

Thematic Report - FMCG

Basmati Bliss: Unveiling the Heart of Indian Cuisine with LT Foods and KRBL

Mirae Asset Capital Markets (India) Pvt. Ltd.



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Executive summary

The demand for specialty and exotic varieties, such as basmati as well as jasmine rice, is growing exponentially due to changing preferences. India tops in global basmati exports with ~77% share of the world's production. The incremental global demand for basmati rice is thus being entirely met by increasing exports from India. In addition to India's growing exports, we expect the domestic consumption of basmati to grow at a CAGR of 9% over next 5 years, fueled by demand from the HoReCa (hotel, restaurant, and café) segment, increasing household income, and the availability of lower-priced basmati rice in the market. Biryani is quickly becoming India's favourite fast food. In 2023, Swiggy sold 2.5 biryanis every second, and Zomato saw over 10 crore biryani orders that year, making it the most-ordered dish on both platforms. And with this biryani craze, restaurants are ordering more basmati rice, leading to a surge in bulk sales. LT Foods, which sells Daawat and Royal brand basmati rice, now gets 22% of its domestic sales from restaurants, hotels and caterers, up from 20% last year. Meanwhile, KRBL Ltd.'s bulk pack (over 30 kg) demand for India Gate basmati rice has surpassed that of consumer packs. LT Foods and KRBL are key beneficiaries in this evolving market. India produced 10 mn tons of basmati rice in FY24, with exports reaching 5.2 mn tons—reflecting a 15% increase from FY23. Thus, the rice industry is poised for robust growth driven by domestic consumption trends, increasing exports, and evolving consumer preferences towards quality and convenience.

LT Foods (CMP: INR 415, TP: INR 501), BUY: LT Foods is strategically positioning itself for revenue growth through portfolio diversification, geographic expansion, and digital transformation to take advantage of the changing industry dynamics. We expect the company to grow its revenue at a CAGR of 12% between FY24-27E with EBITDA margin expanding by 200 bps to reach 13% margin profile. LT Foods growth profile is superior to KRBL's, with better return ratios. Further the stock has seen re-rating on account of its business diversification, improved margin & inventory cycle, reducing debt profile. Thus, the rising share of the brand business, cost efficiency-led margin gains and better inventory management are expected to drive greater FCFs and return ratios. We initiate coverage with a BUY rating valuing the stock 20x FY27E PE (50% discount to FMCG peers) to arrive at our target price of INR 501 a share (offering ~27% upside potential).

KRBL (CMP: INR285, TP: INR 332), ADD: Over the long term, we expect Indian consumers to shift from unbranded basmati (~45% of domestic consumption) towards branded basmati on expectations of higher quality. We expect KRBL to be one of the key beneficiaries of this consumption trend on account of its market leadership, wide distribution network and strong brand positioning. Stock is down 25% over the past 12 months on export concerns and delay in performance. Given the current challenges in the export market, we believe EBITDA margin recovery for company is likely to take at least 2-3 quarters. We are structurally positive on KRBL on the long-term play and forecast 4.8% earnings CAGR over FY24-27E led by strong domestic growth and export recovery. Basis the financial instability, we assign PE multiple of 10x on FY27E (5-year average) (50% discount to LT) with an ADD rating. This implies 17% upside to the current price.

Specialty rice gaining popularity – a huge opportunity

Over 90% of global rice production and consumption occurs in Asia, with China and India as the largest producers and consumers. Over the last 16 years, basmati export volumes have recorded a 12% CAGR, while value clocked a 17% CAGR. India produces 9.8m tonnes of basmati; ~40% exported, the rest consumed domestically. Basmati, a long grain aromatic variety grown in the Himalayan plains of India and Pakistan, is a Geographically Identified product. Thus, there is little competition to brand-named basmati in the global market. The introduction of less water dependent, hybrid variants such as Pusa 1121, which has increased yield, augurs well for the packaged basmati marketer. We expect the trend to continue on the back of changing industry dynamics.

Exhibit 1. Global rice market

Overall Global Rice Market	USD 298.3 bn
Basmati Rice Market	USD 13.08 bn
Indian Basmati production	9 million tonnes
Basmati exported from India	5 million tonnes

