



LT Foods



September - 2018



*LT Foods is a Global Consumer Specialty Company with a focus on Specialty Rice - Basmati, Organic Foods and Rice based Convenience Products*



- *Revenue financial year 2018 – Rs. 3,650 crore*  
[5 Year CAGR - 10%]
- *69% of revenue from own brands*  
[5 Year CAGR - 16%]
- *Driving a superior financial performance*  
[EBITDA Margin - 12.5%  
PAT Margin - 4.6%]

# A Business with a 80 Year History

Evolution from just a rice trader to a leading player in specialty rice space with an end-to-end control on value chain



**“Fully Integrated”**

Evolution from rice trader to a leading consumer specialty rice business



**“Sustainable”**

Evolution from a B2B to B2C player with powerful brands



**“Predictable”**

Evolution from a closely held to a publicly listed company with marquee investors



**“Trusted”**

Evolution from single digit growth company to a double digit growth company



**“Profitable”**

Evolution from a single country focus to a multi country focus company backed by strong brands with leadership position



**“Global”**

Now evolving from a single product to multi product company, keeping pace with consumer trends leveraging our brand equity

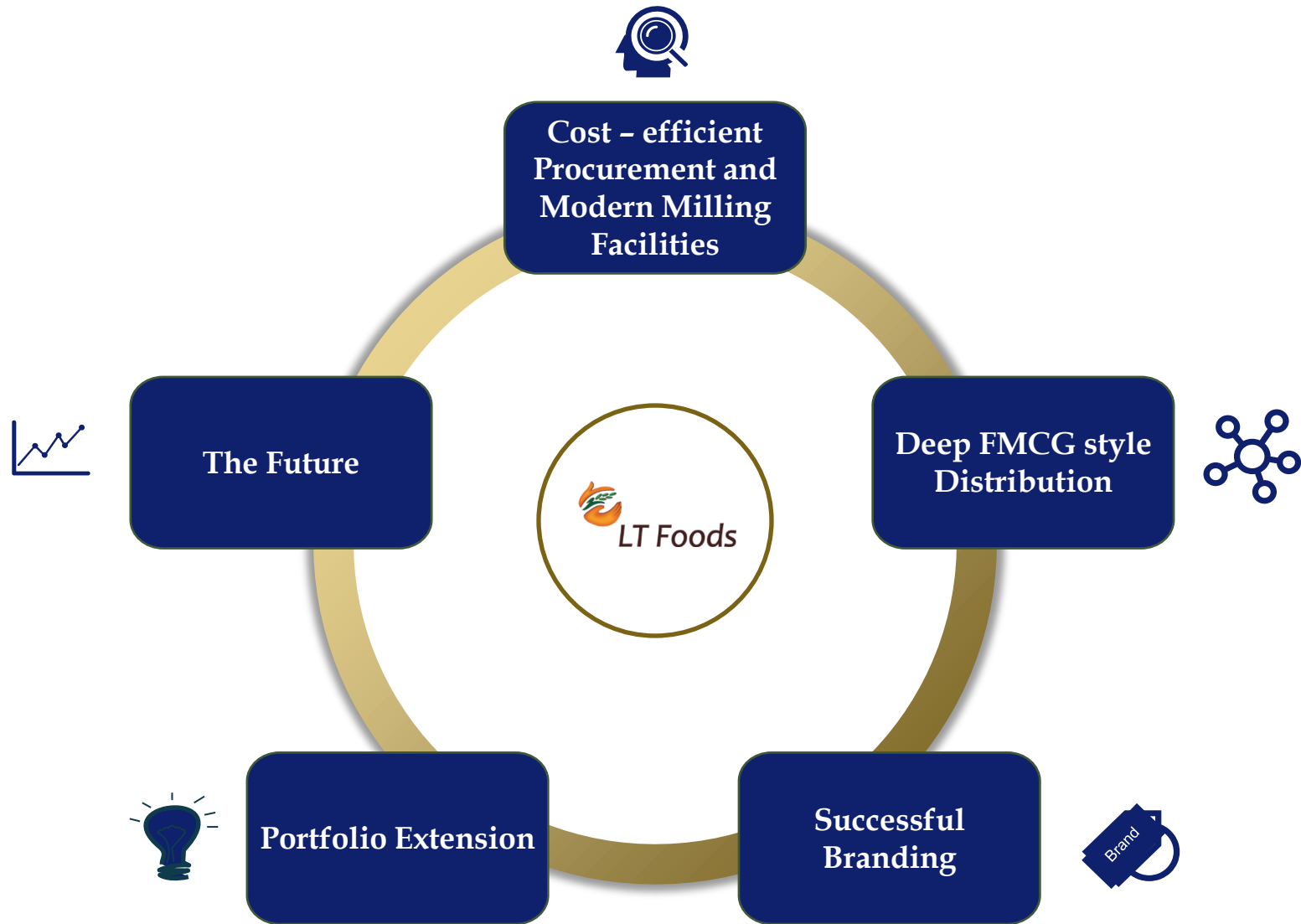


**“Future Ready”**



## Pillars of LT's Growth Story

# Pillars of LT's Growth Story





# Cost – Efficient Procurement and Modern Milling Facilities

# Cost – Efficient Procurement : The Genesis of Success

## Attributes of a best-in-class procurement program



### Network

One of the largest and best entrenched networks. Enjoys high credibility at mandis

- 270 agents associated with 234 mandis
- Early access to key varieties
- Prompt payment
- Peak procurement during Oct to Nov every year



### Forecasting

Smart, in-house models to capture demand projections

- Historical records for over multiple seasons
- Tab-based instant interaction between HQ and frontline agents
- Full control on buying process throughout the year



### Quality focus

Zero tolerance for poor quality. Scientific focus on right quality produce

- 2 research facilities
- End to End traceability
- Multi-stage testing from mandi to laboratory
- Highest compliance on pesticide residue
- Certifications: ISO 9001, 14001, 17025, 8000 BRC and SQF



### Consistency

Getting the grain right every time

- Expertise earned over 30 years on average
