

INDIA MAY BOAST of all kinds of exotic rice varieties, but none sit on the dinner tables with as much pride as the Basmati, which is prized for its exquisite form and fragrance, not just in India but the world over.

In fact, Basmati for long has been a major constituent of Brand India, and one of the country's key exports, thanks largely to the efforts of companies like LT Foods (LTFL), a leading rice exporter. "We are a leading Indian-origin global FMCG company," says Ashwani Arora, Managing Director and Chief Executive Officer, LTFL.

Arora's claims are not exaggerated. The company has seen high growth due to growing consumption of quality Basmati rice in both domestic as well as global markets. At the current rate of growth, the company's revenue is projected to cross Rs 11,000 crore over the next 48 months.

Sitting in his large meeting room on

the second floor of his Gurugram headquarters, Arora exudes confidence. "We are generating 84 per cent of business from brands like Daawat, Royal in the US. Over 70 per cent of our revenue is coming from exports," he says.

At the group level, LTFL clocked revenues of nearly Rs 7,000 crore in FY23. Before FY27, it is aiming to add another Rs 4,000 crore, for which Arora has all the plans chalked out.

Analysts at HDFC Securities describe LTFL as "one of the most successful Basmati rice players in the US and EU markets". According to a senior analyst, "The company is amongst the few players in this space to invest in a rice processing facility in Europe (Rotterdam) and a packaging unit with ready-to-heat facility in the US. It has a dominant market share of over 50 per cent in the US."

HDFC Securities, in its latest report, has given positive recommendations



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SPREADING THE AROMA

LT Foods has continued its dominance in the domestic market with leadership in specialty rice and the competitive Basmati segment, while expanding presence in more than 60 countries. What's driving this growth?

By Ashish Sinha

"We work with farmers to grow sustainable and residue-free basmati rice as per the SRP standards. All farmers taking part in our outreach initiatives are given training and exposure to every aspect of SRP"

based on current and past performance. "LTFL's earnings grew at a CAGR ~16 per cent over FY19-23. Going forward, we are positive on the future growth prospects of LTFL which is mainly on the back of its robust distribution network, strong brand equity and constant endeavour to enrich their product portfolio by expanding into newer categories," says H. Sheth, Fundamental Research Analyst, HDFC Securities.

LTFL is also looking at enhancing its product mix with higher focus on margin accretive premium Basmati export business and plans constant scale-up of new launches in value-add segment. "In our view, LTFL's revenue and PAT is likely to record a growth of 14 per cent and 32 per cent CAGR over FY23-25E," says Sheth.

Ventura Securities, in its report August last year, also supported a healthy

growth outlook for LTFL. "On the back of growth triggers, we expect LTFL's revenues to grow at a CAGR of 10.9 per cent to Rs 9,464 crore over the period FY23-26," it said. Rs 10,000 crore revenue does not look difficult, after all.

International Expansion

LTFL's growth plans across markets are riding on the strong brand equity of its flagship brand, Daawat, which has

over 30 per cent market share in India. “The number of Daawat consuming households in India has risen to nearly 5 million. It is one of the most loved and consumed Basmati brands in India and in more than 80 countries,” says Arora.

But what are the steps LTFL is taking to strengthen its position in key international markets? “We focus on geographies that are politically stable and with high growth potential for all our business categories. Aligned with this strategy, we pursued global expansion through a mix of both organic and inorganic routes,” Arora says. He points LTFL’s Royal ready-to-heat brand that has emerged as the fourth-largest brand in the US clocking over 37 per cent sales growth in FY23 over FY22.

Besides, Arora talks about the sustained expansion of products in the modern retail channel like Walmart. “Last year, we acquired a 51 per cent stake in Golden Star Trading Inc., which sells Jasmine rice in the US. Through this acquisition, we have gained a strong foothold in the jasmine rice market, which is more than three times the size of the Basmati rice market in the US,” he informs.

In 2016, LTFL acquired Rozana and Indus Valley brands from Hindustan Unilever, making its entry into the markets of Oman, Qatar, and Bahrain. This move not only fortified LTFL’s presence in traditional export hubs like Saudi Arabia, UAE, and Kuwait but also resulted in a 16 per cent year-on-year revenue surge in FY23 from this region.