Exhibit 2. Worldwide rice consumption

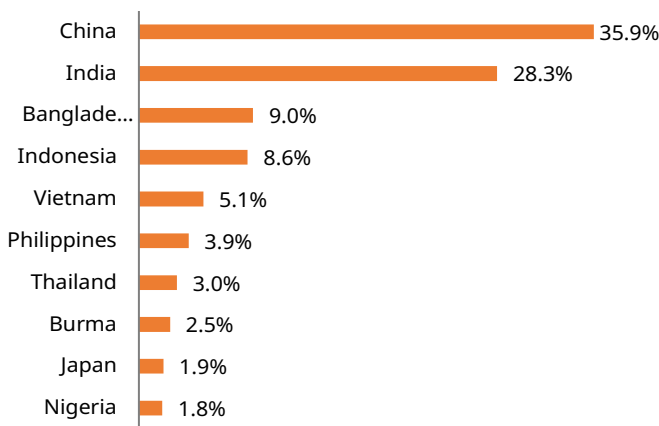


Exhibit 3. Per capita rice consumption

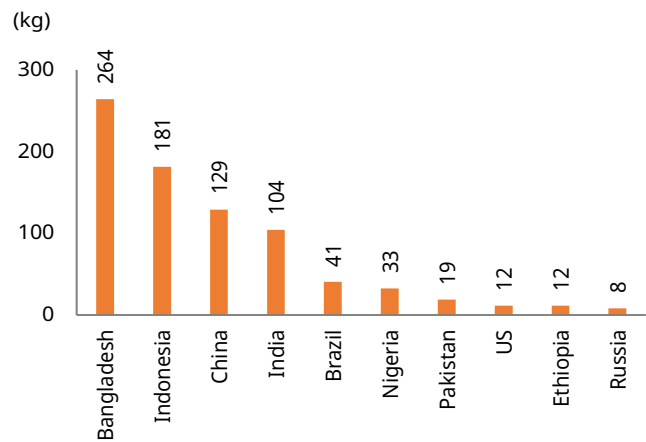


Exhibit 4. Top Rice producing Countries

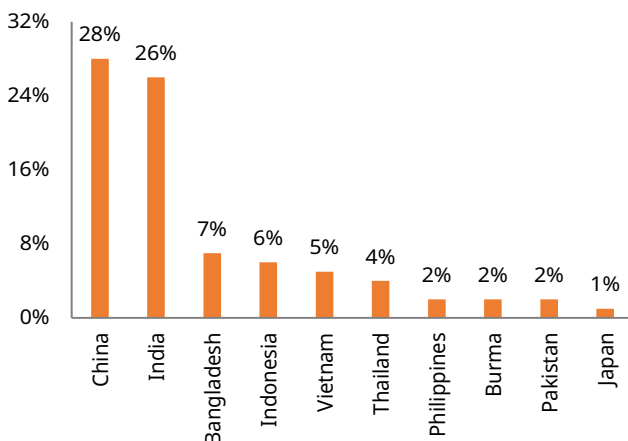
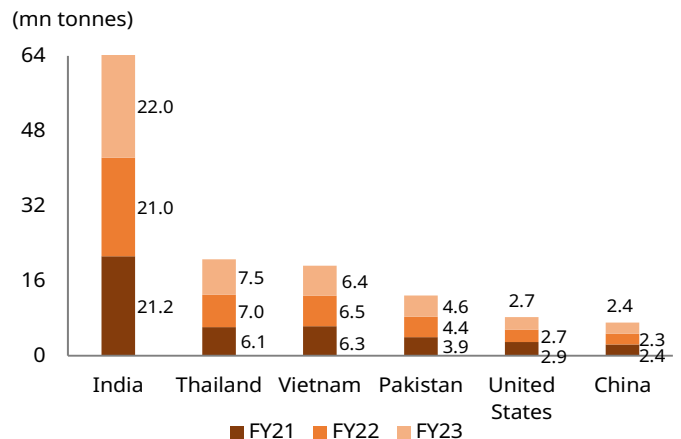
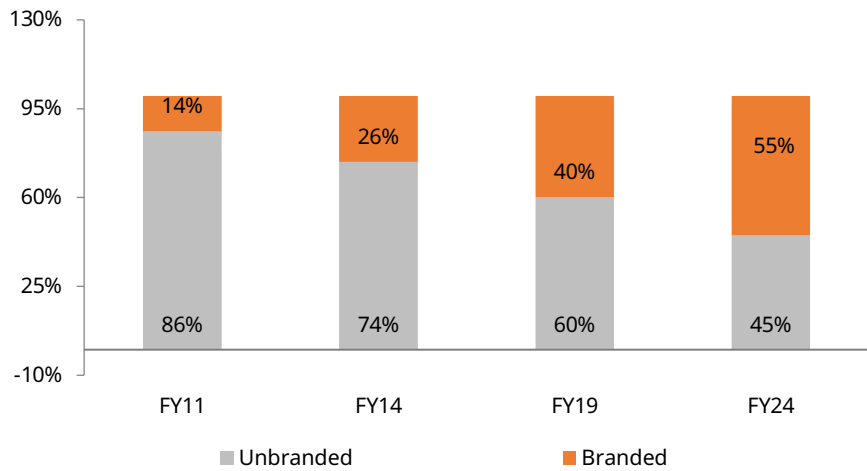


Exhibit 5. Major rice exporting countries



Source: Company data, MACM Research

Exhibit 6. India's Branded vs Unbranded Basmati consumption split



Source: Company data, MACM Research

India's share in basmati exports on the rise

India tops in global basmati exports with ~77% share of the world's production. India is the largest producer and exporter of basmati rice globally. Last year, basmati exports grew by 15%, hitting a record 52 lakh tonnes and bringing in over ₹48,900 crores. Much of this demand came from countries like Saudi Arabia and Iraq, where basmati was in high demand. Also, India's basmati is being preferred in the EU (European Union), especially after Pakistan's basmati was rejected for not meeting its pesticide residue standards. On the flip side, India's basmati, with its GI tag, easily meets those standards, boosting its appeal. The incremental global demand for basmati rice is thus being entirely met by increasing exports from India. While Basmati rice is consumed across the globe, countries in the Middle East account for ~75% of Basmati rice exports from India, with Saudi Arabia and Iran accounting for the lion's share. Hence these countries have a strong influence on the demand-supply and pricing dynamics of global Basmati rice trade, which has a bearing on the domestic market. KRBL has higher exposure of exports in Middle east and therefore has seen huge impact on its export revenue.

Exhibit 7. India's Growing Rice Production

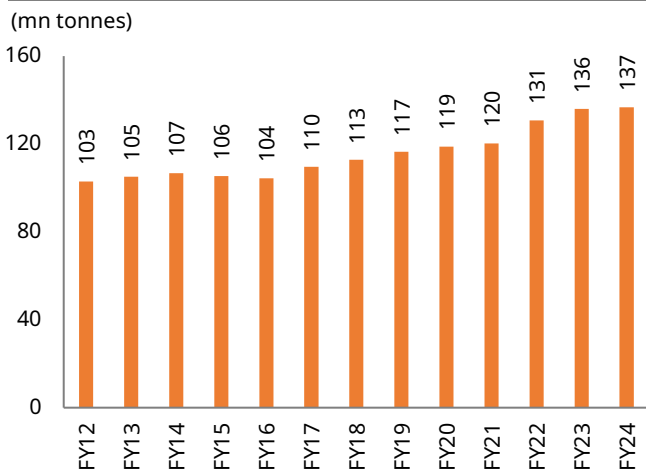
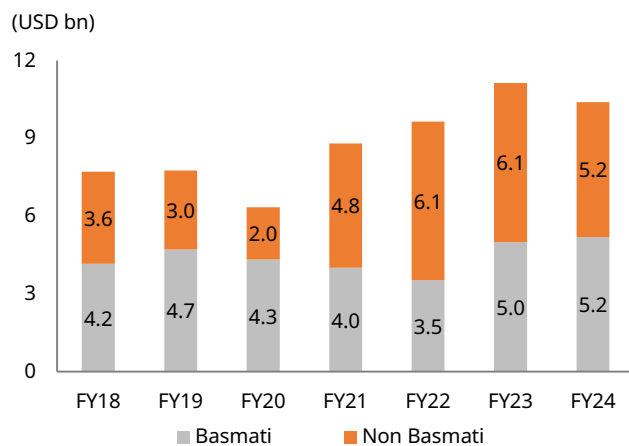
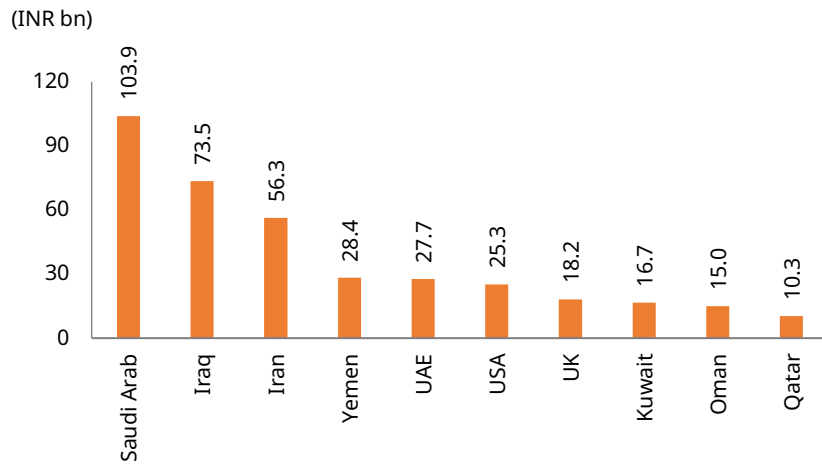


Exhibit 8. India's export value in Basmati and Non Basmati



Source: Company data, MACM Research

Exhibit 9. India's export of Basmati Rice in top 10 countries (FY24)