- Appearance, Aroma, Taste, Texture -all locked in
- Rejection rate of 1.5% to 2%



# Cost – Efficient Procurement : The Genesis of Success

## Attributes of a best-in-class procurement program



### Relationships

#### Nurturing best-practices cultivation for the best 'Basmati'

- Alliances with Rallis India, Syngenta and Bayer Crop Sciences
- Extension services active in Haryana & UP
- Dedicated engagements for organic farming. Minimum 3 yrs commitment
- Strengthening environmentally sustainable agri-model



### Storage

#### Complete control over maturing process. Proprietary practices driving consistent output

- World-class, scientifically managed silos for paddy and rice storage
- Audited favourably multiple times by external agencies. Complemented by stringent internal audits
- Dedicated programs to age 7 varieties. Enhancing aroma and quality of grain

# Modern Milling Facilities: The Genesis of Success

## Attributes of a best-in-class procurement program



### Processing

**Advanced milling & packaging infrastructure. Incorporating global best practices.  
Continuous reduction in costs through improved efficiencies**

- 5 integrated and automated facilities with 101 TPH capacity
- Dedicated presence in EU with 60K MT processing plant at Rotterdam
- 3 packaging facilities in the US
- Producing 7 varieties rice for end uses/markets.
- 100% organic facility with cold and CO<sub>2</sub> treatment at Sonapat
- Value added products facility at Mandideep -FSSC 22000 certified
- Awarded ~3 times by APEDA for quality



Deep FMCG –  
Style Distribution

# Deep FMCG Style Distribution

Championing Basmati across the world. An emerging, wholesome foods-conglomerate



## Global reach

**Strong international orientation. Catering to local requirements in each market**

- Contribution in FY18: N. America -30%, Middle East-11%, RoW-21% & India -38%
  - Leadership in North America (45% share)
  - 35% market share in premium Basmati in India (28% overall share)
  - Strongly gaining presence in Europe/RoW and ME



## Network spread

**Fast Moving Indian Foods Company. Reach that is second to none**

- Servicing 150,000 retail outlets in India, reaching 93%+ towns in India with  $\geq$  2 lakh population
- Available through 30 to 40 distributors in North America & in Europe/RoW
- Available on major e-commerce platforms
- Dedicated team for sales and supported by marketing specialists

