



Basmati brilliance on a global scale!

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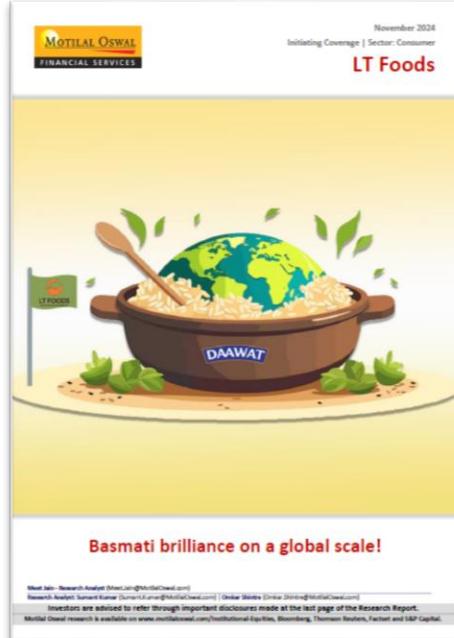
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Financials and valuations



Stock Info

Bloomberg	LTFOODS IN
Equity Shares (m)	347
M.Cap.(INRb)/(USDb)	132.4 / 1.6
52-Week Range (INR)	448 / 160
1, 6, 12 Rel. Per (%)	0/63/77
12M Avg Val (INR M)	403
Free float (%)	49.0

Financial Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	87.3	100.4	113.8
EBITDA	9.8	12.3	14.4
Adj. PAT	6.3	8.3	9.9
EBITDA Margin (%)	11.2	12.3	12.6
Cons. Adj. EPS (INR)	18.0	24.0	28.5
EPS Gr. (%)	5.6	33.0	18.5
BV/Sh. (INR)	112.6	131.7	155.1

Ratios

	Sep-24	Jun-24	Sep-23
Net D:E	-0.1	-0.2	-0.2
RoE (%)	17.2	19.7	19.8
RoCE (%)	16.1	18.8	19.5

Valuations

	Sep-24	Jun-24	Sep-23
P/E (x)	21	16	13
EV/EBITDA (x)	13	10	8

Shareholding pattern (%)

	Sep-24	Jun-24	Sep-23
Promoter (%)	51.0	51.0	51.0
DII (%)	5.8	5.7	5.1
FII (%)	8.0	5.9	6.0
Others (%)	35.2	37.4	37.9

FII Includes depository receipts

Stock performance (one-year)



Basmati brilliance on a global scale!

LT Foods (LTFOODS) is a leading Indian basmati and specialty rice producer with over 70 years of experience in offering a diverse range of rice products under brands, Daawat and Royal. The company operates on a farm-to-fork model, ensuring comprehensive control over the value chain. With a significant presence in over 80 countries, LTFOODS achieved a 15% revenue CAGR over FY19-24. It focuses on expanding margins while maintaining a strong market share globally.

- According to industry reports, Basmati rice accounts for ~4% of the global rice market (USD376.5b in CY24). Basmati sales are likely to experience a 9% CAGR over FY24-32, led by rising immigration, increasing disposable incomes (a shift toward basmati), a shift to packaged products, and heightened health awareness. India is a leading global producer of basmati rice, accounting for ~75% share. Basmati rice, while comprising only 4% of India's domestic consumption, drives significant export revenue (INR483.9b in FY24). LTFOODS, being the key Indian player, stands to gain with increasing penetration of basmati rice globally.
- LTFOODS has transformed Indian rice from a loose commodity to a branded product with notable brands like Daawat and Royal. With a market share of ~30% in India and ~50% in the US, the company has diversified into organic foods (9% of revenue) and aims for double-digit growth. LTFOODS is also expanding its convenience and health (C&H) segment, targeting a revenue share increase from 3% to 10% over five years, with strong growth projected in its ready-to-heat (RTH) products in the US.
- LTFOODS has achieved an impressive 17% CAGR in international revenue over FY19-24 (69% revenue share in FY24). Its strategic expansion in the US and Europe drives growth, while the Middle East has rebounded with a remarkable 26% surge in FY24. The company's international growth is driven by geographic expansion, innovative product launches, and acquisitions, benefiting from higher price realizations abroad.
- Over the last five years, LTFOODS rerated from ~8x P/E (average of the last five years; one-year forward) to ~21x (in FY25), fueled by strong cash flow generation (cumulative FCF of INR17.7b), consistent performance (36% PAT CAGR) due to product and geographical diversification, and improved RoE/RoCE (of 19%/16% in FY24). Transitioning from a commodity to an FMCG model, these factors position LTFOODS nearer to its FMCG peer valuation. We estimate LTFOODS will record a revenue/EBITDA/adj. PAT CAGR of 14%/15%/19% over FY24-27.
- LTFOODS is currently trading at ~21x/16x/13x FY25E/FY26E/FY27E EPS with an FY27E RoE/RoCE of ~20% each. We initiate coverage on the stock with a BUY rating and a TP of INR520, based on 18x FY27E P/E.
- Key downside risks: a) climate risk for rice production and volatility in rice prices; b) competitive business environment; and c) geopolitical and foreign currency risks.

India dominating the global basmati rice market

- The global rice market, valued at USD376.5b in CY24, is projected to clock 3% CAGR during FY24-FY29, according to industry reports. While basmati rice, representing only ~4% of this market, is expected to grow at a faster rate (9% CAGR) over CY24-32, led by rapidly rising popularity with increasing immigration of basmati-consuming population to low basmati-consuming regions, increasing disposable incomes, a shift toward packaged products, and growing awareness of health benefits.
- India dominates global rice exports, with its market share surging to 46% in 2023 from 35% in 2021. India is the largest basmati rice producer. It accounts for ~75% of the world's basmati rice production. India generated ~INR483.9b revenue from basmati exports in FY24 (up 26% YoY).
- Around 70% of India's basmati rice exports in FY24 went to the Middle East, with Saudi Arabia now the top destination at 21.4% share, while Iran's share dropped to 11.6%. Despite this, LTFOODS earns only 5.6% of its revenue from the region but aims to boost this through a recent partnership with Saudi Agricultural and Investment Co. (SALIC), which has acquired a 9.22% stake in LTFOODS.
- The Indian rice market includes basmati, non-basmati, packaged, and unpackaged categories, with basmati driving significant export revenue despite accounting for only ~4% of domestic consumption. The market has seen a 7-8% CAGR over the last decade, driven by rising disposable income, shift toward packaged products, and increasing fast-food culture.
- **Packaged basmati rice is projected to clock an 11% CAGR**, driven by consumer interest in health-oriented products like brown, organic, and black rice.
- The organized sector features key players such as LTFOODS, KRBL and Kohinoor Foods, alongside emerging private labels from major e-commerce platforms.
- **Growing consumption of basmati rice both in the domestic and global markets augurs well for branded players such as LTFOODS, which have a strong global presence.**

Diversifying its commodity risk

- Indian rice market has transformed from a loose commodity to a branded and packaged product market, largely due to extensive branding efforts by organized players such as LTFOODS, which have established popular brands (like Daawat, Devaaya, Royal, et al.).
- LTFOODS has achieved a strong market share across regions through branding activities and distribution expansion (over 1,400 global distributors). The Daawat brand commands ~30% market share in India (up from 20% in FY19). Royal and Golden Star (recently acquired) are the leading brands in the US market (Royal has over 50% market share), while 817 Elephant is the no. 2 brand in Canada. LTFOODS' brands have 30% market share in Northern Europe and ~12-13% in the far-east region (leader in 11 out of 16 countries in this region).
- LTFOODS has come a long way from being just a rice company to a FMCG company having built a diverse portfolio to meet needs for all meal occasions. For this, the company has forayed into new segments such as organic foods & ingredients, and C&H segments.
- LTFOODS is a pioneer in the organic food sector (over two decades of presence), accounting for 9% of total revenue, with **plans to achieve double-digit growth**.

The company primarily functions as a B2B supplier, partnering with over 64,000 farmers across 94,000 hectares of certified organic farmland to provide diverse products. Additionally, LTFOODS is establishing a manufacturing facility in Uganda to export soymeal to the US (to circumvent anti-dumping duty) and focus on high-demand crops. The global organic food market is projected to report a 15.9% CAGR over CY22-27, as per industry reports. LTFOODS aims to capitalize on this opportunity by expanding its branded organic offerings, particularly with its 'Daawat Ecolife' brand.

- LTFOODS expanded into the C&H segment in FY20, introducing products like Daawat Quick Brown Rice and RTH meals. The segment currently makes up 3% of total revenue, which the company aims to increase to 10% in five years. Its US RTH products, under the Royal brand, are strong growth drivers, contributing 65-70% of the C&H segment. With plans to double its US capacity, **LTFOODS projects a 33-35% CAGR for C&H over five years**, driven by global trends in convenience food consumption.

From local to global; growing its global reach

- LTFOODS has a strong international presence in over 80 countries (69% revenue share in FY24), achieving a 17% CAGR in international revenue during FY19-24. Its global business features leading brands like Daawat, Royal, Indus Valley, Devaaya, Daawat Rozana, 817 Elephant and the recent addition of Golden Star, with a focus on North America, Europe, and the Middle East.
- The company's international growth is fueled by new geography expansion, innovative product launches, and brand acquisitions. LTFOODS benefits from higher price realizations abroad, contributing to stronger margins. With the global demand for premium, health-conscious foods and growing retail reach, the company sees significant growth potential in both domestic and international markets.
- LTFOODS continues to dominate the **US market (39% revenue share in FY24)**, leveraging its flagship Royal brand, which commands over 50% market share in packaged basmati rice. With an impressive 17% CAGR in US revenue during FY19-24, the company thrives on growing demand for premium, organic, and specialty rice varieties. Its RTH segment also saw robust 15% YoY growth. Expanding into adjacent categories, LTFOODS acquired a 51% stake in Golden Star, the largest Jasmine rice brand (non-basmati rice) in the US, boosting its market presence. The company is poised for further growth, driven by rising demand and an expanding product portfolio.
- LTFOODS has solidified its **European** presence, contributing 20% of its total business, with a 29% CAGR over FY19-24. With dedicated operations in the Netherlands and the UK, it captured 22% of the basmati rice market in Europe. Strategic expansions, including new processing facilities (60,000mt) in the UK and product launches, are expected to further boost revenues to EUR100m within five years.
- The **Middle East**, accounting for 75% of India's basmati rice exports, offers significant growth potential with rising demand in key markets like Saudi Arabia, UAE, and Iraq. Despite declining sales over FY19-23, LTFOODS achieved 26% YoY growth in FY24, driven by brand-building, targeted marketing, and strategic

partnerships, notably with SALIC in Saudi Arabia. The region's revenue mix is expected to recover within the next 4-5 years.

Leading brands backed by healthy financials

- LTFOODS has been a consistent performer with a revenue CAGR of 12%/15% over the last ten/five years.
- LTFOODS achieved broad-based growth across segments, with basmati rice and organic foods growing at 15% CAGR each and the C&H segment expanding 4.2x over FY19-24. All the geographies witnessed healthy growth, except the Middle East, which also rebounded in FY24.
- Future growth is expected across segments due to changing consumer preferences, geographic expansion, and product innovation. **We estimate a 14% CAGR in total revenue during FY24-27**, supported by new product launches, penetration into existing and new geographies, and strategic partnerships.
- LTFOODS has maintained stable margins of 10-12% over the last five years despite challenges like rising freight costs and fluctuating paddy prices. To counter these pressures, the company has focused on improving its product mix and expanding into higher-margin geographies. With stabilizing freight costs, operational efficiencies, and the ramp-up of new segments like Jasmine rice and C&H, **we estimate margin to improve to ~13% by FY27 from ~12% in FY24**.
- LTFOODS has significantly reduced its working capital days from 261 in FY19 to 189 in FY24, mainly due to extending payable days facilitated by supplier agreements for off-season procurement with extended credit terms. Inventory days remained stable at around 245 due to rice ageing requirements, with an average ageing period of eight months. **The company expects working capital days to stabilize at the FY24 level through enhanced inventory management**.
- Improving margins and stable working capital translate into healthy cash flow. **The company has generated cumulative FCF of INR17.6b over the last five years, with an average CFO-to-EBITDA ratio of ~81%**. We estimate the company will maintain a healthy ratio going forward.

Valuation and View

- LTFOODS has been a prominent player in the Indian basmati rice market for decades, with brands like Daawat, Devaaya, and Rozana. Daawat's market share in India has risen to 30%, while the Royal brand leads the US market with over 50% share.
- The company has achieved a robust CAGR of 15% in revenue and 19% in EBITDA during FY19 to FY24, bolstered by innovative products and a focus on organic offerings. With a presence in key consuming regions, LTFOODS aims to enhance its market share through strategic marketing and distribution, particularly in the Middle East.
- Over the last five years, LTFOODS rerated from ~8x P/E (average of the last five years; one-year forward) to ~21x (in FY25), fueled by strong cash flow generation (cumulative FCF of INR17.7b), consistent performance (36% PAT CAGR) due to product and geographical diversification, and improved RoE/RoCE (of 19%/16% in FY24). Transitioning from a commodity to an FMCG model, these factors position LTFOODS nearer to its FMCG peer valuation. We estimate LTFOODS will record a revenue/EBITDA/adj. PAT CAGR of 14%/15%/19% over FY24-27.

- LTFOODS is currently trading at ~21x/16x/13x FY25E/FY26E/FY27E EPS with an FY27E RoE/RoCE of ~20% each. We initiate coverage on the stock with a BUY rating and a TP of INR520, based on 18x FY27E P/E.
- **Key downside risks:** a) climate risk for rice production and volatility in rice prices; b) competitive business environment; and c) geopolitical and foreign currency risks.