Source: Company data, MACM Research

Exhibit 10. Trend in quantity and growth of Basmati and non-Basmati rice exports

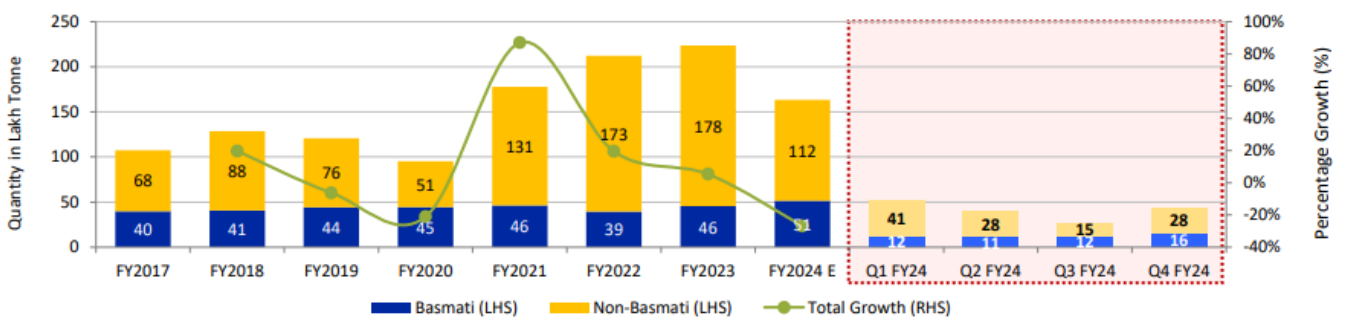


Exhibit 11. Share of different varieties in total rice exports from India

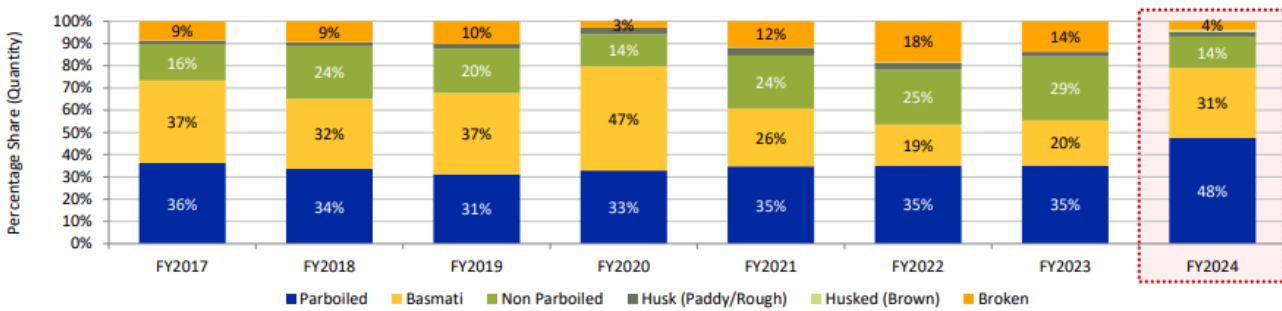
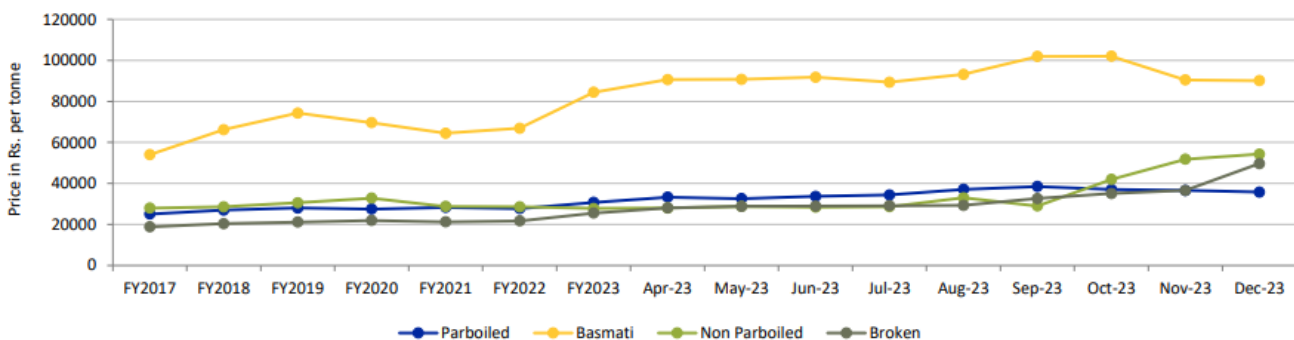


Exhibit 12. Indian export price trend – Basmati realisations consistently growing



Source: ICRA Research; AIREA, Ministry of Commerce and Industry

Impact of removing minimum export price on basmati rice

The recent removal of the USD 950 per tonne minimum export price (MEP) for basmati rice by the Indian government aligns favorably with LT Foods' and KRBL's global expansion strategy. The MEP removal enhances the competitiveness of Indian basmati rice, especially in price-sensitive markets like the Middle East. Given the stable demand for basmati rice in the Middle East due to culinary preferences and the expected growth in Europe and the US, the companies are in a favorable position to leverage this price adjustment to capture additional market share. The removal of the MEP will lead to increase in exports to high-growth regions like the UK, especially where LT Foods is targeting a significant revenue boost in the coming years.

Basmati rice is having its moment in the spotlight in domestic market

In addition to India's growing exports, we expect the domestic consumption of basmati rice to grow at a CAGR of 9% over next 5 years, fueled by demand from the HoReCa (hotel, restaurant, and café) segment, increasing household income, and the availability of lower-priced basmati rice in the market. Biryani is quickly becoming India's favourite fast food. In fact, it's even more popular than pizza! In 2023, Swiggy sold 2.5 biryanis every second, and Zomato saw over 10 crore biryani orders that year, making it the most-ordered dish on both platforms. And with this biryani craze, restaurants are ordering more basmati rice, leading to a surge in bulk sales. For example, LT Foods, which sells Daawat and Royal brand basmati rice, now gets 22% of its domestic sales from restaurants, hotels and caterers, up from 20% last year. Meanwhile, KRBL Ltd.'s bulk pack (over 30 kg) demand for India Gate basmati rice has surpassed that of consumer packs.

LT Foods vs KRBL

FY24



LT Foods



Incorporation	1950	1889
Listing year	2006	1995
Market cap (INR bn)	152.8	71.2
India Market Share in Basmati	30%	35%
Segments	Basmati, Organic, Health and convenience	Basmati, Non basmati, Energy
Revenue (INR mn)	77,724	53,847
Revenue CAGR FY19-24	14.8%	5.5%
Revenue CAGR FY24-27E	12%	4.8%
Domestic Revenue	31%	75%
Exports Revenue	69%	25%
Gross margin	32.1%	25.7%
EBITDA margin	12.1%	14.9%
Profit margin	7.6%	11.1%
EPS CAGR FY19-24	34%	4%
EPS CAGR FY24-27E	16%	8.8%
PE (FY27E)	17.4x	8.6x
EV/EBITDA (FY27E)	9.5x	5.9x
ROE (FY24)	18%	12%
ROCE (FY24)	9.6%	10.6%
Working Capital Days (FY24)	138	315
Brands	Daawat, Royal	India Gate, Unity
Brand Contribution to revenue (%)	Daawat - 30% (India), Royal -50% (US)	India Gate - 58%, Unity - 15%
A&P spends	1.7%	1.5%
D/E ratio	0.2	0.1
No. of countries present	80+	90+
Major Export Countries/ Regions	US, UK	Middle East, Europe
No. of Distributors	1300+	850+
No. of Retail outlets reached	1,50,000	3,75,000