# Deep FMCG Style Distribution

Championing Basmati across the world. An emerging, wholesome foods-conglomerate



Omni-channel

Engaging seamlessly with institutional and retail consumers

- Access to 2,500 modern trade stores. Brown Rice also available in medical chains
- Multiple-year relationships with HORECA partners (50% share). No.1 supplier to premium hotels and restaurants
- In the US the Company is represented through PFG, Sysco, US Food Service. Restaurants and Departmental Stores likes Trader Joe's, ALDI, MARS, Walmart US + Canada
- Supporting private label business worldwide

Advantage



Successful  
Branding

# Leading Consumer Specialty Rice Business

## *"The Finest Basmati"*



- More than 35 years history
- Leading brand in India
- 28% market share in branded Indian rice market
- 35% share of premium segment of Indian basmati rice
- Doubled revenues within last 4 years (FY14 to FY18)

## *"#1 Basmati Rice in America"*



- Brand managed by LT Foods since 2007, and founded in the 80's
- #1 brand in the US 45% market share in the US basmati rice market
- Present across all the channel
- Doubled revenues within last 4 years (FY14 to FY18)

## *Portfolio of Brands*



- Growing organic business in B2B segment with emerging brand presence of EcoLife
- Adapted inorganic routes to strengthen the presence globally
- Leveraging brand and distribution to add more products in consumer portfolio



*Strong portfolio of leading global brands*



### Notes

- 1) As per management's estimates
- 2) Consumer U&A
- 3) AC Nielsen Q4FY18

# Powerful Brand Portfolio

## Basmati rice



Premium



Health



HORECA

Mid-Price

Value

## Organic



Organic Food

Future Products



Sauté Sauces



Rice Based Snacks



Ready-to-Heat Products

*Growing product portfolio anchored by "Daawat" and "Royal" followed by rice based convenience products*





# Portfolio Extension

# Portfolio Extension : Taking LT Foods into the Future through Value-Addition



- Currently contributing 10% to overall revenue, growing at a 5 Year CAGR of more than 40%
- Direct relationship with 80,000 farmers, accounting for 12.4% of total organic farmers in India
- Covering 15 states and 116,000 hectares of land through sustainable farming techniques, reflecting ~8% of total certified organic land in India
- Currently export oriented ingredient business
- Expanding the B2C portfolio



# Portfolio Extension : Taking LT Foods into the Future through Value-Addition

## VAP portfolio

- Innovative product Quick Cooking Brown Rice growing at a 5 Year CAGR of more than 50%
- Recently launched “Daawat Rozana Gold Plus”
- Launched Daawat Sauté Sauces to offer convenience to consumers
- Established production line in the US for Ready-to-Heat products
- JV with Kameda Seika to offer rice based snacks, Kari Kari in India