Exhibit 1: Comparative Valuation

Peers	Rating	CMP	TP	MCap	EPS			EPS Growth (%)			P/E (x)			RoE (%)		
	(INR)	(INR)	(INR b)		FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
LTFOODS	Buy	382	520	132.5	18.0	24.0	28.5	5.6	33.0	18.5	21.1	15.9	13.4	17.2	19.7	19.8
KRBL*	NR	280	NA	64.0	19.7	28.9	33.2	-23.3	46.7	14.9	14.2	9.7	8.4	8.7	11.6	12.0
ADANI WILMER*	NR	342	NA	444.9	8.1	9.1	10.5	607.5	12.5	15.8	42.4	37.7	32.6	10.9	11.2	11.6

Note: CMP as on Nov 5, 2024; * BBG estimate; Source: MOFSL, Company, BBG

Exhibit 2: Key financial metrics of peers

Particulars (INR b)	Revenue			Gross Profit			EBITDA			PAT		
	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24
LT Foods	54.3	69.4	77.7	19.6	23.6	24.9	5.9	7.0	9.4	2.9	4.0	5.9
KRBL	42.1	53.6	53.8	11.5	15.5	13.5	6.5	9.3	7.9	4.6	7.0	6.0
Chaman Lal Setia	9.3	13.9	13.6	2.5	3.3	3.0	1.0	1.6	1.6	0.6	1.2	1.2
Kohinoor Foods	1.0	0.8	1.0	0.8	0.3	0.6	0.0	0.2	0.2	-0.1	0.0	-0.1
Sarveshwar Foods	6.0	6.9	8.7	0.6	3.6	6.8	0.3	3.3	6.6	0.0	0.1	2.8
Adani Wilmar	541.5	581.8	512.6	53.7	52.4	59.2	18.4	10.9	10.9	8.0	5.8	1.5
Mishtann Foods	5.0	6.5	12.9	0.5	0.9	5.4	0.5	0.8	3.6	0.3	0.5	3.5

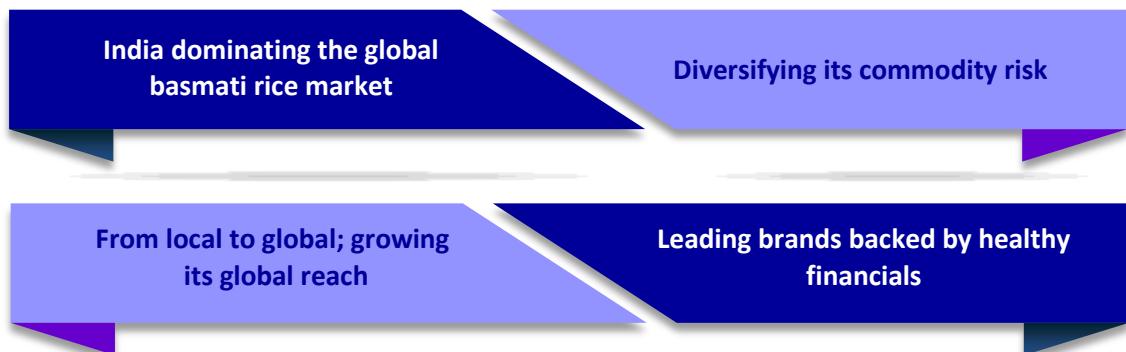
Source: MOFSL

Exhibit 3: Key financial metrics of peers

Particulars (INR b)	Gross Profit %			EBITDAM %			CAGR FY22-24 %		
	FY22	FY23	FY24	FY22	FY23	FY24	Revenue	EBITDA	PAT
LT Foods	36.1	34.0	32.1	10.9	10.1	12.1	19.7	25.9	42.5
KRBL	27.3	28.9	25.1	15.4	17.4	14.7	13.0	10.2	14.2
Chaman Lal Setia	26.9	23.7	22.1	10.8	11.5	11.8	20.9	26.5	41.4
Kohinoor Foods	80.0	37.5	60.0	1.0	18.8	15.0	0.0	287.3	NA
Sarveshwar Foods	10.0	52.2	78.2	5.0	47.8	75.9	20.4	369.0	857.4
Adani Wilmar	9.9	9.0	11.5	3.4	1.9	2.1	-2.7	-23.0	-56.7
Mishtann Foods	10.0	13.8	41.9	10.0	12.3	27.9	60.6	168.3	241.6

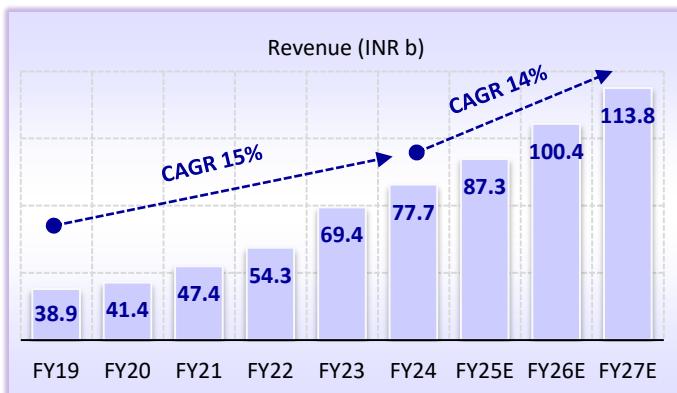
Source: MOFSL

LT Foods: Investment arguments

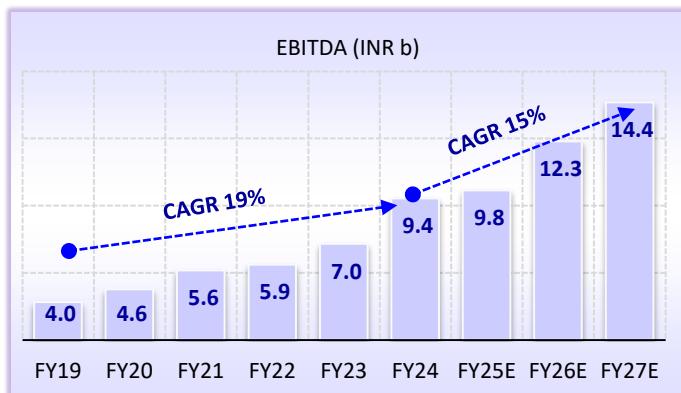


STORY IN CHARTS

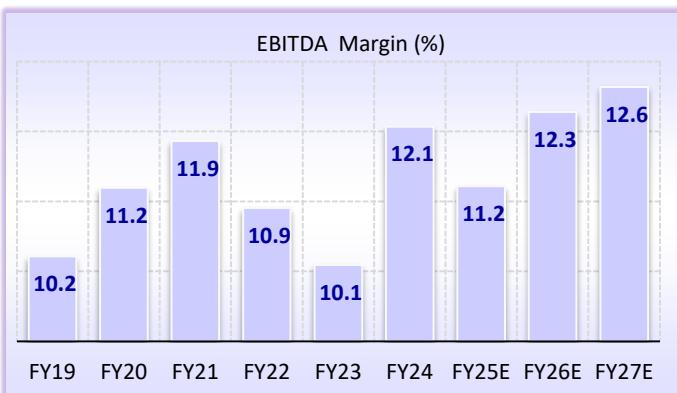
Revenue to record 14% CAGR over FY24-FY27E...



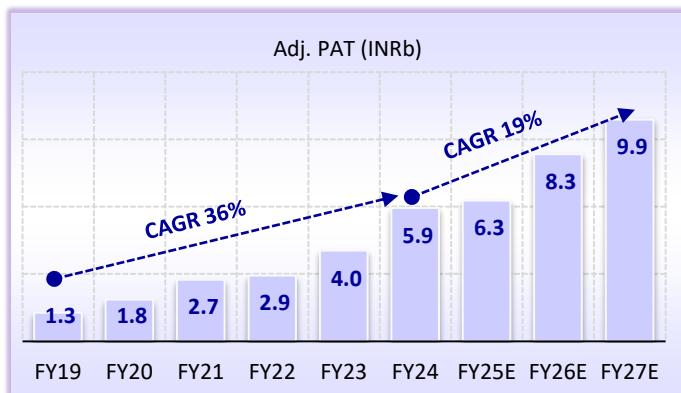
...supported by strong EBITDA growth...



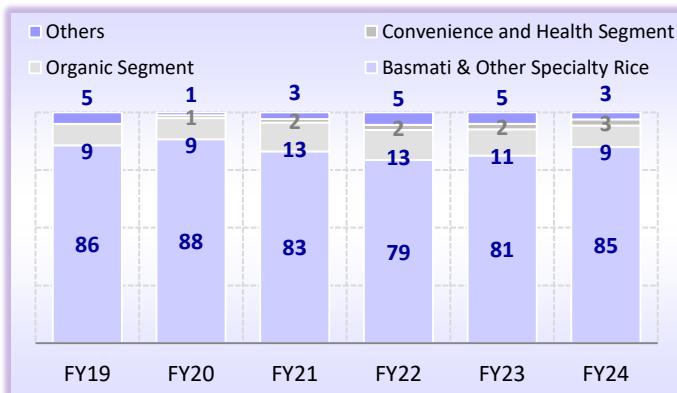
...and improving margin profile



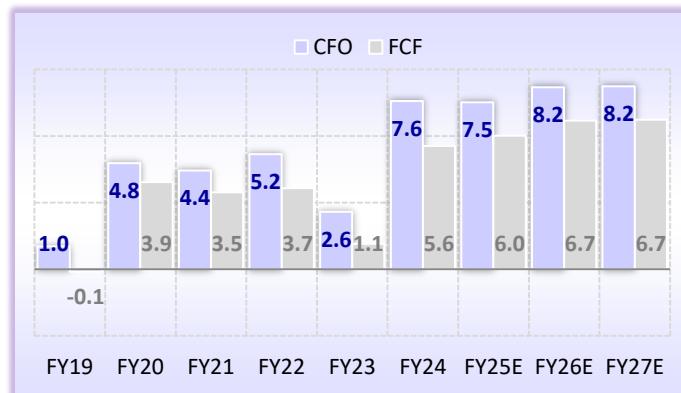
Adj. PAT to register 19% CAGR over FY24-FY27E



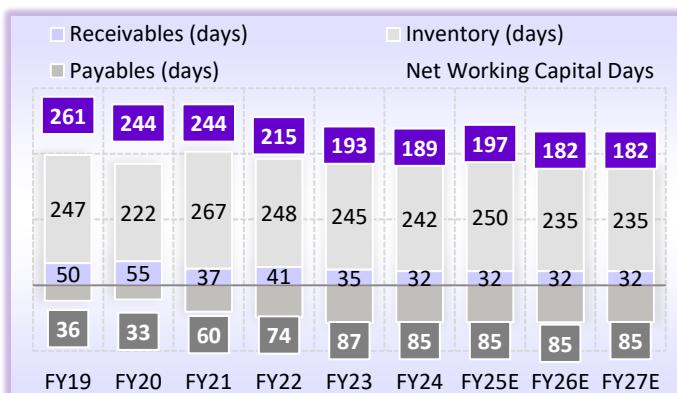
Revenue mix across verticals %



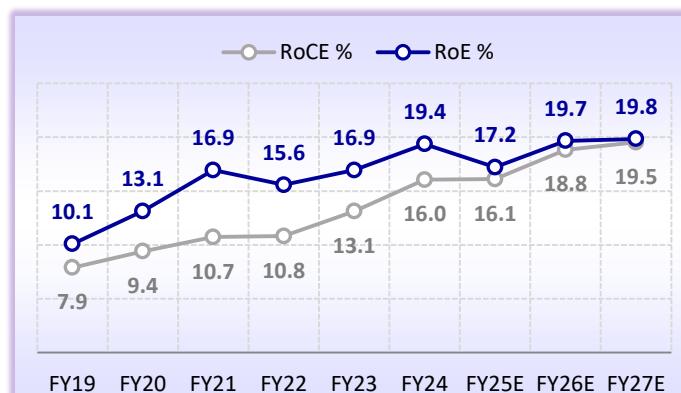
Healthy cash flow generation (INRb)



Working capital days to sustain at current levels



RoE/RoCE trends



Source: MOFSL, Company

Leading Indian basmati rice player with global presence; it incorporates a farm-to-fork business model

Company overview

- LTFOODS is one of India's leading basmati and specialty rice producers, with over seven decades of experience in offering a diverse range of rice products suitable for various cuisines and ethnicities. The company has an integrated business model – farm-to-fork, which gives it control over all aspects of the value chain. It boasts a strong distribution network with supply chain hubs across the globe, encompassing over 1,400 distributors in various geographies.
- LTFOODS ventured into the organic food and ingredient business in 1999, through its subsidiary Nature Bio-Foods Ltd., and recently expanded into C&H products by launching rice-based snacks (Kari Kari), Quick Brown rice, Cuppa rice, and sauté sauces.
- The business is predominantly driven by its flagship brand, Daawat, holding ~30% market share in India (up from 20% in FY19) and enjoying a leadership position in regions like Reunion Island, Israel, and Far East, among others. Another key brand, Royal, commands ~50% market share in North America.
- In addition to these brands, the company offers other regional brands such as Devaaya, Rozana, Gold Seal Indus Valley, 817 Elephant, Golden Star and EcoLife. The company has continuously expanded its product portfolio in line with evolving consumer trends over the years (e.g., the recent expansion into jasmine rice by acquiring the Golden Star brand in the US).
- With exports to over 80 countries, LTFOODS has a significant presence in key markets such as North America (38.5% share of FY24 revenue), Europe (19.9%), and the Middle East (5.6%). LTFOODS presence across geographies helps it understand local market trends and incorporate into other geographies. For example, the Hyderabadi biryani kit came from its R&D facility in India, while the Cuppa rice concept came from its R&D facility in Los Angeles, US.
- Over the past decade, LTFOODS has achieved a revenue CAGR of 11% (FY14-24), which improved to 15% CAGR over the last five years. By diversifying its operations and improving hedging activities, LTFOODS has reduced exposure to price and geographic risks. Moving forward, the company will focus on expanding margins and improving returns on capital.