Source: Company data, MACM Research

Comparison charts of KRBL and LT Foods

Exhibit 13. KRBL higher share in Domestic Revenue

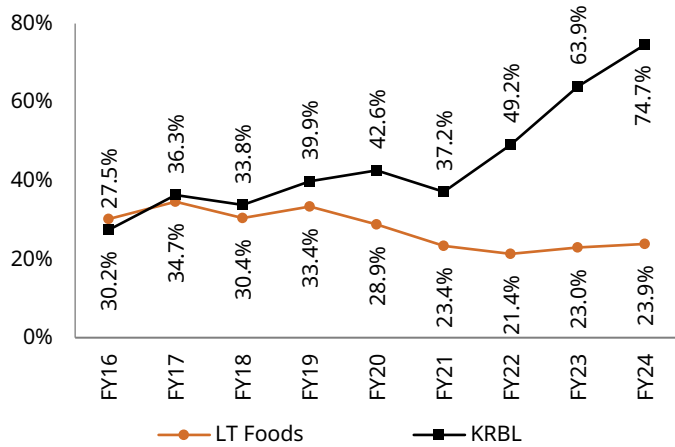


Exhibit 14. LT foods higher in Exports contribution

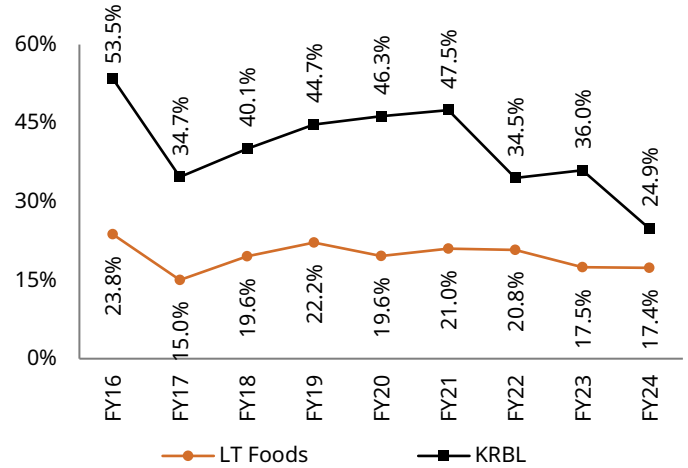


Exhibit 15. Revenue Trend

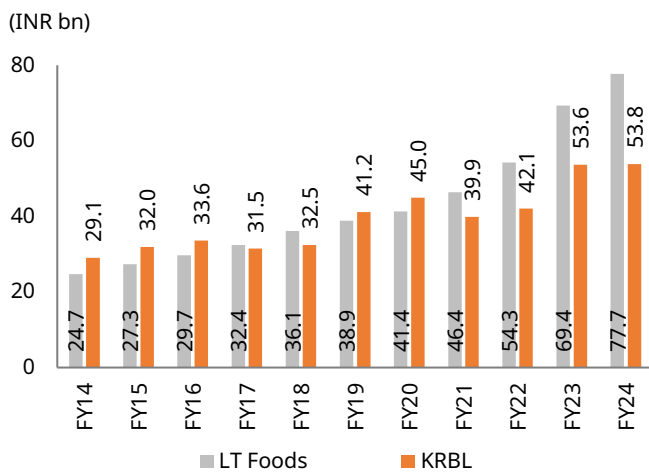


Exhibit 16. LT Foods delivered stable growth majorly

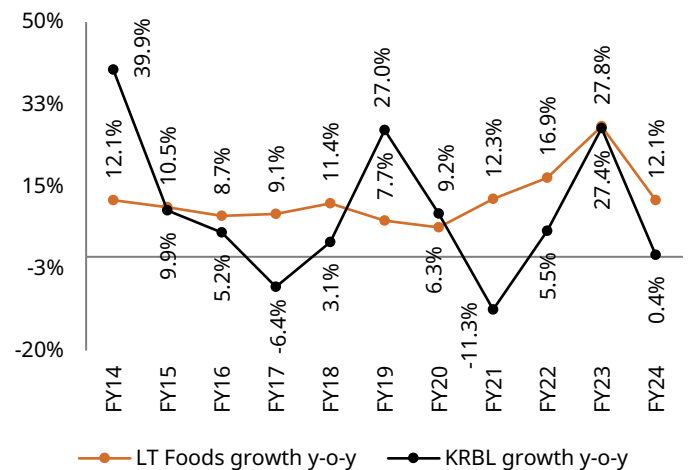


Exhibit 17. LT foods surpasses KRBL in Gross margin

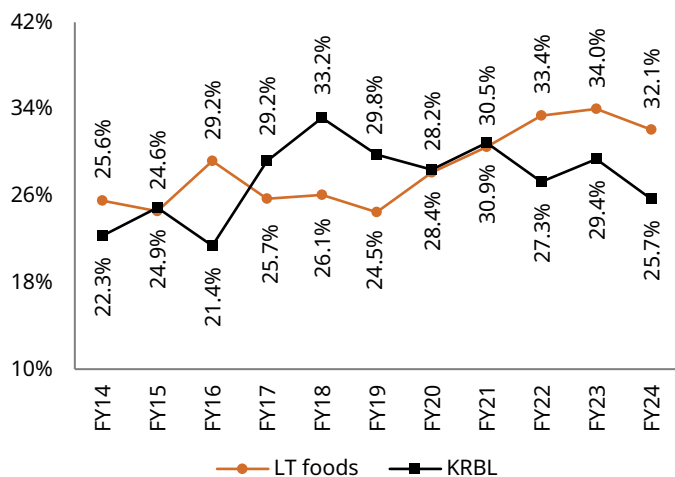
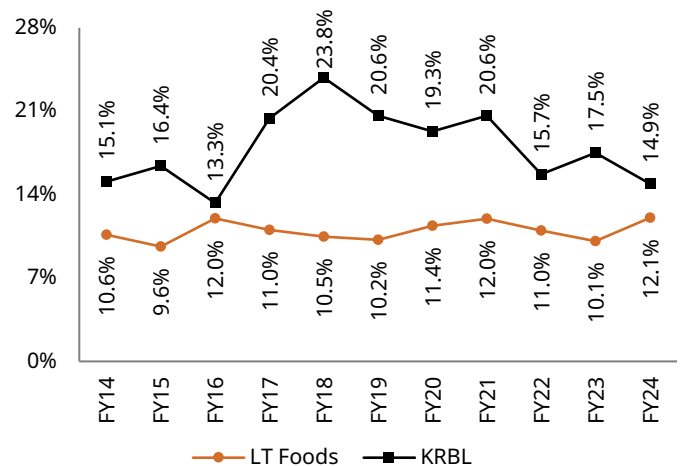