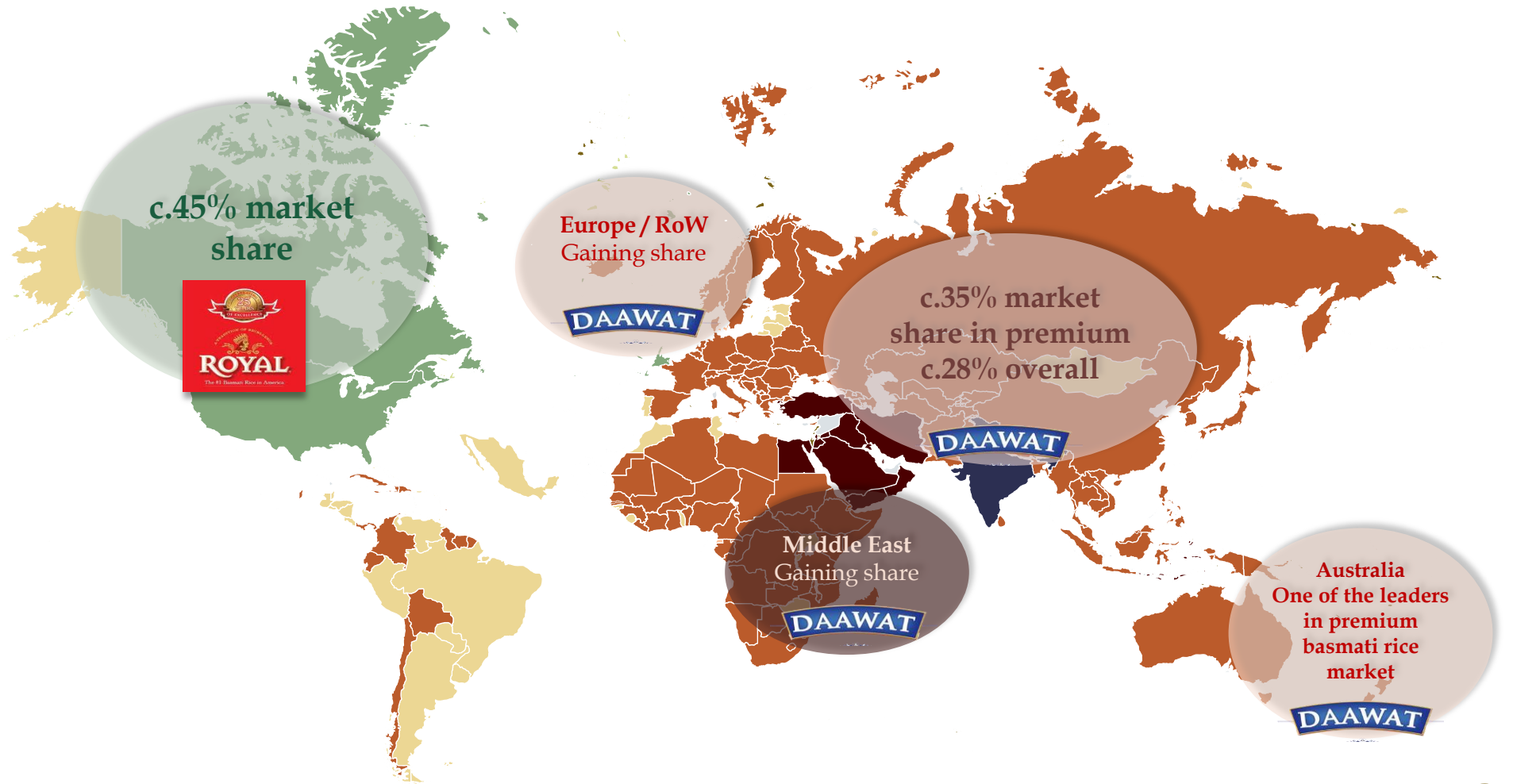




The Future

2013 – 2018:

- 1. GROWTH AND PROFITS
- 2. BRANDS AND INTERNATIONALIZATION
- 3. CULTURE AND ORGANIZATION



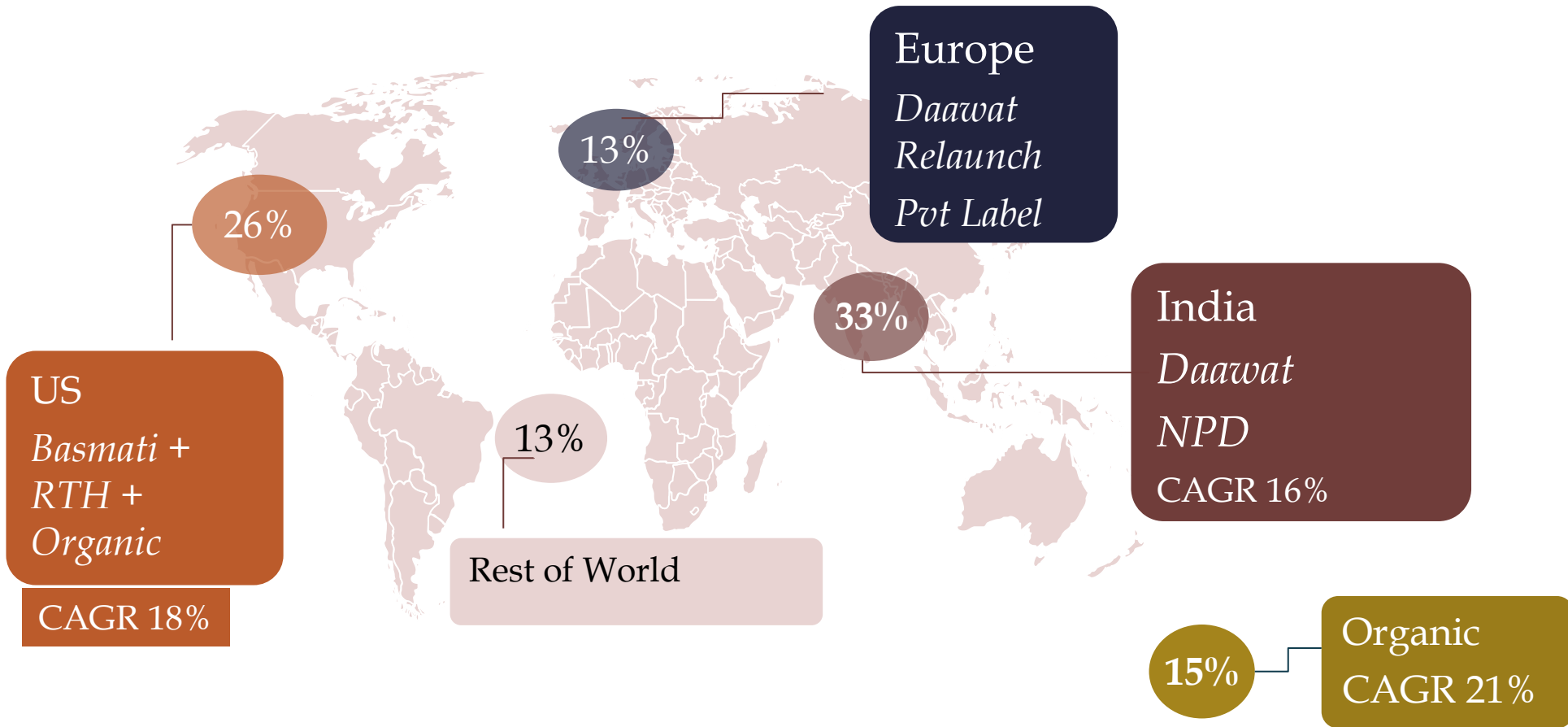
*Leading branded specialty food company with a growing presence in over 65 countries*

*Revenue CAGR 10%*

*PAT 4.6 % of Revenue*

# Drivers of Revenues – FY18 - 22

## Expected revenue contribution FY 22



## Drivers of Margin

Building scale: Operating leverage

Manufacturing Yield Improvement and Efficiencies to reduce COGS

Procurement efficiencies

Premiumisation to drive gross margin expansion

Higher efficiencies in operating expenses



*Increase in absolute profitability to precede expansion in margins*





# Quarterly Update



# Performance snapshot – As on June 30, 2018

## GROWTH

12%  
Revenues

13%  
PAT

## TRANSFORMATION

69% Vs. 66%  
Y-o-Y  
Branded  
Portfolio

1.25x Vs. 2.08x  
Y-o-Y  
Debt- Equity  
Ratio

## SUSTAINABILITY

18%  
Branded Revenue  
Growth

25%  
International Branded Revenue Growth

## Financial Snapshot – Q1 FY19

Amount in Rs.Crore

Revenue Perspective	Q1 FY19	Q1 FY18	Growth
Branded	587	499	18%
Organic Foods	83	81	2.5%
Others	183	182	1%
Total Revenue	853	762	12%

### During Q1 FY19:

- Branded business has grown across all geographies with a combination of marketing initiatives and distribution focus

## Financial Snapshot – Q1 FY19

Amount in Rs.Crore

Particulars	Q1 FY19	Q1 FY18	Growth %	FY18
<b>Total Revenue</b>	853	762	12%	3,650
<b>Gross Profit</b>	228	241	(6%)	979
<i>Margins</i>	26.7%	31.7%		26.8%
<b>EBITDA</b>	106	105	2%	414
<i>Margins</i>	12.5%	13.8%		11.3%
<b>PBT</b>	59	55	6%	218
<i>Margins</i>	6.9%	7.3%		6%
<b>PAT</b>	40	35	13%	144
<i>Margins</i>	4.6%	4.6%		4%

Company has delivered a superior PAT margin despite a lower GP% Vs. last year (which had the exceptional benefit of lower cost inventory) due to Company managing its operations strategically with

- a) Reduction in expenses
- b) Lower interest cost, and
- c) Gains in overall tax rates.

