



LT Foods



Creating **Enduring Value**
Building **Strong Brands**
Deepening **Global Presence**

“ We embark on this journey of business transformation, in order to create significant long-term value for our stakeholders. We are aiming beyond the ordinary; creating iconic brands and broadening our footprint globally as a true-blooded transnational organization. Our confidence rests on a sound financial strategy that will anchor our growth year on year.



From being a bulk rice player in our formative years, today we have evolved into a globally recognised, branded specialty food Company. Our leading brands, such as Daawat and Royal, have reached the top of brand league tables in their respective segments.

We are on track to position LT Foods as a globally significant player. Having firmly established ourselves in the Indian market, we are expanding our reach

within North America, Europe and the Middle East. With manufacturing presence now in Europe and North America, we are on track to position LT Foods as a global branded specialty food Company.

Our Qualified Institutional Placement in the second half of 2017 was subscribed to by marquee investors, partly reducing our overall debts, making us less reliant on the same for our future growth

Creating Enduring Value Building Strong Brands Deepening Global Presence



plans. This has strengthened our balance sheet, meriting better credit ratings, and lowering our blended cost of borrowing.

We firmly believe that LT Foods is at the turning point of delivering sustained growth to reach its objective of \$1 billion in revenues by 2020. From our current position of strength, we are capable of becoming an enduring and prominent global specialty foods company, that

is a consistent and predictable value generator. Capturing value addition opportunities extensively across Basmati, Specialty Rice and Organic foods, LT Foods presents an attractive consumption theme to investors. With a distinct range of brands, with a leadership model based distinctive capabilities and deriving a superior financial performance the Company offers a play from seed to brand.



ROYAL

No.1 Brand of US

CONTENTS

1

About LT Foods

- 01. Creating Enduring Value
Building Strong Brands
Deepening Global Presence
- 04. Driving Force of LT Foods with Next
Gen Leaders
- 06. Chairman's Message
- 10. Message from the Managing
Director & Chief Executive Officer
- 14. At a Glance
- 16. Brand Portfolio
- 18. Financial Highlights
- 20. From Farm to Fork
- 22. Our Business Evolution
- 24. Building Strong Brands
- 28. Deepening Global Presence
- 32. Sound Financial Strategy
- 34. Being Socially Responsible
- 36. Board of Directors
- 37. Corporate Information

2

Statutory Reports

- 38. Management
Discussion and Analysis
- 60. Directors' Report
- 94. Corporate Governance Report

3

Financial statements

STANDALONE FINANCIAL STATEMENTS

- 112. Independent Auditor's Report
- 118. Standalone Balance Sheet
- 119. Standalone Statement of Profit and Loss
- 120. Standalone Cash Flow Statement
- 122. Standalone Statement of Changes in Equity
- 123. Summary of significant accounting policies
- 132. Notes to the financial statements

CONSOLIDATED FINANCIAL STATEMENTS

- 178. Independent Auditor's Report
- 182. Consolidated Balance Sheet
- 183. Consolidated Statement of Profit and Loss
- 184. Consolidated Cash Flow Statement
- 186. Consolidated Statement of Changes in Equity
- 187. Summary of significant accounting policies
- 200. Notes forming part of the Consolidated
Financial Statements

DAAWAT
THE FINEST

A TRADITION OF EXCELLENCE
ROYAL

ecoLife

Devaaya



Driving Force of LT Foods with Next Gen Leaders





Chairman's Message

“This year, we continued to focus on transforming our business, helping us emerge as a growing global specialty food Company. We are reinforcing our position by creating enduring value for all our stakeholders, building strong brands and deepening our global presence.



Vijay Kumar Arora
Chairman



“ At LT Foods, we bring product differentiation and convenience to our consumers’ daily needs. Setting the standard for quality and taste, we are determined to produce products that are healthy and good for the environment.