Exhibit 18. KRBL with superior EBITDA margins



Source: Company data, MACM Research

Exhibit 19. KRBL is premium in domestic market

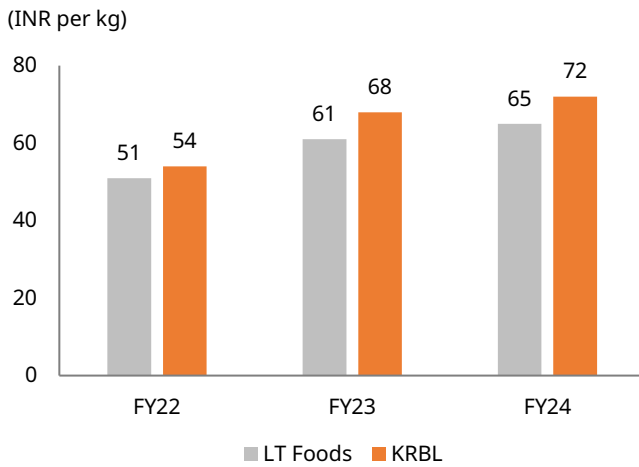


Exhibit 20. LT foods is superior in export realisation

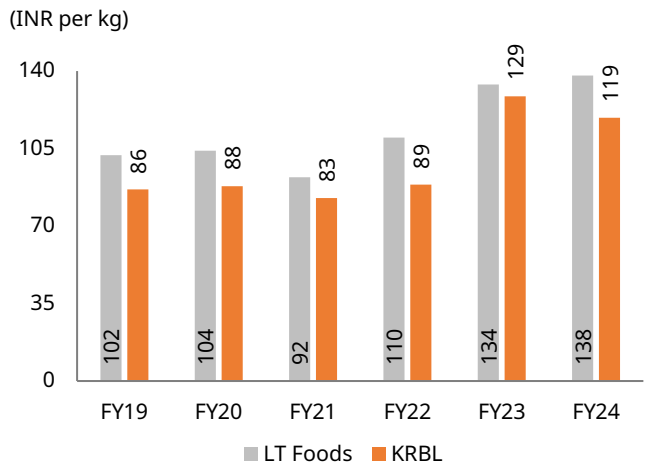


Exhibit 21. Retail outlets reached

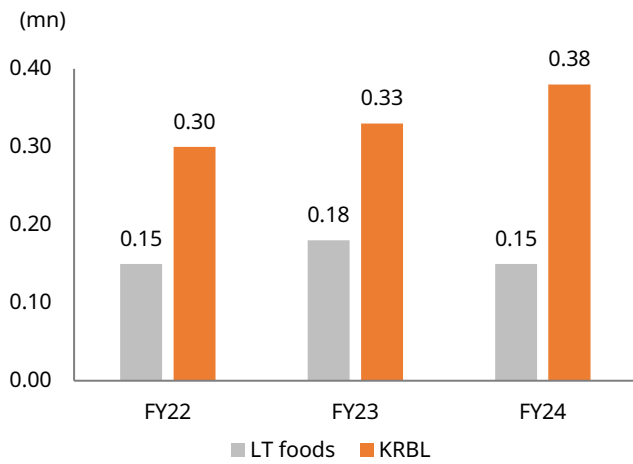


Exhibit 22. Distributors count

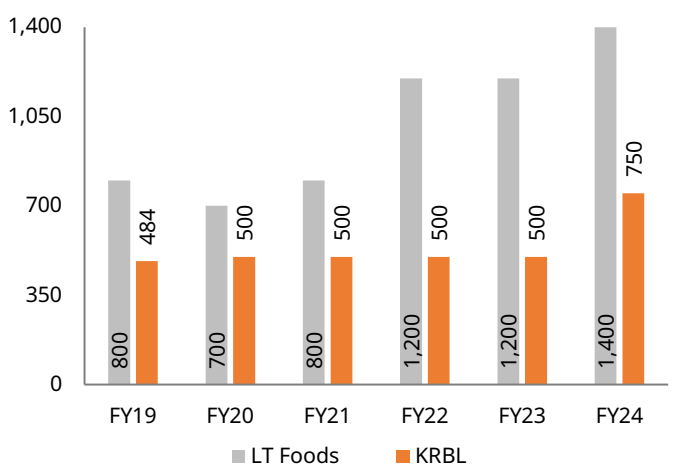
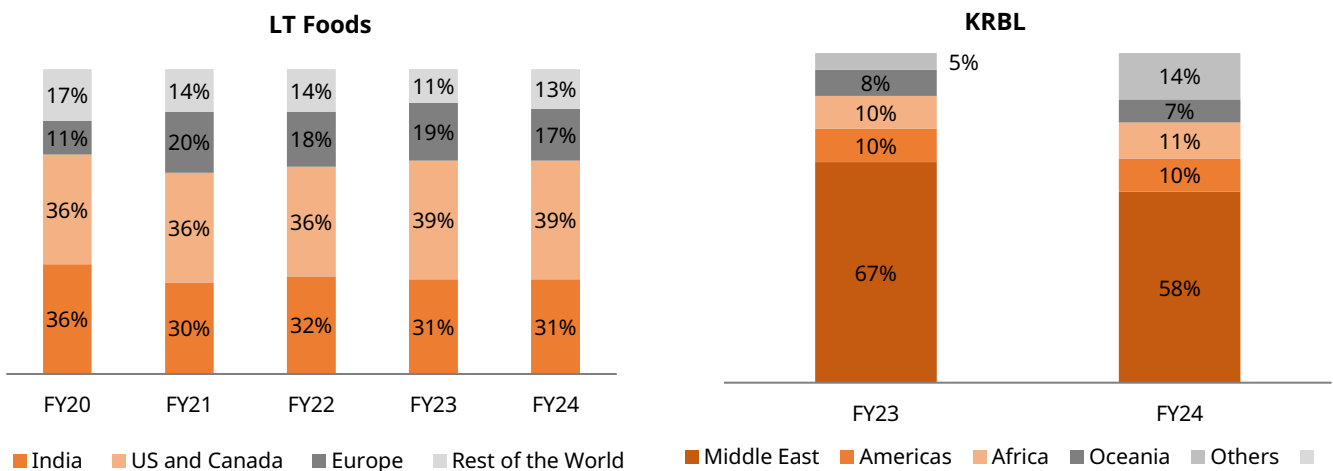