Exhibit 4: LTFOODS brand offerings



One of the most loved and consumed brands across globe



#1 basmati rice brand in North America



Leading organic ingredients brand in India



Leading jasmine rice brand



Mid range basmati rice brand in middle east



Staples brand in India



#1 basmati rice brand in Canada



Handcrafted rice snacks



Renowned economy rice brand in basmati rice



Organic food brand in Europe



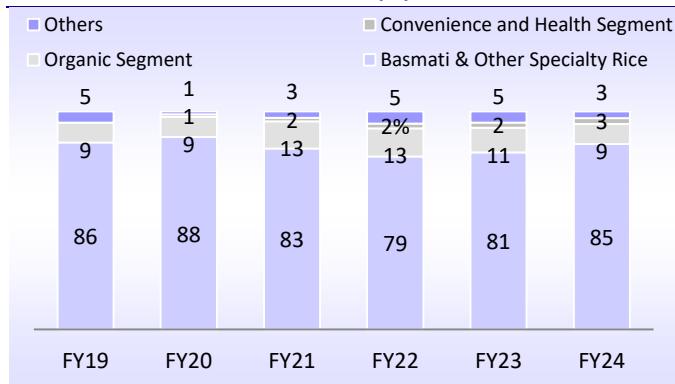
Source: Company, MOFSL

Exhibit 5: Company Overview

Business Segment	Brands	Products Offered	End-users	% Share of revenue
Basmati and other Specialty rice		<ul style="list-style-type: none"> ✓ Basmati Rice ✓ Regional Rice ✓ Quick Cooking Brown Rice ✓ Jasmine Rice ✓ Arborio Rice 	Institutional customers and Direct consumers	85%
Organic Food and ingredients		<ul style="list-style-type: none"> ✓ Cereal Grains ✓ Pulses ✓ Oil and Oil ✓ Seeds ✓ Nuts ✓ Spices ✓ Herbs ✓ Millets ✓ Sweeteners ✓ Basmati Rice ✓ Regional Rice 	Institutional customers and Direct consumers	9%
Convenience and Health Segment		<ul style="list-style-type: none"> ✓ Rice-based snacks ✓ Ready to Heat ✓ Sauté Sauces ✓ Cuppa Rice ✓ Staples ✓ Fortified Rice 	Direct consumers	3%

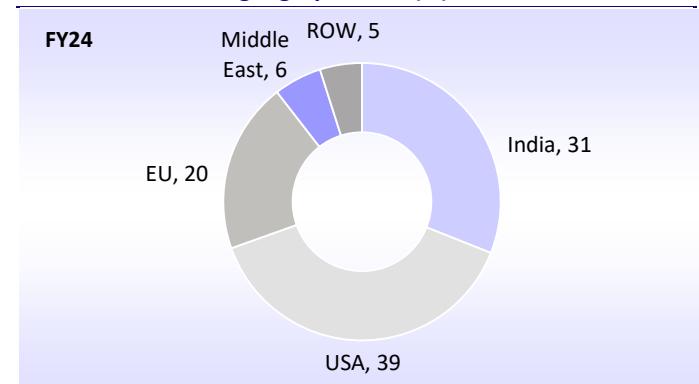
Source: Company, MOFSL

Exhibit 6: LTFOODS business mix (%)



Source: MOFSL, Company

Exhibit 7: LTFOODS geographic mix (%)



Source: MOFSL

Exhibit 8: LTFOODS global presence

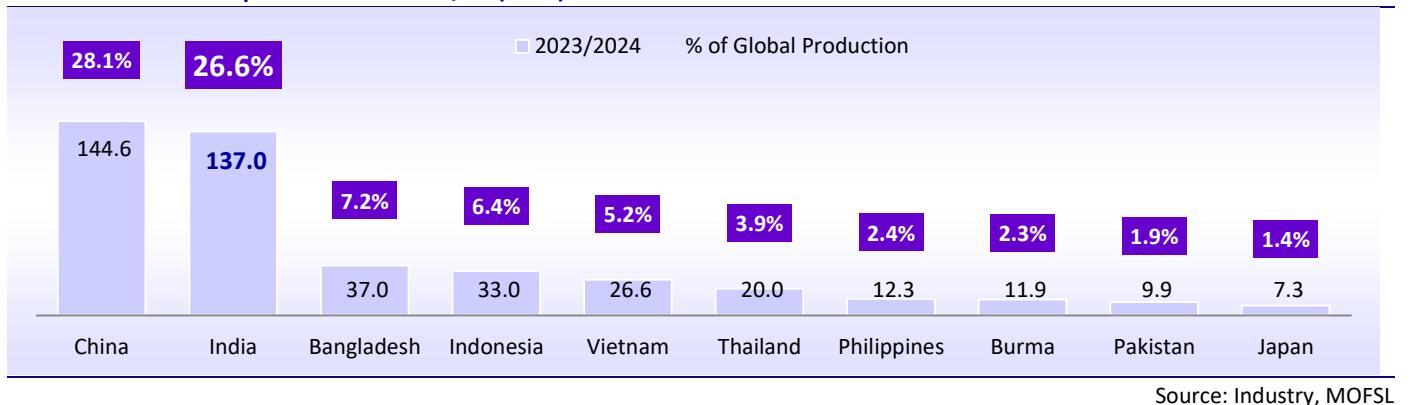


India dominating the global basmati rice market

India's rice dynamics

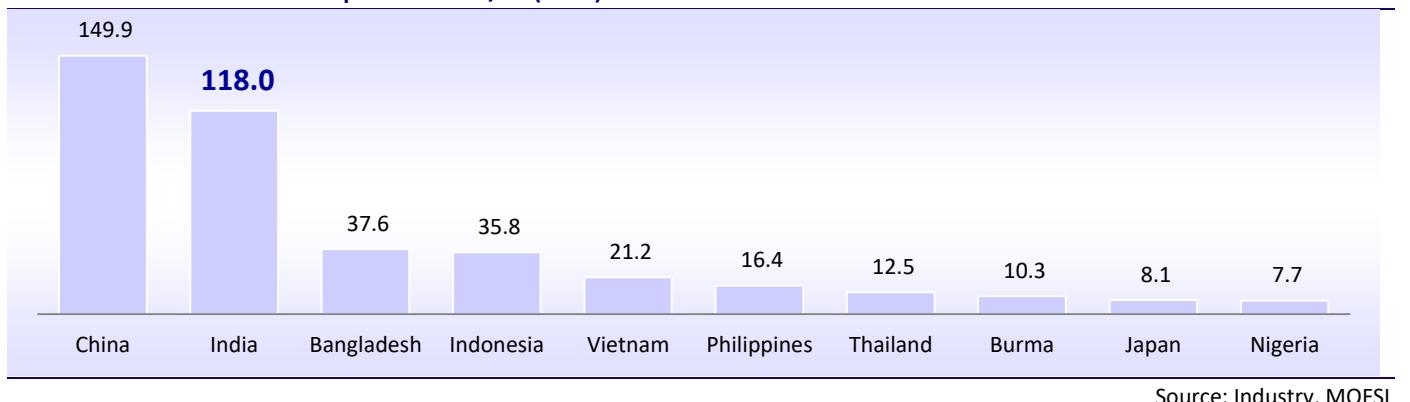
- As per industry reports, the global rice market, estimated at ~USD376.5b in CY24, is projected to expand at a modest CAGR of ~3% during FY24-29.
- As a primary food source for over half the global population, rice production exceeds 500mmt annually. It stands as the world's second most vital cereal crop after maize, underpinning food security in numerous developing countries, particularly in East and Southeast Asia.
- India, a key contributor to global rice output, follows China as a leading producer, with demand for basmati and other regional rice varieties witnessing steady annual growth worldwide.

Exhibit 9: Global rice production in 2023/24 (mmt)



Source: Industry, MOFSL

Exhibit 10: Global rice consumption in 2023/24 (mmt)



Source: Industry, MOFSL

Basmati rice gaining acceptance globally

- Basmati rice accounted for ~4% of the total rice market in CY24, with India (~75%) and Pakistan (~22%) being the largest producers.
- The Indian rice market is segmented into categories such as basmati, non-basmati, packaged, and unpackaged rice. The Indian basmati rice market has experienced a CAGR of 7-8% over the past decade, as per the company's latest Annual Report. Despite this growth, basmati still represents only ~4% of the total rice consumed in India, up from roughly 2.5% a decade ago.
- This expansion is primarily driven by increased per capita income, which has made basmati more accessible and appealing to a wider range of consumers.

Consequently, basmati rice is gradually gaining popularity even among households that traditionally consumed non-basmati varieties. Further, consumption of biryanis (made from basmati rice) has seen an increase across food chains and delivery platforms. The HoReCa segment (hotels, restaurants and café/catering) is ordering more basmati rice (increasing sales of bulk packets) to cater to the surge in biryani orders. LTFOODS gets ~22% of its domestic sales from this segment and is witnessing healthy growth (up 20% YoY).

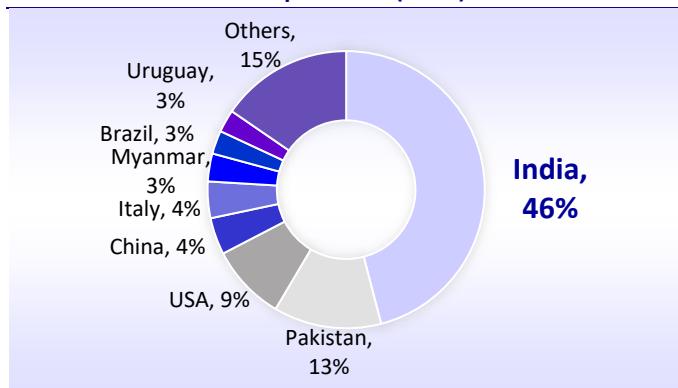
- A highly competitive landscape characterizes India's rice sector, with established brands contending with emerging players for market share. While the unorganized segment remains prevalent in Tier 2 and Tier 3 cities—where unpackaged rice is favored, the rise of urban, smaller households has spurred demand for convenient packaged rice options.
- **Packaged basmati rice is anticipated to grow at an impressive CAGR of ~11%.** This shift in consumer preferences also reflects heightened awareness of health-oriented products, as varieties such as brown, organic, and black rice – known for their nutritional value – gain traction.
- The organized basmati rice sector is dominated by notable players such as LTFOODS, KRBL, Kohinoor Foods, Amir Chand Jagdish Kumar (Export), and Adani Wilmar. Prominent packaged rice brands include India Gate, Daawat, Kohinoor, Golden Harvest, Fortune, and Aeroplane.
- Additionally, private labels from e-commerce giants like Big Basket, Amazon, Flipkart, and Grofers, along with brands from related industries like Fortune, are increasingly venturing into the rice market, underscoring the sector's ongoing evolution.

India commands the highest share of global basmati rice exports

- Although basmati accounts for a smaller share of domestic consumption, it drives a substantial portion of India's rice export revenue (INR483.9b in FY24).
- India has traditionally maintained its position as the global leader in rice exports, commanding nearly 40% (average 38.58% of the last three years) of the global rice export market from 2021 to 2023. Trailing behind India are Pakistan and Thailand. Recent data from the UN Comtrade Database reveals a significant increase in India's market share, rising from ~36% in 2022 to nearly 46% in 2023, underscoring India's growing influence in the global rice trade.
- In basmati rice, India is the largest producer accounting for ~75% of the global basmati rice production, followed by Pakistan (~22%).

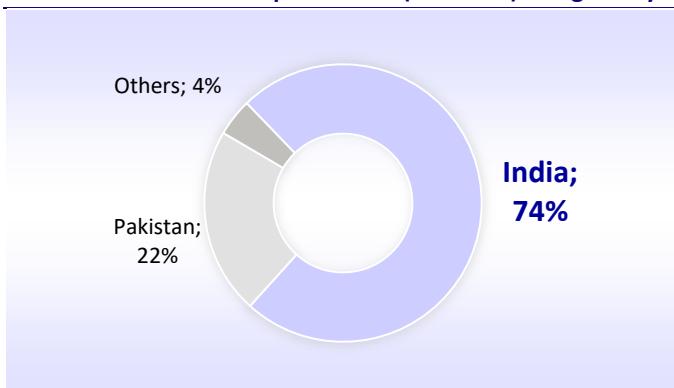
Basmati rice accounts for only 4% of the global rice market. India leads the basmati rice market with 75% share

Exhibit 11: Global rice exports mix (CY23)



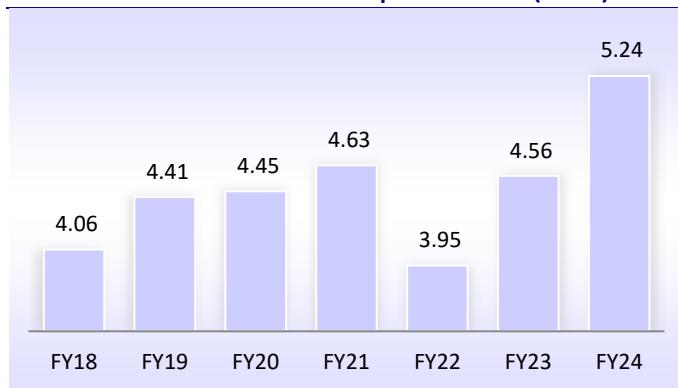
Source: Industry, MOFSL,

Exhibit 12: Basmati rice production (11.5mmt) mix globally



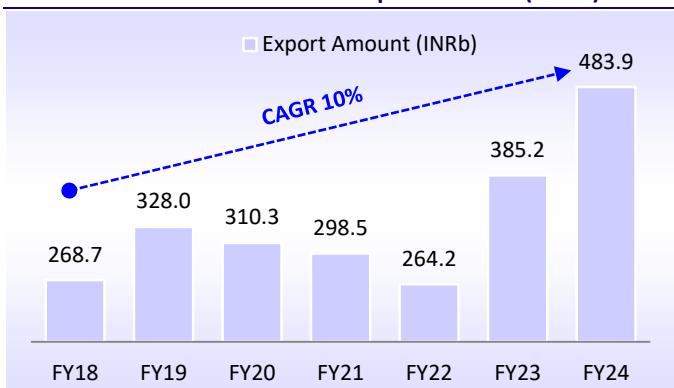
Source: Industry, MOFSL

Exhibit 13: India's basmati rice export volumes (MMT)



Source: Industry, MOFSL,

Exhibit 14: India's basmati rice export amount (INR b)



Source: Industry, MOFSL

The Middle East is the largest rice export destination for India (70% share)

- Of the top 10 major basmati rice export destinations from India as indicated in the below table, eight are countries in the Middle East region accounting for ~70% of India total basmati rice exports in FY24.
- In terms of exports, Iran was the key basmati rice export destination until FY23 with ~20.5% share, which declined to 11.6% in FY24 due to geopolitical issues. Saudi Arabia took over as the key export destination in FY24 with 21.4% export share.
- Despite having higher exports to the Middle East, LTFOODS has only 5.6% of its revenue from this region as of FY24. To increase this mix, the company has tied up with SALIC, the investment arm of the public investment fund of the Kingdom of Saudi Arabia. SALIC has also acquired a 9.22% stake in LTFOODS and will play a vital role in expanding its distribution reach in the Saudi market (largest export destination of India).