LTFL also entered the Canadian market through the acquisition of 817 Elephant brand. “Our journey with Walmart’s private label Basmati and the 817 Elephant brand has been nothing short of splendid, boasting a remarkable 59 per cent increase in FY23 compared to FY22,” says Arora.

In Europe, LTFL successfully implemented a greenfield strategy, establishing LT Foods Europe in the Netherlands

‘WE ARE WORKING TOWARDS EXCEEDING RS 11K CR IN REVENUE’

With a sustained outlay of Rs 700-800 crore over the next three years, LT Foods is eyeing a consolidated revenue exceeding Rs 11,000 crore, **Ashwani Arora**, MD and CEO, LT Foods tells **Ashish Sinha**: Excerpts.

How were the last three years for you?

Over the last three years, LT Foods has experienced a remarkable trajectory of growth, both in terms of topline and bottom line performance. This transformative journey has been underpinned by judicious investments amounting to approximately Rs 400-430 crore, strategically directed towards expanding our production capabilities and fortifying operational efficiency.

How do you plan to meet the target of Rs 11,000 crore revenue in the next few years?

As we cast our gaze into the future, our forward looking capital expenditure plans anticipate an outlay in the range of Rs 700-800 crore over the next three years. It is with a clear vision and unwavering confidence that we approach these future investments, each playing a pivotal role in propelling us towards the ambitious milestone of surpassing a consolidated revenue of Rs 11,000 crore.

Why are you diversifying the revenue streams?

We are present across three segments/streams – Basmati and other specialty rice; organic food and ingredients; and convenience and health — in more than 80 countries. While further strengthening our core Basmati business, we also introduced regional rice such as DAAWAT® Kolam and DAAWAT® Sonata

We have invested \$10 million in a 51:49 joint venture with Japan-based Kameda Seika to manufacture, market and distribute rice-based healthy snacks in India, under the brand name ‘Kari Kari’ ”





**Ashwani
Arora,
MD and CEO,
LT Foods**

Masoori to cater to the demands of consumers in different geographies. Convenience is another key trend. We have developed a range of easy-to-prepare, yet delicious and fresh meals, perfect for anytime-hunger. Our instant food products have been well received and contribute to our continued growth.

Tell us about your recent JVs and acquisitions?

We have invested \$10 million in a 51:49 joint venture with Japan-based Kameda Seika to manufacture, market and distribute rice-based healthy snacks in India, under the brand name 'Kari Kari'. To widen our market presence, we acquired a 51 per cent stake in Golden Star Trading Inc., which sells jasmine rice in the US. This reflects our ability to thrive in a dynamic market.

*Full Interview on
www.businessworld.in*

in 2017. The investments in packaging expansion yielded significant returns, with this region contributing 19 per cent to the total revenue in FY23.

Globally, LTFL is focused on strengthening distribution and expanding product reach, which resulted in an impressive 34 per cent growth in

FY23. Notably, 6 per cent of total revenue comes from diverse countries, including the Far East, Israel, Mauritius, Fiji, Australia, Singapore, Maldives, Hong Kong, and New Zealand.

Promoting Sustainability

Notably, LTFL is a founding member of the United Nations-backed Sustainable Rice Platform (SRP) in India. The SRP is a multi-stakeholder platform co-convened by the United Nations Environmental Programme and the International Rice Research Institute to promote resource efficiency and sustainable trade flows, production and consumption operations, and supply chains in the global rice sector.

"We work with farmers to grow sustainable and residue-free basmati rice as per the SRP standards. All farmers taking part in our outreach initiatives are given training and exposure to every aspect of SRP," says Arora. By 2025, LTFL aims to train 50,000 farmers in sustainable farming methods. So far, more than 16,000 farmers have already been trained, the CEO informs. Now, LTFL is making efforts towards bringing 2.5 Lakh acres of organic farmland under sustainable cultivation by 2030. The company claims to have already done so with 1.64 Lakh acres of farmland, paving the way for healthier agricultural methods and a greener future.

Peer Challenge

KRBL, the world's largest rice miller and promoter of India Gate Basmati rice, saw its domestic revenue grow 27 per cent in H1 FY24 on y-o-y basis. For the full FY23, its total income stood at Rs 5,456 crore with 26 per cent coming from domestic, and the rest from overseas. Between these two giant rice exporters, the India success story is shining bright in the overseas market. **BW**

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