Dear Stakeholders,

It gives me immense pleasure to present to you the FY2018 Annual Report. In the year gone by, we continued our focus on transforming our business to emerge as a growing global branded specialty food Company with a focus on basmati and other specialty rice, organic food and rice based convenience products. We strive for growth and reinforcing our positioning by building strong brands, deepening our global presence and creating enduring value for all our stakeholders.

India's Consumption Led Growth

India is expected to have a strong domestic consumption driven growth story. According to the Centre for Economics and Business Research, India's US\$ 2.5 trillion economy makes it the 7th largest in the world in terms of nominal GDP, and is on track to overtake the United Kingdom and France to become the world's 5th largest economy in 2018. A key driver fuelling the growth of the economy is the overall rising consumer spend. Backed by consistent range-bound economic growth and rising household incomes, consumer spending in India is expected to touch US\$ 3.6 trillion (about ₹ 240 trillion) by 2020, increasing India's share in global consumption to 5.8%—more than twice its current levels.

India's average household income will triple to US\$ 18,500 in 2020, up from US\$ 6,400 in 2010, acting as a major driver in retail growth and leading to the emergence of new consumer segments.

Rapid macroeconomic, demographic and lifestyle shifts in the country, bolstered by policy and regulatory changes, have a strong potential of taking India towards its goal of becoming the largest consumer market over the next decade, according to a report by Morgan Stanley. Higher rural income, growing purchasing power and rising aspirations should drive the consumption upswing in overall India. Most importantly, the increasing disposable income levels and a rising number of aspirational consumers have given rise to consumers seeking 'premium' products.

At LT Foods, we bring product differentiation and convenience to our consumers' daily needs. Setting the standard for quality and taste, we are determined to produce products that are healthy and good for the environment. In a world full of options, our Brands stand tall in the hearts and minds of our consumers. We are keeping pace with changing consumer trends and quality with continuous investments on the brand front as well as at the backend.

Chairman's Message

Our Journey of Transformation Continues

Over the years, we have grown our basmati business with the addition of more brands to meet different price points, to keep pace with changing consumer trends be it health or convenience and cater to tastes of different geographies. This has helped us in meeting regional consumer preferences and growing our marketing share. Further, to grow in size, we have often taken the inorganic route – both within the country and outside. Our transformational journey began with diversification into organic food, rice based convenience products as well as regional rice. Even as our basmati rice orientation remains strong, our ambition is to certainly go beyond. Today we have a strong portfolio of products ranging from speciality rice at every price point, organic food, sauté sauces, rice based snacks and convenience rice based convenience products.

Our Global Playbook

In our quest to emerge as a global player, FY2018 was a critical year, as we made strong advancement internationally by setting up plants in chosen growing markets. In January, 2018, we commenced operations of our manufacturing facility in Rotterdam, Netherlands, with a capacity of 60,000 metric tonnes per annum. We

also established a ready-to-heat plant in Houston, Texas, USA, which is expected to commence operations by Q2FY2019. In Europe, our new processing unit will help us save on the heavy import duty on white basmati rice, and at the same time help us to unlock the full potential of the region through improved serviceability and logistics. Going forward, I expect the Company to strengthen our foothold in both these markets.

Our India Playbook

While international market operations is an important driving force of our business, the India branded market is equally gaining importance over the last decade. The India branded business grew by 13% in value terms versus last financial year. In the last three years, we have almost doubled our distribution reach in terms of number of retail outlets and distributors. Today our India business is strongly supported by our product presence across the all price points and sales channels. This has enabled us to reach 93% of towns in India, with over 2 lakh in population. We now have access to 150,000 traditional retail outlets and 2500 modern trade stores, including 121 hypermarkets, 298 supermarkets and 1462 mini markets. We are also known as a solution provider to big chains of hotels and restaurants.

“With a proven and well-defined business model, LT Foods is ideally poised to look forward ‘fearlessly’, yet ‘responsibly’.