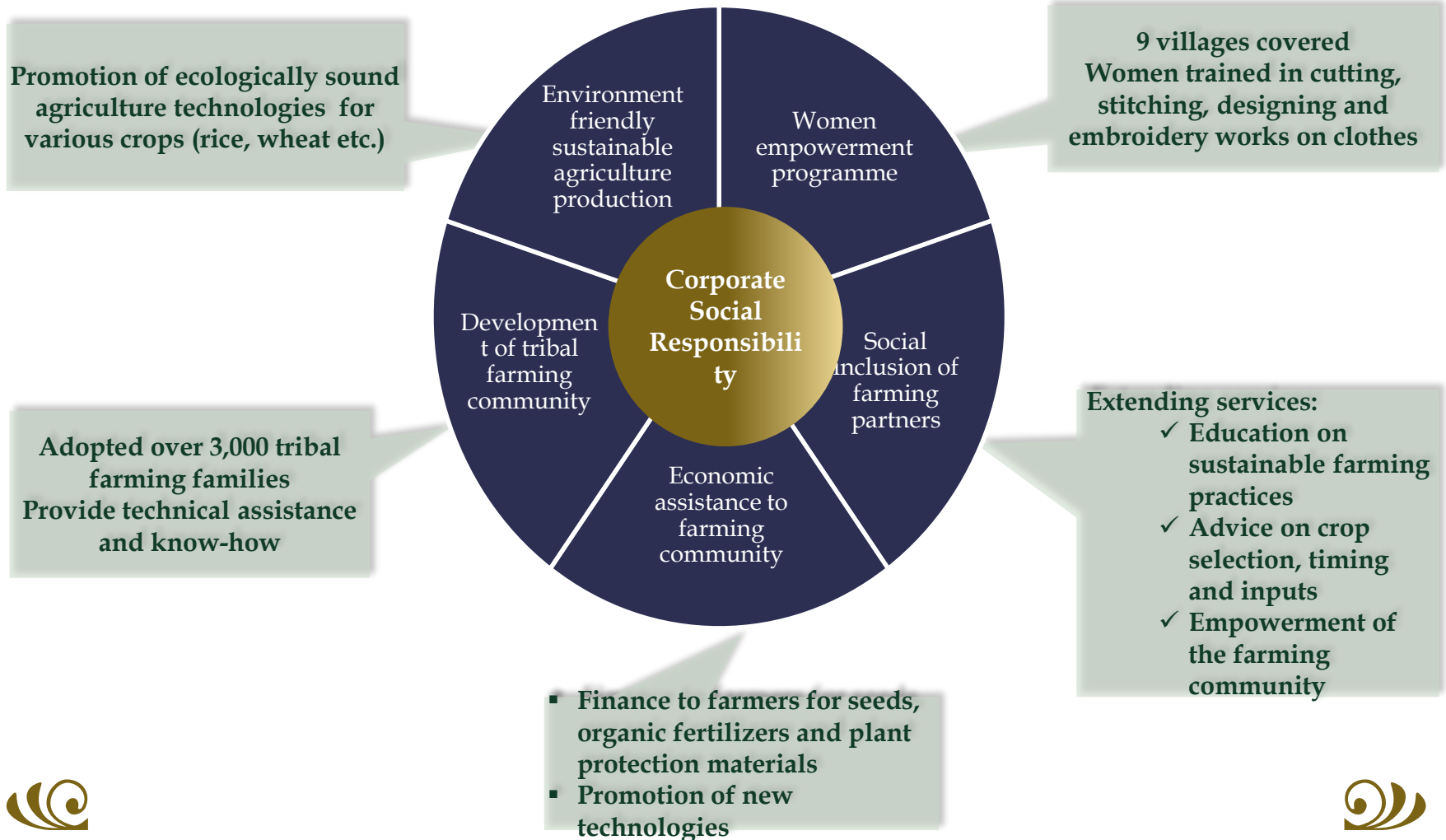
- Highly experienced professional management team running day-to-day operations
- Family / promoters remain closely involved, preserving the heritage and culture of the business
- External consultants (E&Y, Accenture, McKinsey) hired when expertise is required to follow best practices
- Well known experts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

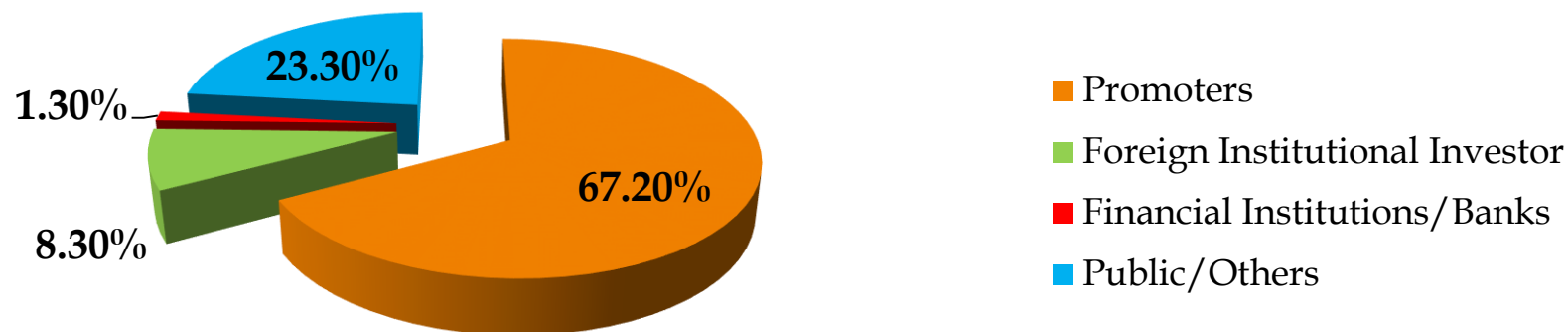
# Corporate Social Responsibility



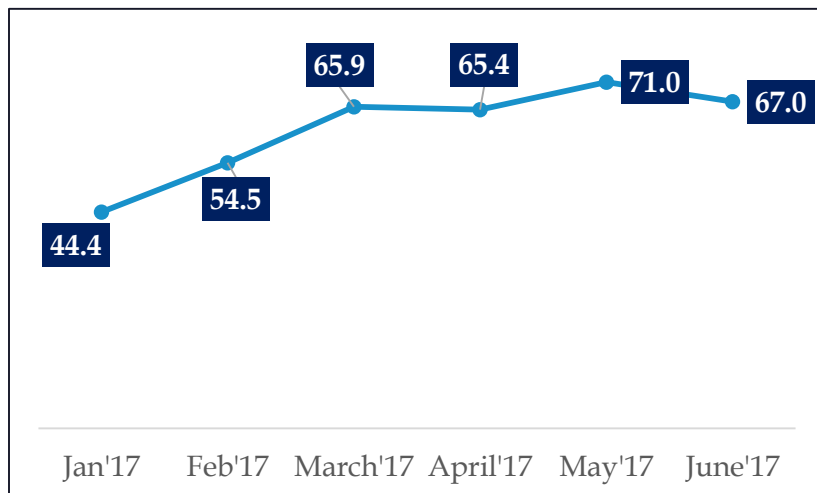




# Annexure 1: Shareholding Structure – Q1 FY18



## Share Price Performance



## Market data as on 30<sup>th</sup> June 2017

Market Cap. (crores)	1790
Close Price – NSE (INR)	67.05
No. of Outstanding shares	266744780
Face Value (INR)	1
52 week High-Low (NSE)	84.7-21.5



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**Company :**

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LT Foods Limited.

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