Exhibit 15: India's top 10 export destinations of basmati rice during FY22-24

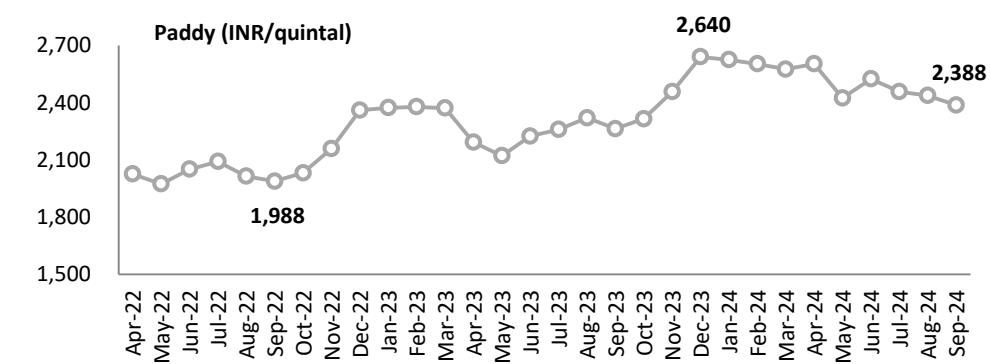
Country	Quantity (MT)			Value (USDb)			% Share in total Export		
	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24
Iran*	9,98,046	9,98,877	6,70,781	0.82	0.98	0.68	23.2	20.5	11.6
Saudi Arabia*	6,74,600	9,54,732	10,98,039	0.65	1.04	1.25	18.4	21.7	21.4
Iraq*	4,86,298	3,64,068	8,24,529	0.4	0.38	0.89	11.3	7.9	15.2
UAE*	2,57,008	3,15,513	3,08,662	0.22	0.33	0.33	6.2	6.9	5.7
Yemen Republic*	2,05,937	2,89,602	3,07,121	0.18	0.31	0.34	5.1	6.5	5.8
USA	1,60,895	2,04,027	2,34,467	0.18	0.24	0.31	5.1	5.0	5.3
Kuwait*	1,47,484	1,56,444	1,79,583	0.13	0.16	0.2	3.7	3.3	3.4
UK	1,29,421	1,43,685	1,85,553	0.12	0.14	0.22	3.4	2.9	3.8
Oman*	77,442	1,12,257	1,64,348	0.07	0.13	0.18	2.0	2.7	3.1
Qatar*	71,725	92,141	1,15,405	0.06	0.09	0.12	1.7	1.9	2.1
Total Exports to Major Export Destinations	32,08,856	36,31,346	40,88,488	2.84	3.79	4.53	80.2	79.1	77.6
Total Exports to all other Destinations	7,34,861	9,29,865	11,53,694	0.7	1	1.31	19.8	20.9	22.4
Total Export of Rice-Basmati	39,43,717	45,61,211	52,42,182	3.54	4.79	5.84	100	100	100

*Middle East Countries

Source: Industry, MOFSL

- During FY24, domestic rice prices in India soared to unprecedented levels due to anticipated low kharif rice yields, which were impacted by adverse weather conditions linked to El Niño, alongside heightened global demand for rice.
- To mitigate domestic price surges, the Indian government implemented several measures, including a ban on the export of white non-basmati rice, the imposition of a 20% export duty on parboiled non-basmati rice, and the establishment of a minimum export price (MEP) for basmati rice exports at USD1,200/mt.
- Additionally, the export of broken rice has been prohibited since the 2022-2023 period. These restrictions led to a 27% decline in the volume of Indian rice exports, which fell to ~16.4mmt in FY24, compared to 22.35mmt in FY23.
- With improvement in domestic availability of rice (both basmati and white rice) and to prepare for the upcoming harvest season, the government has lifted the ban on exports of non-basmati white rice (but imposed MEP of USD490/mt) and also removed the MEP on basmati rice in Sep'24.
- This will drive up rice exports for large export companies, including LTFOODS.**

Exhibit 16: Paddy's (dhan) recent price trend



Source: Agmarknet, MOFSL

Diversifying its commodity risk

LTFOODS Daawat/Royal and Golden Star are leading brands in India and the US

- Traditionally a loose commodity in India, rice has transformed rapidly into a branded and packaged product, aligning itself with a change in consumer preferences.
- Most of the credit goes to extensive branding exercise of organized players. Over the years, LTFOODS has successfully evolved into an FMCG business by establishing well-regarded brands such as Daawat, Devaaya, Royal, Indus Valley, 817 Elephant, and Rozana.
- LTFOODS has achieved a strong market share across the regions through branding activities and distribution expansion (over 1,400 global distributors). Its brands (Daawat) command ~30% market share in India (up from 20% in FY19), ~50% market share in the US market (Royal is #1 brand in US and 817 Elephant is #2 brand in Canada), over 30% market share in Northern Europe and ~12-13% market share in the far-east region (leader in 11 out of 16 countries in this region).
- The company's packaged rice is available across price points (ranging INR50/kg to INR200/kg) and sizes, enabling LTFOODS to cater to the needs of all customer segments.

Exhibit 17: Ad-spends over the year

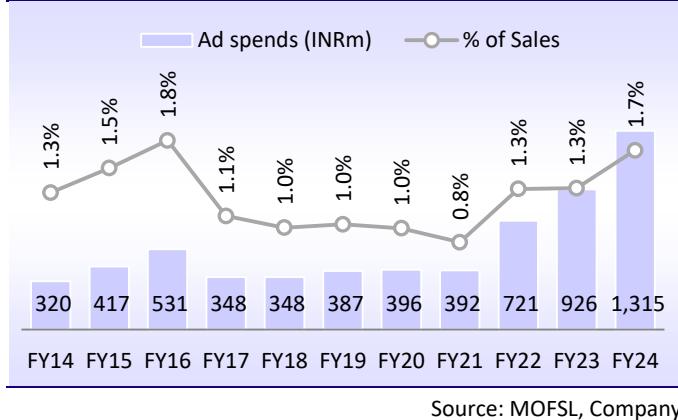
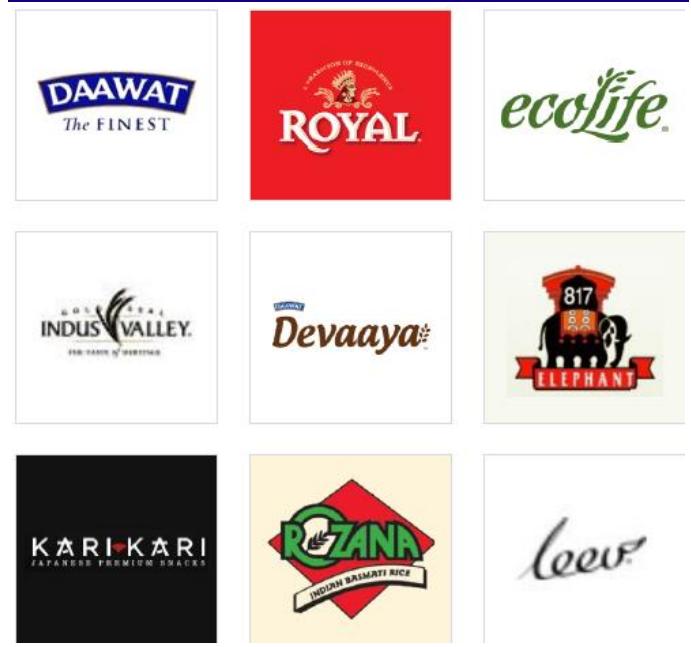


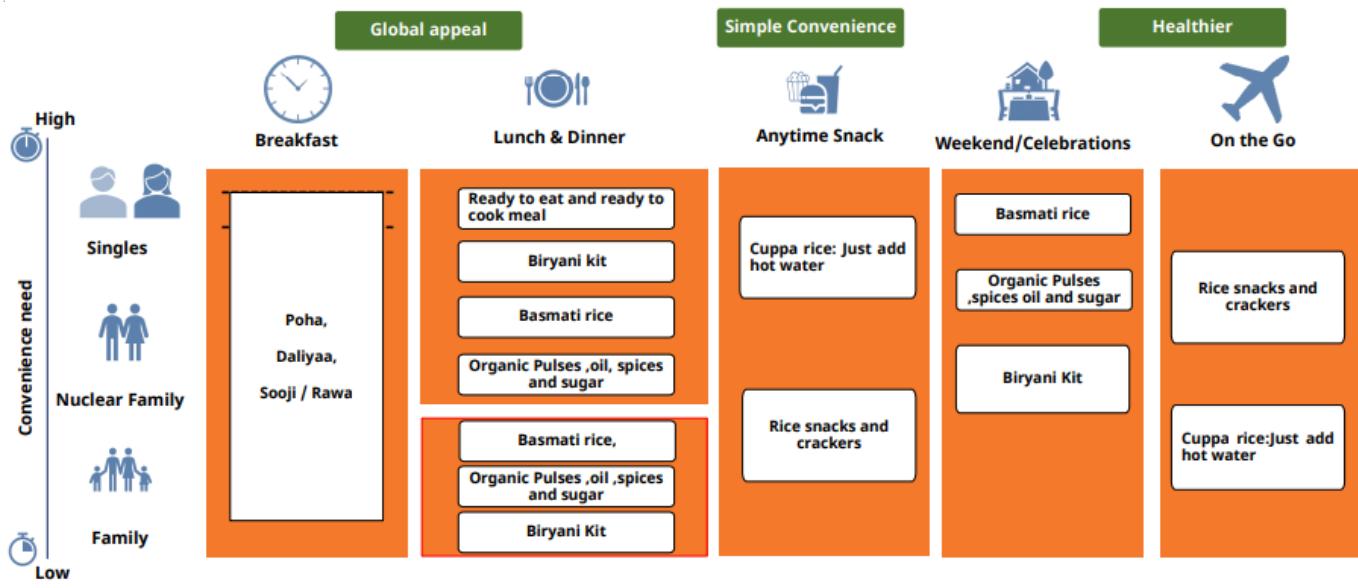
Exhibit 18: LTFOODS – house of rice brands



Source: MOFSL

- LTFOODS has come a long way from being just a rice company to a wholesome FMCG company by building a diverse portfolio to meet needs for all meal occasions. For this, the company has forayed into newer segments such as organic foods & ingredients and health convenience segments.

Exhibit 19: LTFOODS diverse product portfolio meeting needs for all meal occasions



Source: Company, MOFSL

LTFOODS is a pioneer in the organic food segment with 9% revenue share in FY24

Organic food and ingredients business

- LTFOODS is a pioneer in the organic food sector, boasting over two decades of experience. The organic segment now represents 9% of LTFOODS total revenue, with **aspirations to achieve a double-digit contribution** by maintaining strong growth in the coming years.
- The company primarily operates as a B2B supplier, with 99% of its product mix catering to other brands. LTFOODS acts solely as an ingredient supplier, with clients purchasing these products for use in their own formulations rather than repackaging under their own brands for resale.
- Given the organic sector's high entry barriers – requiring at least three years of cultivation to achieve certified organic status – LTFOODS has partnered with over 64,000 farming families across India, managing over 94,000 hectares of certified organic farmland. The company's collaboration with these farmers helps it offer a diverse range of products, including various types of rice, pulses, spices, and more.
- Operating through its subsidiary, Nature Bio Foods Ltd (NBFL), LTFOODS also acquired a 30% stake in Leev, a Netherlands-based organic food company known for its breakfast bars, healthy snacks, baking products, and gluten-free, low-sugar options. This acquisition will allow LTFOODS to provide organic ingredients to Leev and tap into its established consumer base across more than 2,500 stores in Europe.
- Additionally, LTFOODS has launched subsidiaries in the Netherlands and the US to expand its presence and enter new international markets. To meet growing global demand, the company also offers a variety of RTH products, specifically designed for international customers.

Strengthening organic strategy in Uganda

- In the last couple of years, the segment witnessed pressure in exports to the US due to levy of anti-dumping duty on soymeal. In May'22, the US government imposed a definitive antidumping duty (ranging 3.07% to 18.80%) on imports of

organic soybean meal from India. To circumvent this, the company is setting up a manufacturing facility in Uganda.

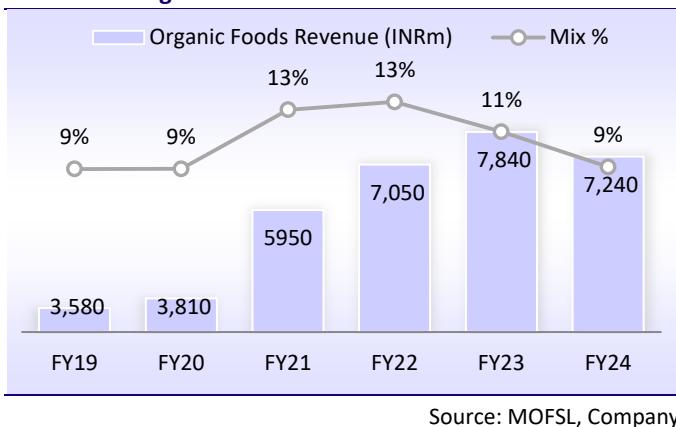
- With an annual production capacity of 20,000mt, LTFOODS is strengthening its alternative sourcing strategy while managing 65,000 hectares of certified organic land and partnering with 14,700 farmers. The company is prioritizing high-demand crops like sesame, soybean, and chia seeds, with plans to expand into coffee and avocado.
- Uganda's favorable agricultural conditions, such as fertile virgin soils and minimal chemical contamination, make it an ideal base for organic farming, supporting **LTFOODS ambition to lead the global organic food market.**
- These initiatives are expected to significantly contribute to revenue from FY25 onward, helping LTFOODS expand its presence in the high-margin organic segment and mitigate regulatory risks.

Primarily a B2B player in the organic segment, LTFOODS forayed into B2C with its brands – 'Daawat Ecolife' et al.

Increasing focus on branded organic products

- The company has also started focusing on expanding this segment through its own brands both in the US and India markets. The management anticipates future growth to come from in-house brands. In India, the company has launched its own brand, 'Daawat Ecolife', which was introduced four years ago, but it is available only in select markets. The branded segment currently represents less than 1% of the company's overall organic business.
- LTFOODS has a diverse product range under the 'EcoLife' brand, which includes organic cereal grains, flours, pulses, oils, seeds, nuts, spices, herbs, millets, and sweeteners.