Exhibit 23. Revenue share by Geography



Source: Company data, MACM Research

Exhibit 24. ROE **Exhibit 25. ROCE**

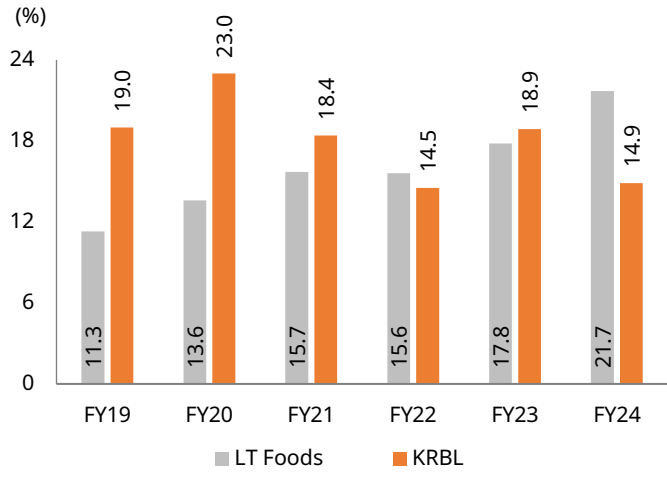
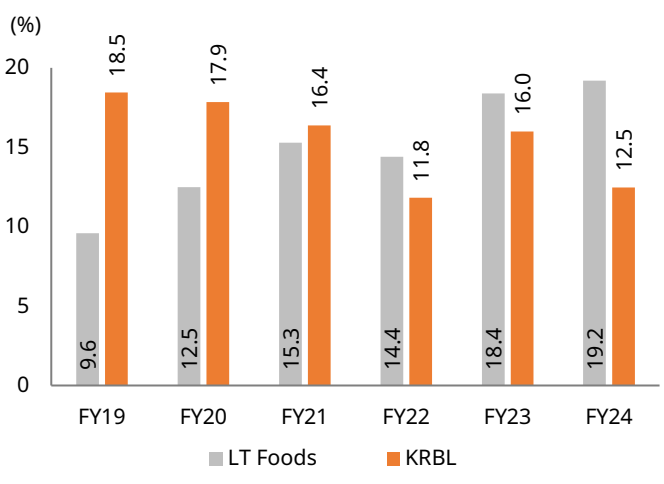
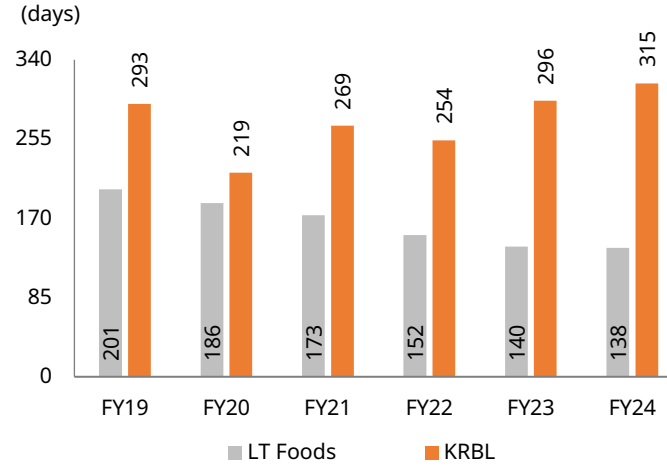
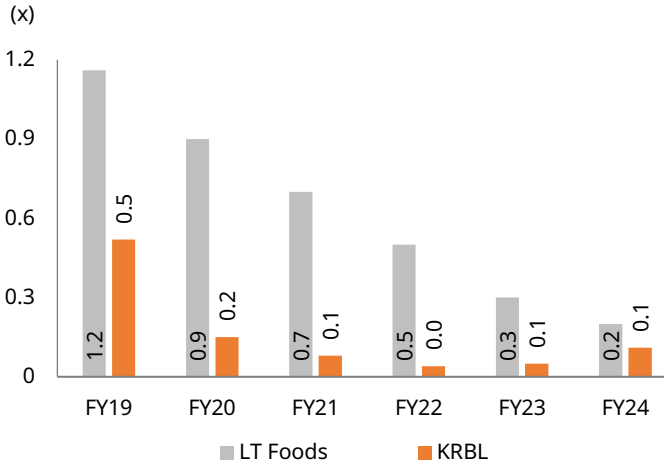


Exhibit 26. Debt Equity Ratio **Exhibit 27. Working Capital**



Source: Company data, MACM Research

Exhibit 28. Peer Valuation

Company	Mcap (INR bn)	Revenue (INR bn)		Revenue Growth (%)	EBITDA margin (%)		PE				ROE (%)
		FY24	FY27E	3yr CAGR FY24-27E	FY24	FY27E	FY24	FY25E	FY26E	FY27E	FY24
ITC	6,157	708.8	905.7	9%	37.1%	37.0%	30.0	28.2	25.5	24.5	28
Mrs. Bectors	1,104	16.2	25.8	16%	15%	11%	77.6	68.8	54.4	44.5	23
TCPL	1,097	152.1	217.8	13%	15.0%	15.7%	71.3	68.2	55.4	48.1	7
Dabur	1,001	124.0	162.6	9%	10.9%	11.6%	54.4	48.7	42.5	37.7	18
Marico	904	96.5	130.3	11%	11.9%	9.3%	61.1	54.7	48.3	43.7	36
Adani Wilmar	437	512.7	675.4	10%	2.2%	3.6%	63.8	48.8	37.4	33.0	2
Emami	331	35.8	46.5	9%	10.1%	12.6%	0.1	45.1	37.7	33.4	30
E.I.D Parry	144	294.1	327.9	9%	8.9%	-	16.0	12.8	10.4	-	14
LT Foods	144	77.7	108.6	12%	12.1%	13%	23.4	25.1	18.6	15.6	18
Balrampur Chini Mills	132	55.9	68.8	7%	14%	16%	24.7	25.7	19.9	20.3	17
KRBL	66	53.8	61.9	4.8%	14.9%	16.6%	11.2	14.5	9.9	8.5	12

Source: Company data, MACM Research

Exhibit 29. Ratings snapshot of LT Foods

Particulars	LOW				HIGH
	1	2	3	4	5
Quality of Earnings			✓		
Domestic Sales				✓	
Exports				✓	
Debt/Equity				✓	
Working Capital requirement				✓	
Quality of management				✓	
Promoter				✓	
Corporate Governance				✓	

Source: Company data, MACM Research

Exhibit 30. Ratings snapshot of KRBL

Particulars	LOW				HIGH
	1	2	3	4	5
Quality of Earnings			✓		
Domestic Sales				✓	
Exports				✓	
Debt/Equity				✓	
Working Capital requirement			✓		
Quality of management			✓		
Promoter			✓		
Corporate Governance			✓		

Source: Company data, MACM Research

Exhibit 31. Brand pricing by Basmati Players

Company	Range	
	Premium	Regular
LT Foods	Products	Traditional Basmati Biryani Basmati Pulav Basmati Super Basmati
	Brand	Daawat, Royal
	Price range (INR /kg)	165-205
		Devaaya Basmati Rice Devaaya
KRBL	Products	Daily Premium Basmati Rice India Gate Super Basmati Rice
	Brand	India Gate
	Price range (INR /kg)	240-290
		India Gate Feast Rozana Basmati Rice India Gate
Kohinoor	Products	Super Value Authentic Basmati Rice Kohinoor Gold India's Finest Extra Long Authentic Basmati Rice
	Brand	Traditional Authentic Basmati Rice
	Price range (INR /kg)	Kohinoor
		Kohinoor Charminar Rozana Basmati Rice Kohinoor
Patanjali	Products	Super Basmati rice Diamond Basmati Rice
	Brand	Patanjali
	Price range (INR /kg)	160-170
		Sona Massori Rice Patanjali

Source: Company data, MACM Research

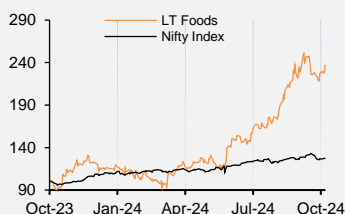
Initiate
October 16, 2024

Rating	Buy
Target Price (INR)	501
Share Price (15/10/24, INR)	415
Expected Return	27%

Revenue (25E, INR mn)	84,019
NIFTY	25,057

Market Cap (INR bn)	144.3
Shares Outstanding (mn)	347.3
Free Float (%)	47.6
Foreign Ownership (%)	18.0
52-Week Low	150
52-Week High	448

(%)	1M	6M	12M
Absolute	1.9	105.6	132.5
Relative	3.2	92.4	105.5



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LT Foods

Aromatic in every bite

Dominance in global Basmati Rice market

LT Foods has evolved into a leading global FMCG company specializing in rice and food products. LT Foods holds 'Daawat brand' (30% market share in India, 20% in Europe) and 'Royal brand' (50% market share in US), along with its strong presence in the EU, Middle East, and Far East. It also plans to double its capacity in US and expand its footprints to UK to tap the GBP 1bn (INR 110 bn) basmati rice and rice-based food market. The company's rigorous procurement process, robust 'Farm to Fork' strategy and extensive global distribution underpins its capacity to meet growing global demand with high-quality products across 80+ countries.