Exhibit 20: Organic foods saw 15% CAGR over FY19-24



Source: MOFSL, Company

Exhibit 21: Brands in organic



Source: MOFSL

Organic food market expands to USD512b by CY27

- Awareness of health risks linked to chemical fertilizers and pesticides in food—such as cancer, hormonal imbalances, and birth defects has fueled a global shift towards organic products. According to a UN report, over 200,000 deaths annually are caused by harmful chemicals in food. This concern has boosted demand for organic foods that are free from toxic additives.
- Despite challenges such as rising commodity prices, supply chain issues, and inflation, **the organic food market is projected to grow by USD310.08b over CY22-27, at a CAGR of 15.9%.** Manufacturers are responding to shelf-life

concerns by launching innovative ready-to-eat (RTE) and organic tea products. By CY27, the market is expected to reach USD512b.

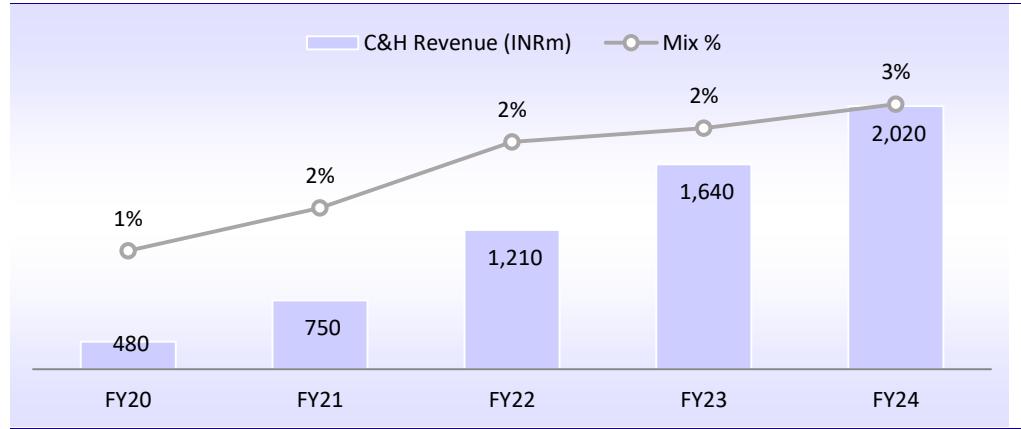
- India's organic food market, though still niche, is growing as concerns over food adulteration rise. Marketing campaigns in malls and local areas are encouraging a shift towards organic products, while partnerships with e-commerce platforms have boosted revenue. The Indian government supports this expansion through subsidies and initiatives like the Mission for Integrated Horticulture Development (MIDH), National Food Security Mission (NFSM), and Rashtriya Krishi Vikas Yojana (RKVY), all designed to promote organic farming practices.

C&H segment has surged ~4.4x since FY20 and expects to register a CAGR of 33-35% over the next five years.

Convenience and Health (C&H) segment

- LTFOODS has expanded its portfolio to include a range of health and convenience products in FY20, marking a strategic shift towards more diversified offerings.
- In the health segment, products such as Daawat Quick Brown Rice have been introduced, while the convenience segment now features Daawat Sauté Sauces, Daawat Cuppa Rice, Royal Ready-to-Heat, and Kari Kari.
- Although these new products currently contribute ~3% of total revenue, the company aims to raise this share to ~10% over the next five years.
- LTFOODS has partnered with Japan's snack food leader, Kameda Seika, to introduce Kari Kari, a premium rice-based snack. Kari Kari has been well-received by consumers. Similarly, Daawat Cuppa Rice, initially launched as a pilot product, is gaining traction and is now set for expansion to a full-scale production facility, primarily serving railway demand through repeated orders.
- Additionally, its Ready-to-Heat (RTH) products have established a strong presence in the US market under the Royal brand (representing ~60-70% of total RTH sales). The US facility is already operating at 80-85% utilization, which is expected to get fully utilized in the near term. The company is doubling its capacity there by investing ~USD10m in FY25.
- **The C&H segment has surged ~4.4x since FY20**, while the RTH/RTC segment has jumped 6x since FY20. The company continues to expand its RTH product distribution across retail chains and introduce new flavors to appeal to diverse consumer groups. Currently, RTH products contribute 65-70% of the C&H segment, with the US market being a primary contributor. The company is more focused on RTC products in the Indian market.
- The global convenience market is expected to surpass USD850b by FY28, led by changing consumer trends such as increased convenience and the requirement for instant gratification among consumers, an increase in cross-cultural adoption of tastes and cuisines, and the discovery and exploratory habits of consumers.
- **The company expects this segment to register a CAGR of 33-35% over the next five years.**

Exhibit 22: C&H has surged 4.4x since FY20



Source: MOFSL, Company

Exhibit 23: Brands under the C&H segment



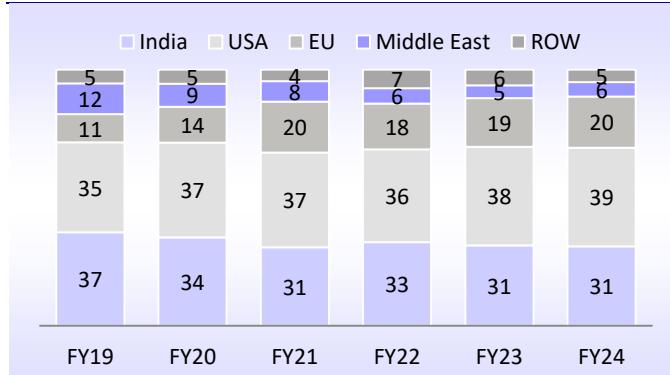
Source: MOFSL

From local to global – expanding the reach

Global presence across 80 countries, contributing 69% to overall revenue in FY24

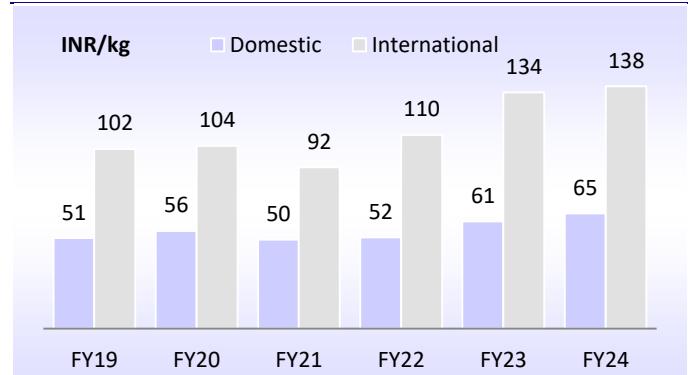
- LTFOODS is a global company with a strong presence across 80 countries, with leading brands in some countries and a healthy market share in some.
- The international revenue has clocked a healthy ~17% CAGR over FY19-24, with the revenue mix improving to 69% in FY24 from ~64% in FY19, aided by the continuous addition of new geographies, the launch of new and innovative products with the potential to become market leaders, and acquiring existing brands to leverage its local knowledge and brand equity.
- The company has strong presence in North America, Europe, the Far East, and the Middle East. The company's international business comprises popular brands such as Daawat, Royal, Indus Valley, Devaaya, Daawat Rozana, 817 Elephant, and the recent addition of Golden Star across major global markets.
- LTFOODS achieves higher price realizations for these products internationally, which contributes to improved margin profiles.

Exhibit 24: Well-diversified geographical mix (%)



Source: MOFSL, Company

Exhibit 25: International commands better realization



Source: MOFSL, Company

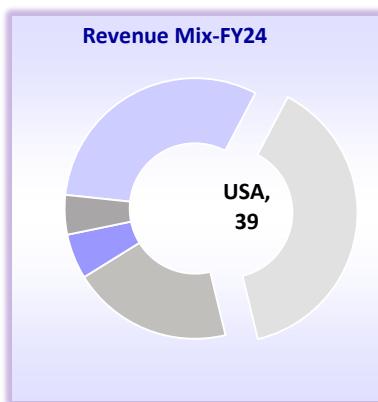
- The FMCG market in India, valued at ~USD105b, is projected to report an average CAGR of 11%, driven by rising per capita consumption, greater household penetration, and expanding retail reach.
- While the domestic market for basmati rice is accretive, the international geographies too offer huge headroom to grow, led by increasing demand for premium/health-conscious foods, expanding global ethnic cuisines, rising disposable incomes, and enhanced retail and online distribution channels.

Exhibit 26: Global demand offers extensive growth space for basmati rice

Market Share	USA	India	UK	EU	Factor Driving Growth
LTFOODS' market share	50%+	30%+	2.1%+*	20%+	❖ Basmati rice and speciality rice as category is growing and movement of consumers from lower price point to higher price point in India
Basmati Rice market Size (INR b)	60+	240+	300+	60+	❖ Immigration of south Asian population
Expected Industry CAGR (%)	10-12	7-9	3-4	4-6	❖ Growth of Ethnic cuisine across globe and biryani getting popular

*Total share in middle east market ,6.7% share in premium segment market

Source: Company, MOFSL



North America capitalizing on strong market share of the Royal brand

- The US market remains a pivotal revenue source for LTFOODS (39% revenue share in FY24), driven by a diverse product portfolio that includes jasmine rice, arborio rice, and various specialty rice varieties.
- The company reported strong revenue growth, with a 17% CAGR over FY19-24, attributed to strategic pricing and heightened demand for premium and organic products. Royal, the leading brand of packaged basmati rice, maintains a dominant position with over 50% market share, particularly excelling in the 20lb category (close to 90% market share), the 10lb category (40%+), and the 5lb category (34%+).
- LTFOODS has seen substantial growth in its RTH segment, which grew by 15% YoY. The company has strengthened its brand presence through digital marketing, in-store promotions, and partnerships, while expanding its distribution across supermarkets, ethnic stores, and online channels.
- In addition to fortifying its core portfolio, LTFOODS has expanded into adjacent categories, acquiring a 51% stake in the jasmine rice brand 'Golden Star' in FY23 for USD8m (the balance stake to be acquired in CY25). This acquisition capitalizes on the company's robust distribution network and knowledge of the US specialty rice market. Golden Star achieved a revenue of INR6.55b in FY24, recording a 57% YoY growth. Golden Star is the largest jasmine rice brand in the US with ~20% market share.
- **We expect the LTFOODS to continue its strong growth momentum in the North American market aided by healthy market growth (10-12% CAGR), entry into adjacent rice categories (specialty rice), and growth acceptance of RTH products.**

Exhibit 27: US registered 17% CAGR over FY19-24



Source: MOFSL, Company

Key retail and e-commerce partners in North America

Canada - Mainstream Retail

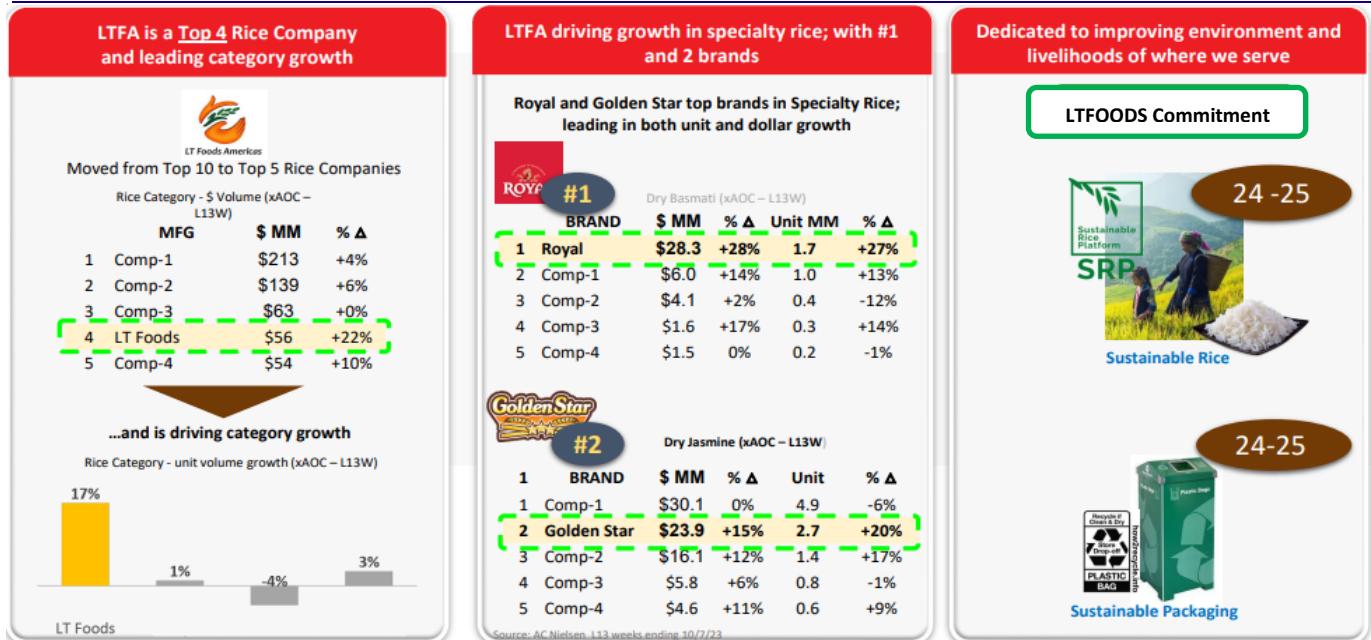
US- Mainstream Retail

US- Club

US- E-Commerce

Source: Company, MOFSL

Exhibit 28: LTFOODS' dominance in the US market



Note: Golden Star has now become the #1 Jasmine Rice brand in North America

Source: AC Nielsen, MOFSL

Europe a strategic location for LTFOODS, contributing 20% of the business

FY24

- With a vision to strengthen its foothold in Europe (2.5m MT market), LTFOODS has embarked on an ambitious journey, setting up dedicated operations in both the Netherlands and the UK to cater to diverse European markets. This strategic move not only reinforces its presence but also sets the stage for expansive growth across the continent.
- In the EU, long grain (Indica) rice is being imported, while medium/short grain (Japonica) rice are grown within the region. Italy and Spain produce 80% of the rice in the EU. The UK is the largest importer of basmati rice in the EU, with India accounting for 40% of its imports. The basmati rice market size is INR66b (0.4m MT) as of CY23 and is expected to grow by 4-5% p.a. over the next decade.
- Since its entry in 2017, LTFOODS has captured over 22% of the basmati rice volume share in Continental Europe and aims to expand further in the EU and UK. The company competes with both pan EU players, such as Ebro and Euricom, and regional players, such as Veete, Surya, Soufflet, and Westmill.
- EU has been the fastest growing region for LTFOODS with a revenue CAGR of ~29% over FY19-24, almost doubling its revenue mix to 20% in FY24 vs. 11% in FY19.
- Despite a challenging business environment, LTFOODS achieved a 15% revenue growth in FY24, more than doubling EBITDA from the previous year. The company widened its gross margins through strategic pricing and backend efficiencies, strengthened its branded business, and expanded its customer base with new listings in major European retail outlets.
- LTFOODS has established **two dedicated operating entities**: one in Rotterdam, Netherlands (60,000MT capacity of rice processing), serving the EU market, and another in Harlow, UK, for the UK market.
- The Harlow facility with a capacity of 60,000MT is commissioned in Jul'24, already securing contracts with four leading UK supermarkets, which will enhance cost efficiency and just-in-time delivery for the UK clients. LTFOODS has invested ~EUR7m for this new facility in the UK with a commitment to further

invest ~EUR50m in the coming years. The company anticipates reaching annual revenue of EUR50m over the next two years, aiming to scale up to EUR100m within five years.