Adapting forward integration strategy to unlock growth

LT is diversifying from its traditional rice business to more value-added business of organic food & ingredients and health & convenience products. The organic food segment is the company's fastest-growing division, achieving a cagr of 15.5% over FY19-24, contributing 9.3% to FY24 revenue. Both the business command higher margins than the rice business and has a huge market opportunity size. Recent consumer trend indicates increase in focus towards healthy and organic foods along with ready to eat products owing to time poverty. Their portfolio of products now encompasses specialty rice across price points, organic food, sauté sauces, rice-based snacks and rice-based convenience products which is doing extremely well (growing at 20%+) and the company is in process to scale up the operations.

Valuation and View

LT Foods is strategically positioning itself for revenue growth through portfolio diversification, geographic expansion, and digital transformation to take advantage of the changing industry dynamics. We expect the company to grow its revenue at a CAGR of 12% between FY24-27E with EBITDA margin expanding by 200 bps to reach 13% margin profile. LT Foods growth profile is superior to KRBL's, with better return ratios. Further the stock has seen re-rating on account of its business diversification, improved margin & inventory cycle, reducing debt profile. Thus, the rising share of the brand business, cost efficiency-led margin gains and better inventory management are expected to drive greater FCFs and return ratios. We initiate coverage with a BUY rating valuing the stock 20x FY27E PE (50% discount to FMCG peers) to arrive at our target price of `INR 501 a share (offering ~27% upside potential).

Earnings and valuation metrics

(YE Mar)	FY22	FY23	FY24	FY25E	FY26E
Revenue (INR mn)	54,274	69,358	77,724	84,019	92,198
EBITDA (INR mn)	5,966	7,007	9,379	9,578	11,525
EBITDA margin (%)	11.0	10.1	12.1	11.4	12.5
Adjusted PAT (INR mn)	2,922	4,027	5,933	5,727	7,240
EPS (INR)	9.13	12.50	17.09	16.49	20.85
P/E (x)	43.16	31.54	23.07	23.91	18.91
P/B (x)	6.3	4.6	4.0	3.5	3.0
EV/EBITDA	22.86	19.42	15.11	14.49	11.62
ROE (%)	15	15	18	15	16

Source: Company data, MACM Research

Story in Charts

Exhibit 1. Segment wise Revenue composition **Exhibit 2. Diversified Revenue across Geographies**

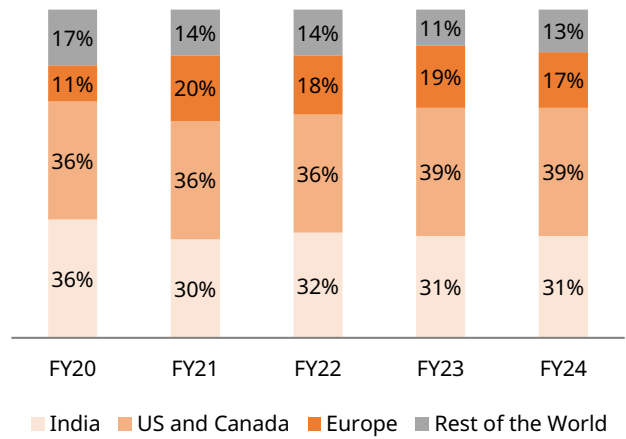
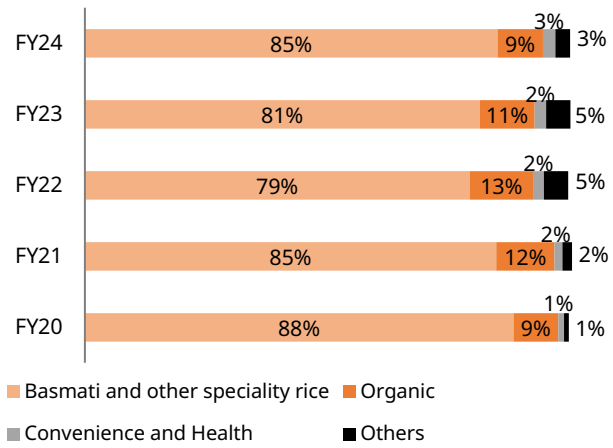


Exhibit 3. Revenue Trend **Exhibit 4. Gross margin and EBITDA trend**

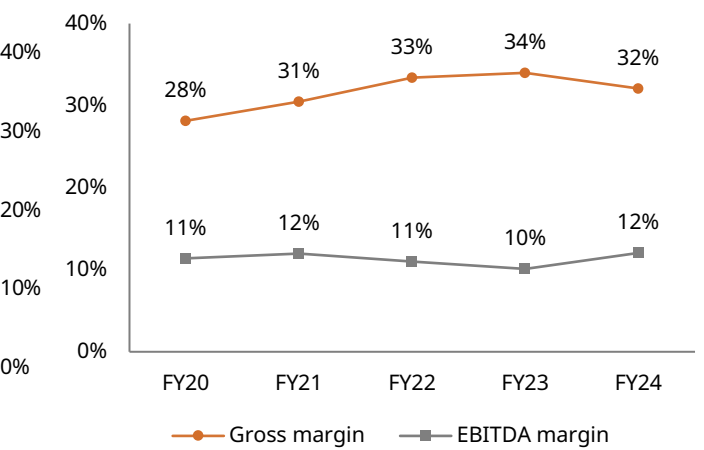
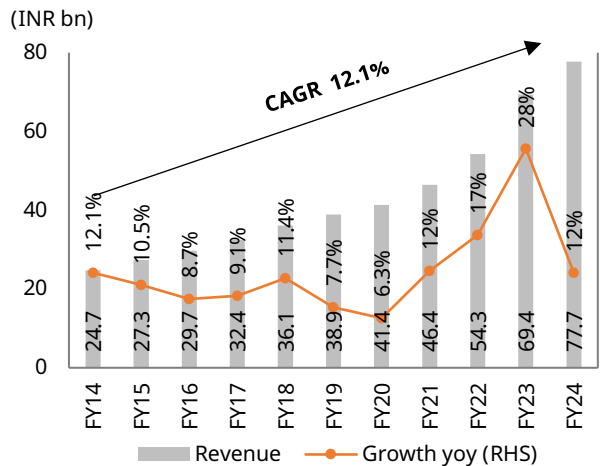
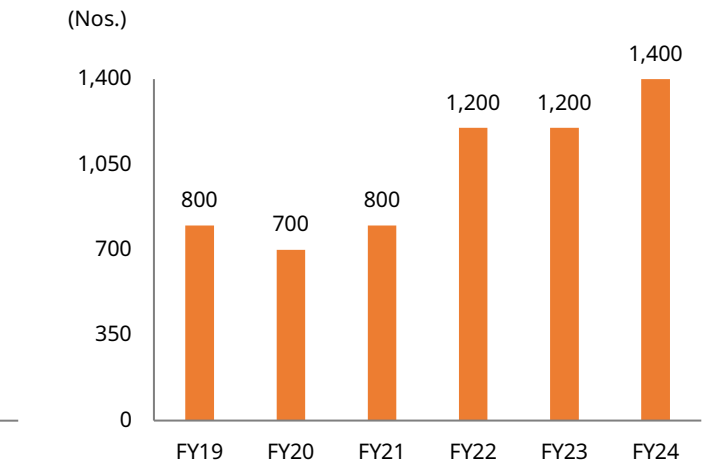
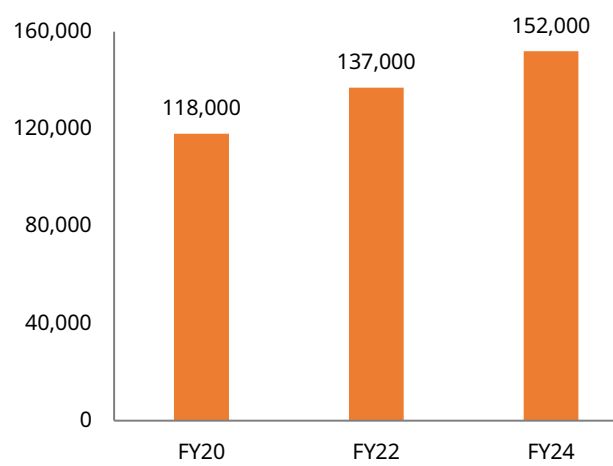