- In addition to basmati rice, LTFOODS introduced products like DAAWAT® Sona Masoori, with plans to launch DAAWAT® Ponni rice in CY24. Brand awareness campaigns were conducted across television, radio, and digital media, primarily targeting the Southeast Asian diaspora. Community engagement, such as DAAWAT® sponsorship of local events, supported a 10% growth in the branded business overall, with DAAWAT® Extra Long Basmati becoming the leading brand among the Southeast Asian community in Europe.
- The company also launched DAAWAT® Biryani kits in the Netherlands, securing listings with Picnic and Jumbo, with plans for wider European distribution following the initial success.

Exhibit 29: EU clocks 29% CAGR; highest among other areas

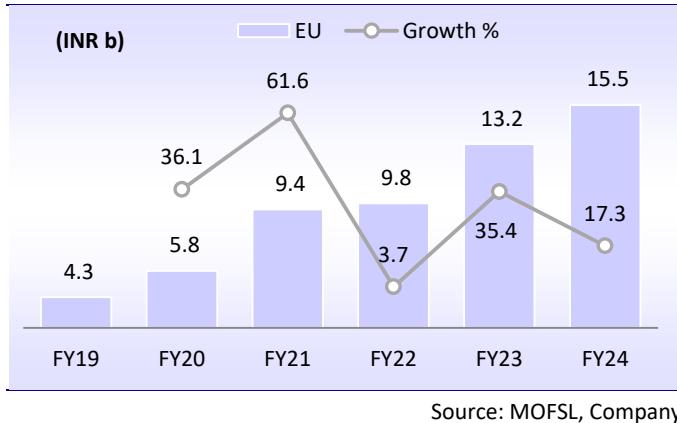
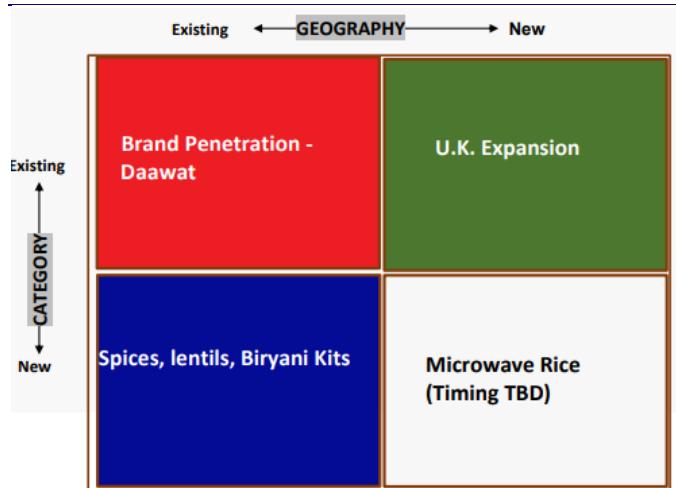
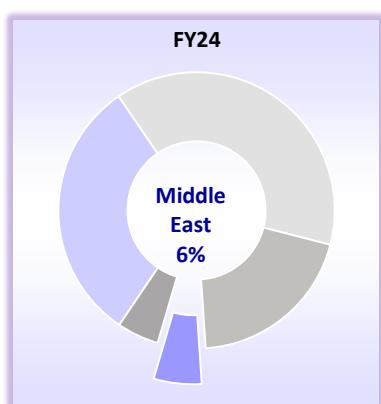


Exhibit 30: Growth strategy for LTFOODS in the EU



Source: MOFSL, Company



The Middle East – key market for Basmati rice (6% revenue share in FY24)

- *The Middle East, with its growing population and rising demand for premium food products, is a prime market for Basmati rice expansion.*
- The region, which already accounts for 75% of India's basmati rice exports (around 3.5m MT annually), offers immense growth potential.
- Key importers like Saudi Arabia, Iran, Iraq, the UAE, and Kuwait have seen substantial increases in demand, with notable growth rates in the UAE (+93%), Iraq (+258%), and Kuwait (+30%) between 2021 and 2023.
- With high GDP per capita in countries such as Qatar, the UAE, and Saudi Arabia and a more health-conscious, digitally savvy consumer base, there is strong potential for premium and sustainable Basmati products.
- LTFOODS aims to capitalize on this opportunity through strategic brand-building, targeted marketing, and partnerships, such as the collaboration with SALIC in Saudi Arabia, to drive exponential growth in the region.
- The region has witnessed a decline in mix in overall LTFOODS sales over the last five years (FY19-24), registering a compounded decline of 1.4% (-7.2% compounded decline over FY19-23). However, the Middle East achieved a robust ~26% YoY growth in FY24, driven by the company's strategic focus on key

markets like the UAE and Iraq, supported by PLI investments, along with expansion in smaller markets such as Yemen, Qatar, and Libya.

- LTFOODS market share increased in high-consumption areas like UAE and Iraq, where the DAAWAT® brand holds over 7% market share in the premium basmati rice segment and 4%+ in the overall category.
- **With strategies and partnerships in place in the Middle East market, the region can witness a recovery in its overall revenue mix in the next four to five years.**

Exhibit 31: ME witnessed sluggish growth during FY19-23

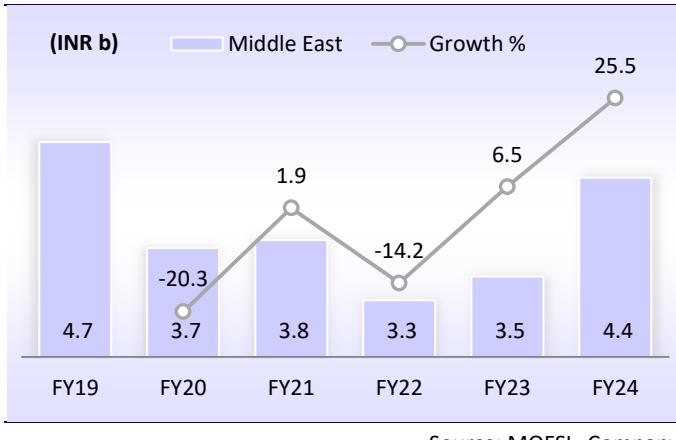
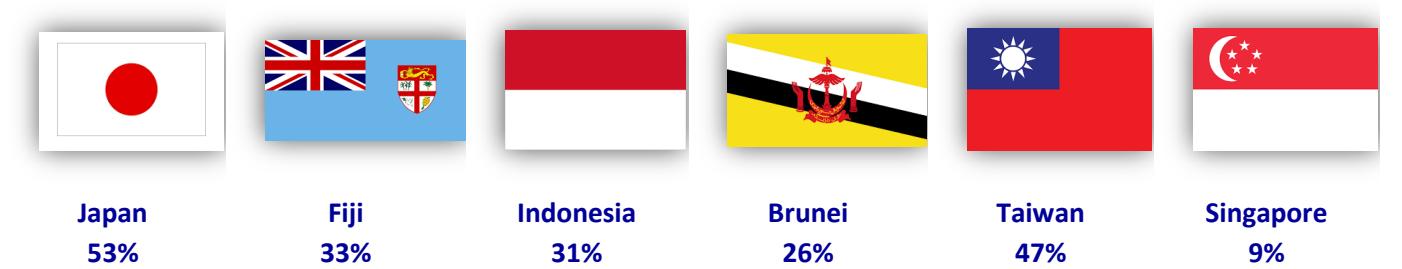


Exhibit 32: Competitive landscape in the Middle East



Exhibit 33: LTFOODS has a strong presence in the Far East countries with overall market share of 12-13% and targets to reach 20% in the next 4-5 years



Key financials | Peer comparison

Exhibit 34: Key financial metrics of peers

Particulars (INRb)	Revenue			Gross Profit			EBITDA			PAT		
	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24
LT Foods	54.3	69.4	77.7	19.6	23.6	24.9	5.9	7.0	9.4	2.9	4.0	5.9
KRBL	42.1	53.6	53.8	11.5	15.5	13.5	6.5	9.3	7.9	4.6	7.0	6.0
Chaman Lal Setia	9.3	13.9	13.6	2.5	3.3	3.0	1.0	1.6	1.6	0.6	1.2	1.2
Kohinoor Foods	1.0	0.8	1.0	0.8	0.3	0.6	0.0	0.2	0.2	-0.1	0.0	-0.1
Sarveshwar Foods	6.0	6.9	8.7	0.6	3.6	6.8	0.3	3.3	6.6	0.0	0.1	2.8
Adani Wilmar	541.5	581.8	512.6	53.7	52.4	59.2	18.4	10.9	10.9	8.0	5.8	1.5
Mishtann Foods	5.0	6.5	12.9	0.5	0.9	5.4	0.5	0.8	3.6	0.3	0.5	3.5

Source: MOFSL

Exhibit 35: Key financial metrics of peers

Particulars (INR b)	Gross Profit %			EBITDAM %			CAGR FY22-24 %		
	FY22	FY23	FY24	FY22	FY23	FY24	Revenue	EBITDA	PAT
LT Foods	36.1	34.0	32.1	10.9	10.1	12.1	19.7	25.9	42.5
KRBL	27.3	28.9	25.1	15.4	17.4	14.7	13.0	10.2	14.2
Chaman Lal Setia	26.9	23.7	22.1	10.8	11.5	11.8	20.9	26.5	41.4
Kohinoor Foods	80.0	37.5	60.0	1.0	18.8	15.0	0.0	287.3	NA
Sarveshwar Foods	10.0	52.2	78.2	5.0	47.8	75.9	20.4	369.0	857.4
Adani Wilmar	9.9	9.0	11.5	3.4	1.9	2.1	-2.7	-23.0	-56.7
Mishtann Foods	10.0	13.8	41.9	10.0	12.3	27.9	60.6	168.3	241.6

Source: MOFSL

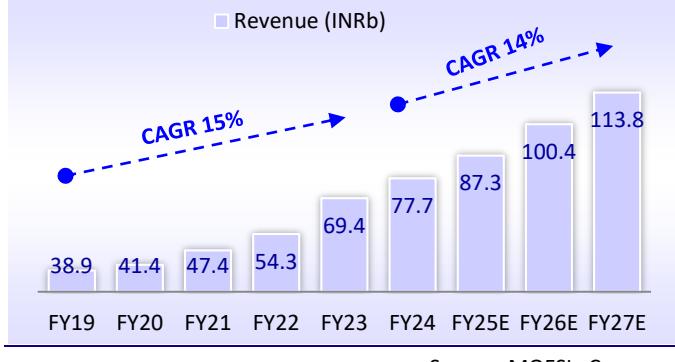
Leading brands backed by healthy financials

Revenue/EBITDA clock a healthy CAGR of 15%/19% over FY19-24

Consistent delivery of healthy revenue growth (15% CAGR over FY19-24)

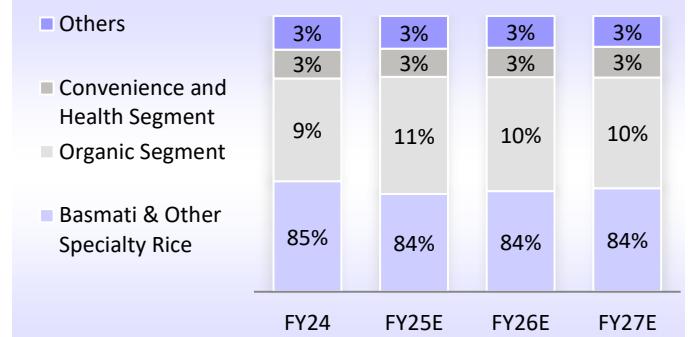
- LTFOODS has been one of the consistent performers, delivering 12%/15% revenue CAGR over the last ten/five years.
- The growth was broad-based across segments and geographies (ex-Middle East). The basmati rice/organic foods/C&H segments reported a 15%/15% CAGR/4.2x jump over FY19-24. The EU witnessed a higher CAGR of 29%, followed by the US at 17%. India and ROW witnessed a CAGR of 11% and 17%, respectively. The Middle East revenue declined over the period to INR3.5b in FY23 from INR4.7b in FY19, before rebounding to INR4.4b in FY24.
- We expect all the segments to continue their growth momentum (the Middle East to grow faster) fueled by changing consumer preferences, increasing penetration into new geographies, launching new and innovative products, and improving distribution network.
- We have built in 13%/16%/16% revenue CAGR for Basmati/ Organic/ C&H segments over FY24-27, taking the overall revenue CAGR to 14%. This is in line with the management's aspiration to organically grow at a 12-14% growth rate over the next four to five years. The consolidation of the new jasmine rice segment and the new Saudi partnership will result in higher growth.

Exhibit 36: Revenue to report 14% CAGR over FY24-27E



Source: MOFSL, Company

Exhibit 37: Expected business mix going forward (%)



Source: MOFSL, Company

Margins to improve going forward

- LTFOODS' margin has sustained the range of 10-12% over the last five years. There were certain hiccups during the period, primarily due to the significant increase in freight costs and fluctuations in paddy prices.
- The company, being a global basmati rice player, has succumbed to the increasing freight costs, dampening the margins. However, the company has been focused on launching innovative products (improving product mix) and entering the high-margin geographies to mitigate this impact and sustain margins at the current level.
- With freight cost peaking and ramp-up of new segments (C&H), operational efficiencies, scale up of new segments (jasmine rice), and deepening presence into key geographies (Saudi Arabia), we expect the margins to improve going forward.

- We expect margin to reach ~13% levels by FY27 (a further expansion of 60-90bp) considering the above factors. Management expects margin to improve 100-200bp from FY26 onwards.

Exhibit 38: EBITDA expected to register a CAGR of 15%...

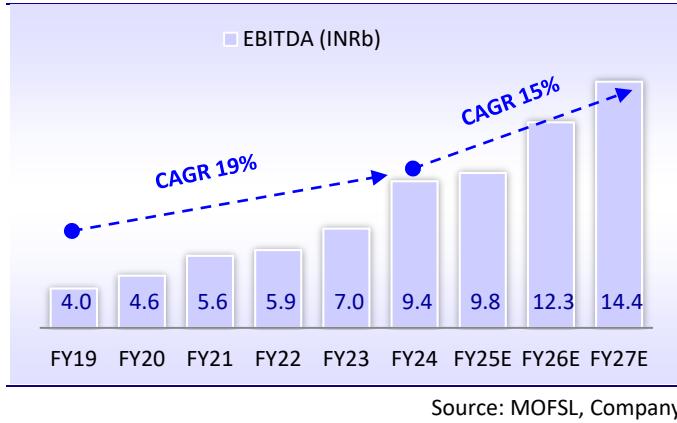


Exhibit 39: ...with margin to improve over FY24-27

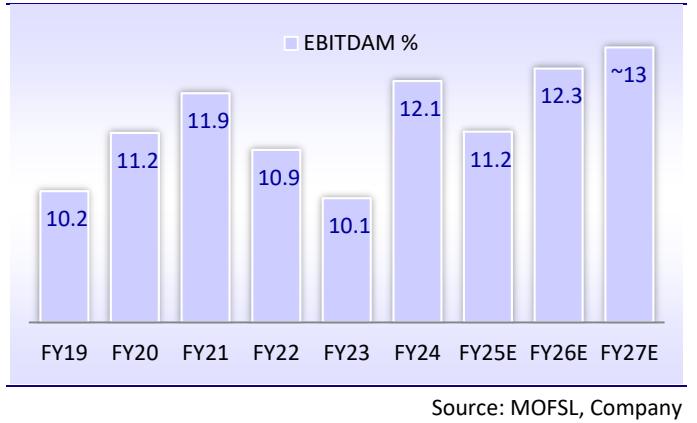


Exhibit 40: Broad-based margin improvement

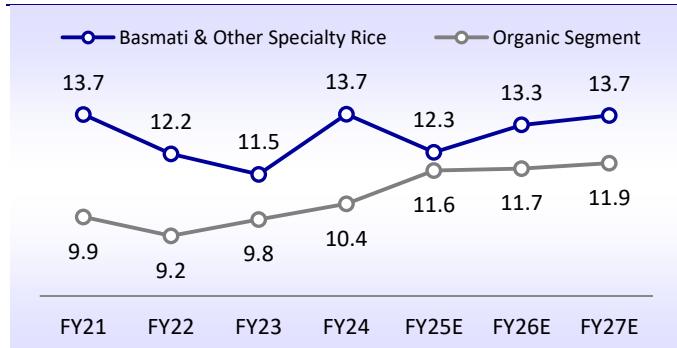


Exhibit 41: Adj. PAT to report a CAGR of 19% over FY24-27E

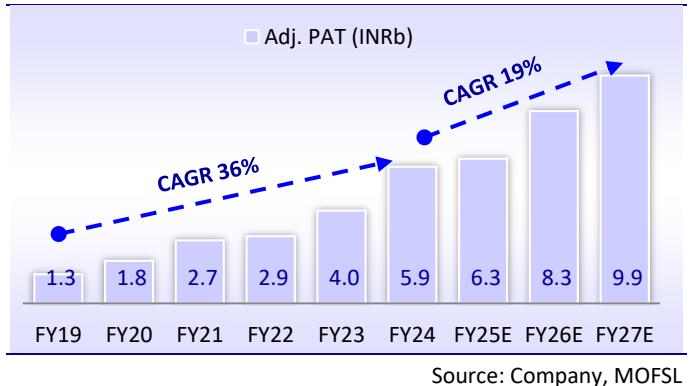
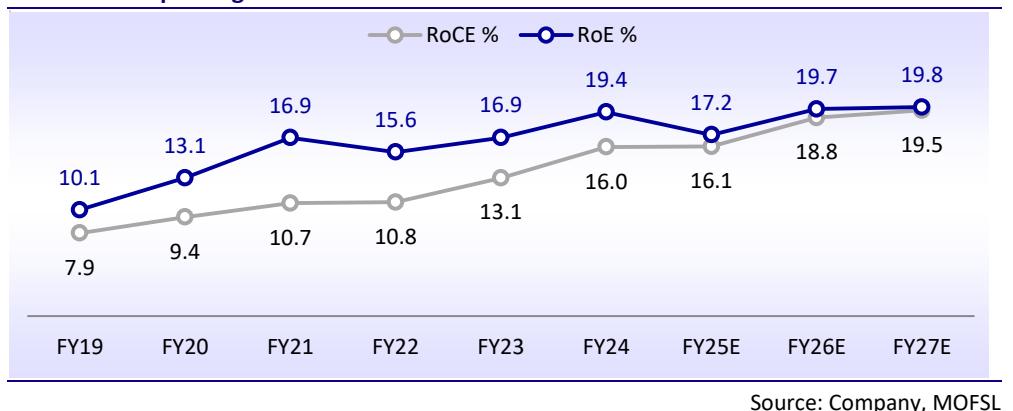


Exhibit 42: Improving return ratios



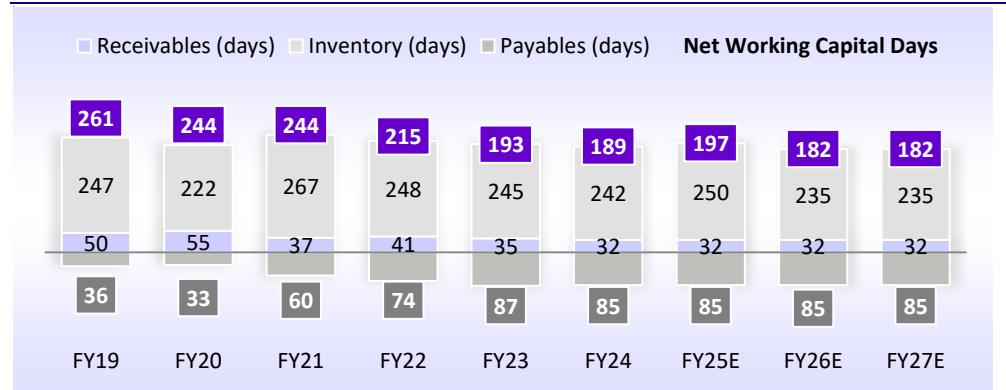
Working capital to sustain at current levels...

- LTFOODS' working capital reduced to 189 days in FY24 from 261 in FY19, due to an increase in payable days to 85 in FY24 from 36 in FY19. The company has entered into agreements with suppliers to procure 30% of the rice during off season, where suppliers receive 90 days of credit vs. 100% procurement earlier during harvest season on a cash basis.
- Receivable days also improved to 32 in FY24 from 50 days in FY19, aided by better collections and a change in product mix. Conversely, inventory days have remained stable at ~245 due to the aging requirement of rice. Rice aging ranges from 6 months to 24 months, depending on the quality. LTFOODS' average aging

period is eight months. The company has a few rice qualities that require aging up to 24 months (17% of their volumes).

- **We expect the working capital days to remain around FY24 levels, led by better inventory management.**

Exhibit 43: Stable working capital days

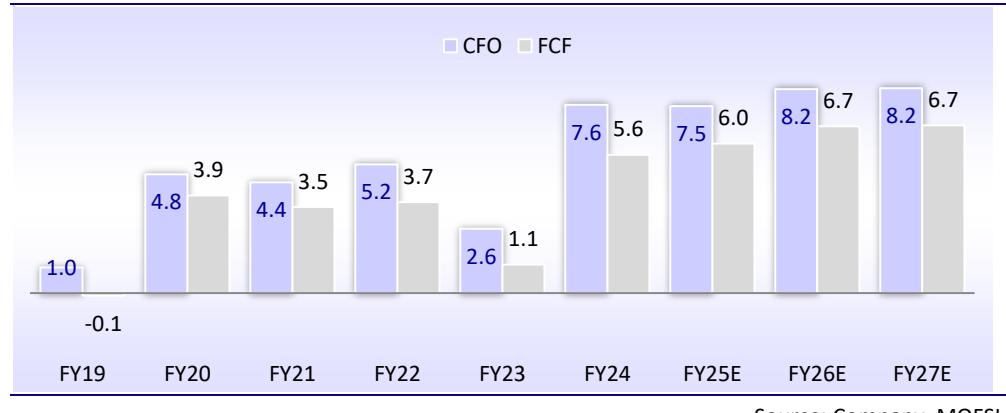


Source: Company, MOFSL

...resulting in higher free cash flows

- LTFOODS has cumulatively generated FCF of ~INR17.6b over the last five years, highlighting its healthy liquidity and balance sheet profile.
- Higher FCF was driven by the healthy CFO/EBITDA ratio, averaging over 69% over the last five years. In FY24, LTFOODS generated an FCF of INR5.6b, with a CFO/EBITDA ratio of ~81%. A high cash flow ratio has been backed by its improving working capital profile and stable margins.
- Going forward, with a strong growth trajectory and healthy working capital, we expect LTFOODS to maintain healthy ratios.

Exhibit 44: Strong cash flow generation (INRb)



Source: Company, MOFSL

Overall, we expect a healthy improvement in the company's financials going forward, propelled by strong revenue growth, a stable margin profile, and efficient working capital (resulting in strong cash flow generation).

Valuation and key risks

Initiate coverage with a BUY rating

Revenue/EBITDA/Adj. PAT
CAGR at 14%/15%/19%
over FY24-27E

- LTFOODS has been a key player in the Indian basmati rice industry for over many decades with its famous brands, such as Daawat, Devaaya, and Rozana. Daawat commands a 30% market share in India (up from 20% in FY19).
- The company has a track record of garnering dominant market position in any geography it enters. LTFOODS' Royal brand is the number 1 brand (over 50% market share) in the US market. Similarly, it has a healthy market share in other geographical locations.
- Its strong brand equity has been backed by healthy financials, with a track record of 15%/19% revenue/EBITDA CAGR over FY19-24.
- LTFOODS' has been launching innovative products with a better margin profile aligning with consumer preferences and taste in its C&H segment. Taking into consideration the growing awareness of non-toxicated food, the company has been a pioneer in the organic food category with a presence over two decades.
- LTFOODS' has its presence across all the key basmati-consuming geographies and is actively focusing on the regions (Middle East) where they are still a smaller player.
- Going forward, we believe a strong marketing and branding activity coupled with an extensive distribution network will aid the company in maintaining and garnering higher market share across geographies.
- We estimate LTFOODS to deliver a CAGR of 14%/15%/19% in revenue/EBITDA/ Adj. PAT over FY24-27.
- Over the last five years, LTFOODS rerated from ~8x P/E (average of the last five years; one-year forward) to ~21x (in FY25), fueled by strong cash flow generation (cumulative FCF of INR17.7b), consistent performance (36% PAT CAGR) due to product and geographical diversification, and improved RoE/RoCE (of 19%/16% in FY24). Transitioning from a commodity to an FMCG model, these factors position LTFOODS nearer to its FMCG peer valuation. We estimate LTFOODS will record a revenue/EBITDA/adj. PAT CAGR of 14%/15%/19% over FY24-27.
- LTFOODS is currently trading at ~21x/16x/13x FY25E/FY26E/FY27E EPS with an FY27E RoE/RoCE of ~20% each. **We initiate coverage on the stock with a BUY rating and a TP of INR520, based on 18x FY27E P/E.**

Key downside risks

- LTFOODS' exposure to volatile rice prices is significant, as the company purchases a majority of its inventory in the third quarter and stores it for the remainder of the year. Prices of rice and paddy are influenced by factors such as supply, demand, rainfall, and land health. While LTF establishes supply agreements with customers, these are non-binding, leaving the company vulnerable to sharp declines in paddy prices after procurement. Additionally, agricultural exports, including rice, are heavily regulated.
- LTFOODS, a global rice exporter to over 80 countries, faces risks from geopolitical tensions, particularly with major rice-consuming nations, which can adversely impact raw material and product prices.

- Competition, private labels, and shifting consumer preferences may hinder new product growth.
- Climate change, water, and energy shortages threaten operational stability and crop health.

Exhibit 45: Exhibit 46: Comparative Valuation

Peers	Rating	CMP	TP	MCap	EPS			EPS Growth (%)			P/E (x)			RoE (%)		
		(INR)	(INR)	(INR b)	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
LTFOODS	Buy	382	520	132.5	18.0	24.0	28.5	5.6	33.0	18.5	21.1	15.9	13.4	17.2	19.7	19.8
KRBL*	NR	280	NA	64.0	19.7	28.9	33.2	-23.3	46.7	14.9	14.2	9.7	8.4	8.7	11.6	12.0
ADANI WILMER*	NR	342	NA	444.9	8.1	9.1	10.5	607.5	12.5	15.8	42.4	37.7	32.6	10.9	11.2	11.6

Note: CMP as on Nov 5, 2024; * BBG estimate; Source: MOFSL, Company, BBG

ESG initiatives



Environmental initiatives

- The company is providing goods and services that are safe and contribute to sustainability throughout their life cycle.
- The company is a leading partner of the UN-backed Sustainable Rice Platform (SRP) and the first globally to achieve the highest L3 certification for sustainable rice cultivation.
- The company nurtures healthy soil ecosystems and reduces its water footprint with Zero Liquid Discharge (ZLD) facilities at all plants, preventing wastewater release.

CSR initiatives

- The company supports initiatives in eradicating hunger, healthcare, sanitation, education, gender equality, environmental sustainability, heritage protection, veteran welfare, sports promotion, socio-economic development, research, rural and slum development, and disaster management.

Governance

- As of Mar'24, the Board comprised nine directors that included six independent directors and two woman directors.
- The Board comprises seasoned professionals with expertise in various fields, contributing diverse experiences.
- The Board's performance is assessed annually based on their responsibilities, and a strong compliance mechanism is in place to adhere to applicable rules and regulations.

Bull and Bear cases



Bull case

- In our bull case scenario, we assume a revenue CAGR of 17% over FY24-27, led by faster penetration in new geographies (the Middle East), higher acceptance of the company's new and innovative products (Organic and C&H) and increase in intensity of inorganic acquisition across the globe.
- We expect the margin to expand ~110bp from the FY24 levels to reach ~13.2% over FY27, led by an improving product mix and favorable operating leverage.
- The company's EPS would register a robust CAGR of 23% over FY24-27E, driven by operating leverage.

Bear case

- In our bear case scenario, we assume a revenue CAGR of 11% over FY24-27, considering demand-side challenges and slow ramp up in new geographies that would restrict the strong growth trajectory.
- We expect the margin to contract ~30bp from the FY24 levels to reach 11.9% over FY27.
- The company's EPS would register a CAGR of 13% over FY24-27E.

Exhibit 46: Bull and Bear case scenarios (INR m)

	Particulars	FY24	FY25E	FY26E	FY27E	CAGR (FY24-27E, %)
Bear case	Revenue	77,724	86,205	97,076	1,07,686	11
	EBITDA	9,379	9,444	11,254	12,800	11
INR440	EPS	17	17	22	25	13
Base case	Revenue	77,724	87,313	1,00,449	1,13,797	14
	EBITDA	9,379	9,790	12,333	14,376	15
INR520	EPS	17	18	24	28	19
Bull case	Revenue	77,724	87,833	1,05,284	1,22,997	17
	EBITDA	9,379	9,984	13,254	16,189	20
INR580	EPS	17	18	26	32	24

Source: MOFSL, Company

SWOT analysis

- Strong brand portfolio
- Global presence with substantial market share for its brands
- Strong R&D-backed product launches
- Farm-to-fork model ensuring quality products
- Strong track record of healthy performance

- Present in a competitive market – in both branded and unbranded domains
- Raw materials used in production processes are natural resources; therefore, they are subject to the risks of climate and regulations
- Higher logistic costs due to global presence

- Growing global demand for basmati rice
- Expansion into adjacent categories
- Growing quick and ecommerce
- Strategic partnerships in underpenetrated geographies

- Fluctuation in raw material prices
- Disruption in supply chain
- Intensified competition in both organized and unorganized markets
- Regulatory challenges
- Climatic challenges



Management team



Mr. Vijay Kumar Arora
Chairman & Managing Director

He holds a Bachelor's degree in Biology from Punjab University. He started his career in 1978 by joining his family's rice trading business in Amritsar, giving him over four decades of industry experience. He is also the President of the All India Rice Exporters Association and serves as a board member for Daawat Foods Ltd, Nature Bio-Foods Ltd, Staple Distribution Co Ltd, and LT International Ltd.



Mr. Ashwani Kumar Arora
Managing Director and CEO

He holds a Bachelor of Commerce degree from Guru Nanak Dev University, earned in 1985, and has been with the company for 37 years. As a member of the trade association, he advises the Government of India on agricultural policy. He also serves as a board member for LT Agri Services Private Ltd, Raghunath Agro Industries Private Ltd, and Nature Bio-Foods Ltd.



Mr. Surinder Kumar Arora
Managing Director

He plays a pivotal role in driving margin expansion and improving operational efficiency, bringing a wealth of expertise to his role as MD. He also serves as a Director at LT International Ltd., Raghuvesh Holdings Pvt Ltd., Raghuvesh Power Projects Ltd., Raghuvesh Foods & Infrastructure Ltd., Super Texfab Pvt Ltd., Raghuvesh Infrastructure Pvt Ltd., Daawat Foods Ltd., Nature Bio-Foods Ltd., Etc.



Ritesh Arora
CEO – India and Far East Business

He holds a Master's degree in Business/Managerial Economics from the University of Glasgow. Previously, he worked with EY as a Business Analyst from 2013 to 2014. He joined LTFOODS in July 2021 as the CEO and is also a Board member of Kameda LT Foods (India) Pvt Ltd, Fresco Fruits N Nuts Pvt Ltd, and Vijran Group Holdings Pvt Ltd.



Sachin Gupta
CFO

He is a Chartered Accountant; he went to IIM Calcutta to study finance and strategy in 2024. He joined LTFOODS in November 2002 as a group financial controller; later he became the CFO in Jun'22. He has been with LTFOODS since 22 years.



Gursajan Arora
CEO – Middle East Business

He attended Harvard University and Nottingham Trent University for higher studies. He joined LTFOODS in 2011 as a Business Development Manager and later became Head in April 2018. With 13 years at the company, he has steadily advanced in his role.



Monika Chawla Jaggia
Chief Corporate Development Officer

She has over 25 years of experience, and currently serves as the Chief Corporate Development Officer at LT Foods. She started her journey as a Management Trainee at LT Foods and has risen to a leadership role overseeing Investor Relations, capital raising, corporate communications, ESG, governance, and M&A to drive growth and stakeholder value

Financials and valuations

Consolidated - Income Statement									(INRm)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Total Income from Operations	38,904	41,351	47,419	54,274	69,358	77,724	87,313	1,00,449	1,13,797
Change (%)	7.7	6.3	14.7	14.5	27.8	12.1	12.3	15.0	13.3
Raw Materials	27,960	28,752	30,405	34,679	45,775	52,781	58,282	67,301	75,106
Employees Cost	1,519	1,986	2,643	2,896	3,596	4,301	4,862	5,223	5,917
Other Expenses	5,454	5,986	8,748	10,781	12,989	11,263	14,380	15,592	18,397
Total Expenditure	34,932	36,724	41,796	48,356	62,360	68,345	77,523	88,116	99,421
% of Sales	89.8	88.8	88.1	89.1	89.9	87.9	88.8	87.7	87.4
EBITDA	3,972	4,627	5,624	5,917	6,998	9,379	9,790	12,333	14,376
Margin (%)	10.2	11.2	11.9	10.9	10.1	12.1	11.2	12.3	12.6
Depreciation	690	914	1,085	1,226	1,269	1,529	1,733	1,752	1,864
EBIT	3,282	3,713	4,539	4,691	5,729	7,850	8,056	10,581	12,512
Int. and Finance Charges	1,387	1,323	874	687	821	830	648	201	72
Other Income	241	379	315	232	430	496	708	603	683
PBT bef. EO Exp.	2,136	2,770	3,980	4,236	5,338	7,517	8,116	10,983	13,123
EO Items	0	0	0	0	0	0	0	0	0
PBT after EO Exp.	2,136	2,770	3,980	4,236	5,338	7,517	8,116	10,983	13,123
Total Tax	762	776	1,089	1,144	1,353	2,029	2,087	2,764	3,303
Tax Rate (%)	35.6	28.0	27.4	27.0	25.3	27.0	25.7	25.2	25.2
Minority Interest	109	148	150	170	-42	-446	-239	-120	-60
Reported PAT	1,266	1,845	2,741	2,922	4,028	5,933	6,268	8,338	9,880
Adjusted PAT	1,266	1,845	2,741	2,922	4,028	5,933	6,268	8,338	9,880
Change (%)	-6.0	45.8	48.5	6.6	37.9	47.3	5.6	33.0	18.5
Margin (%)	3.3	4.5	5.8	5.4	5.8	7.6	7.2	8.3	8.7
Consolidated - Balance Sheet									(INRm)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	320	320	320	320	347	347	347	347	347
Total Reserves	12,971	14,494	17,235	19,656	27,223	33,369	38,768	45,370	53,513
Net Worth	13,291	14,813	17,555	19,976	27,571	33,716	39,116	45,717	53,861
Minority Interest	1,054	1,179	1,348	1,513	400	551	311	192	132
Total Loans	16,904	17,643	15,698	13,196	9,377	5,262	2,762	1,262	262
Deferred Tax Liabilities	-86	-319	-195	-182	-186	-256	-256	-256	-256
Capital Employed	31,163	33,316	34,406	34,503	37,161	39,273	41,933	46,915	53,998
Gross Block	9,692	13,840	14,264	15,255	17,838	20,967	22,047	23,463	24,946
Less: Accum. Deprn.	4,756	5,439	6,092	6,857	8,126	9,655	11,388	13,140	15,004
Net Fixed Assets	4,936	8,401	8,173	8,398	9,712	11,312	10,659	10,322	9,942
Goodwill on Consolidation	1,076	659	626	655	240	285	285	285	285
Capital WIP	422	173	327	350	266	412	832	916	933
Total Investments	361	334	287	249	1,270	1,834	1,834	1,834	1,834
Curr. Assets, Loans&Adv.	28,852	28,300	31,516	33,757	41,514	46,318	55,357	64,409	75,862
Inventory	18,912	17,502	22,228	23,518	30,724	34,981	39,919	43,331	48,356
Account Receivables	5,349	6,196	4,867	6,113	6,744	6,758	7,655	8,806	9,977
Cash and Bank Balance	377	249	300	391	390	503	3,205	7,005	11,563
Loans and Advances	4,214	4,352	4,120	3,734	3,657	4,075	4,578	5,267	5,967
Curr. Liability & Prov.	4,484	4,550	6,523	8,905	15,841	20,890	27,035	30,853	34,858
Account Payables	2,749	2,608	5,036	7,031	10,928	12,300	18,053	20,520	23,153
Other Current Liabilities	1,435	1,602	1,137	1,459	4,711	8,367	8,731	10,045	11,380
Provisions	299	340	350	415	202	223	250	288	326
Net Current Assets	24,369	23,750	24,993	24,851	25,673	25,429	28,322	33,556	41,003
Appl. of Funds	31,163	33,315	34,406	34,504	37,161	39,273	41,933	46,915	53,998

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)									
EPS	3.6	5.3	7.9	8.4	11.6	17.1	18.0	24.0	28.5
Cash EPS	5.6	7.9	11.0	11.9	15.3	21.5	23.0	29.1	33.8
BV/Share	38.3	42.7	50.6	57.5	79.4	97.1	112.6	131.7	155.1
DPS	0.0	0.0	0.9	0.9	0.5	0.5	2.5	5.0	5.0
Payout (%)	0.0	0.0	11.7	10.9	4.3	2.9	13.9	20.8	17.6
Valuation (x)									
P/E	104.7	71.8	48.3	45.3	32.9	22.3	21.1	15.9	13.4
Cash P/E	67.7	48.0	34.6	31.9	25.0	17.8	16.6	13.1	11.3
P/BV	10.0	8.9	7.5	6.6	4.8	3.9	3.4	2.9	2.5
EV/Sales	3.8	3.6	3.1	2.7	2.0	1.8	1.5	1.3	1.1
EV/EBITDA	37.5	32.4	26.3	24.6	20.2	14.6	13.5	10.3	8.4
Dividend Yield (%)	0.0	0.0	0.2	0.2	0.1	0.1	0.7	1.3	1.3
FCF per share	-0.3	11.3	10.0	10.5	3.3	16.0	17.3	19.1	19.2
Return Ratios (%)									
RoE	10.1	13.1	16.9	15.6	16.9	19.4	17.2	19.7	19.8
RoCE	7.9	9.4	10.7	10.8	13.1	16.0	16.1	18.8	19.5
RoIC	7.4	8.5	10.0	10.2	12.4	16.0	16.5	21.6	24.4
Working Capital Ratios									
Fixed Asset Turnover (x)	4.0	3.0	3.3	3.6	3.9	3.7	4.0	4.3	4.6
Asset Turnover (x)	1.2	1.2	1.4	1.6	1.9	2.0	2.1	2.1	2.1
Inventory (Days)	247	222	267	248	245	242	250	235	235
Debtor (Days)	50	55	37	41	35	32	32	32	32
Creditor (Days)	36	33	60	74	87	85	113	111	113
Leverage Ratio (x)									
Current Ratio	6.4	6.2	4.8	3.8	2.6	2.2	2.0	2.1	2.2
Interest Cover Ratio	2.4	2.8	5.2	6.8	7.0	9.5	12.4	52.6	173.0
Net Debt/Equity	1.2	1.2	0.9	0.6	0.3	0.1	-0.1	-0.2	-0.2

Consolidated - Cash Flow Statement

(INRm)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	2,136	2,770	3,980	4,236	5,626	8,005	8,116	10,983	13,123
Depreciation	690	914	1,085	1,226	1,269	1,529	1,733	1,752	1,864
Interest & Finance Charges	1,351	1,298	861	676	821	830	-59	-402	-610
Direct Taxes Paid	-1,037	-789	-1,131	-1,074	-1,293	-1,522	-2,087	-2,764	-3,303
(Inc)/Dec in WC	-2,164	334	-537	-14	-3,390	-805	-192	-1,434	-2,890
CF from Operations	977	4,527	4,257	5,051	3,033	8,037	7,510	8,135	8,183
Others	48	245	190	124	-449	-468	0	0	0
CF from Operating incl EO	1,025	4,772	4,447	5,175	2,584	7,569	7,510	8,135	8,183
(Inc)/Dec in FA	-1,133	-845	-990	-1,519	-1,438	-2,011	-1,500	-1,500	-1,500
Free Cash Flow	-108	3,927	3,457	3,656	1,146	5,558	6,010	6,635	6,683
(Pur)/Sale of Investments	-220	-10	-8	-12	-2,516	-22	0	0	0
Others	71	78	121	155	8	18	708	603	683
CF from Investments	-1,282	-777	-877	-1,377	-3,946	-2,015	-792	-897	-817
Issue of Shares	0	0	0	0	3,824	0	0	0	0
Inc/(Dec) in Debt	1,486	-2,478	-2,252	-2,781	-1,119	-3,741	-2,500	-1,500	-1,000
Interest Paid	-1,378	-1,309	-889	-475	-734	-724	-648	-201	-72
Dividend Paid	-61	-251	-320	-320	-160	-347	-868	-1,736	-1,736
Others	391	0	0	0	-448	-567	0	0	0
CF from Fin. Activity	439	-4,038	-3,461	-3,575	1,363	-5,380	-4,016	-3,437	-2,809
Inc/Dec of Cash	182	-43	108	223	1	175	2,701	3,800	4,558
Opening Balance	195	292	191	168	389	329	503	3,205	7,005
Closing Balance	377	249	300	391	390	503	3,205	7,005	11,563

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