Exhibit 5. No. of outlets reached **Exhibit 6. No. of distributors**









Source: Company data, MACM Research

Global specialty rice brand

LT Foods is a leading player globally in the specialty rice and rice-based foods business for more than 70 years. It has established its foothold in more than 80 countries through a well entrenched Distribution Network and Global Supply Chain Hubs, backed by state-of-the-art, automated and strategically located processing units in India the U.S., the UK, Europe and Africa.

Exhibit 7. Snapshot of Business segments

Business Segment & % share	Brands	Products Offered	Revenue (INR bn)	EBITDA margin
Basmati and Speciality Rice 		Basmati Rice Regional Rice Arborio Rice Jasmine Rice Fortified Rice	18.1	12.9%
Organic Business 		Organic Food & Ingredients Eco-Life	2.2	11.7%
Reay to Heat/ Ready to Eat Business 		Ready-To-Eat/Heat Rice Based Snacks Cuppa Rice Biryani Kits	0.5	-3.4%

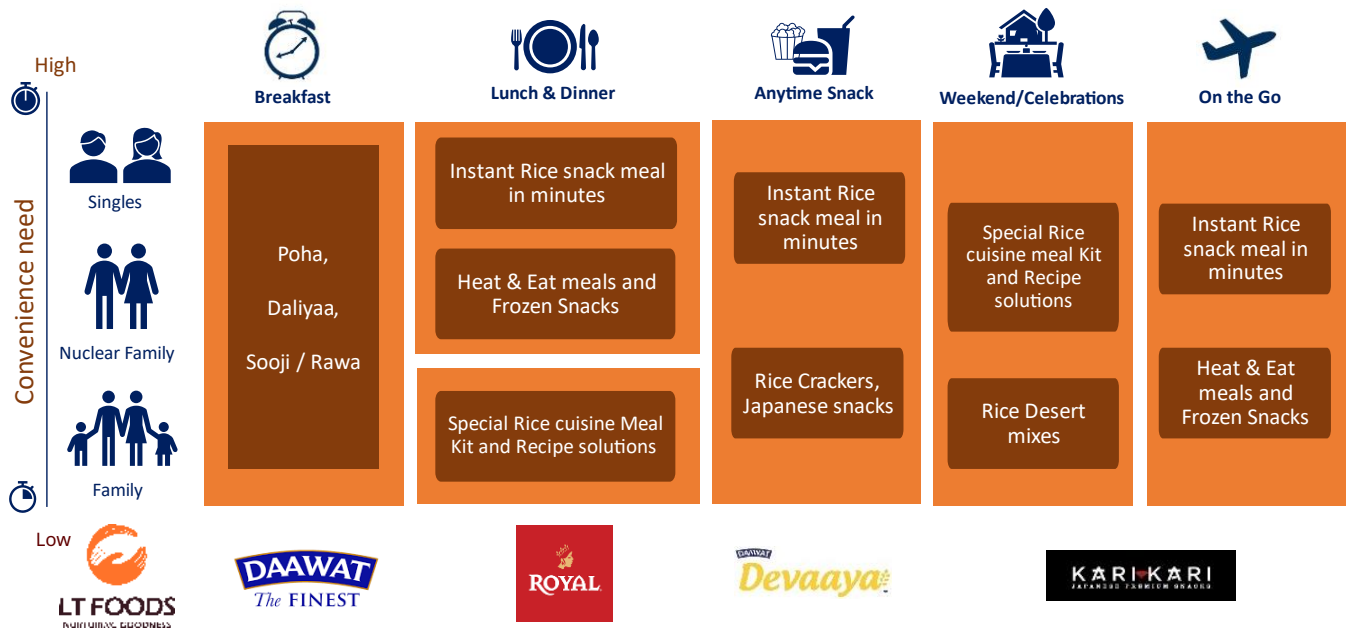
Source: Company data, MACM Research, Data as on FY24

Exhibit 8. LT has product offerings across value-price equation



Source: Company data, MACM Research

Exhibit 9. LT is building portfolio for all meal occasions



Source: Company data, MACM Research

Expanding horizons in exports

LT Foods, started in 1970 with a rice mill in Basmati rice segment in India, today is one of the leading rice companies in India and across globe through organic & inorganic expansions. With the acquisition of 'Royal' in 2007, LT foods is the first India-based company to penetrate the US basmati rice market. Currently LT foods has ~54% market share of the US brand rice. Post the acquisition of 'Gold Seal Indus Valley' and 'Rozana', LT foods is now the leading basmati rice player in several Middle East countries. The company's strategic equity association with Saudi Agricultural and Livestock Investment Co. (SALIC), Saudi Sovereign Fund is expected to further strengthen the market share. In Europe, the company strengthened the footprint and set up a production facility in 2017 which has helped to increase the region contribution to 14% in FY20. Further, the company has launched own organic brand 'EcoLife' to strengthen position in North America and Middle East. LT foods currently has presence across 80+ countries.

Exhibit 10. Huge headroom for growth in Basmati rice across

FMCG market in India is ~USD 105 Bn, expected to grow at avg. 11% CAGR, driven by 1) increased per capita consumption, 2) increased household penetration and fuelled by improving retail penetration					
Market Share					Factors driving growth
LT Foods 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 bn)	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

Source: Company data, MACM Research, Note: *Total share in middle east market ,6.7% share in premium segment market

LT foods’ international revenue has grown at a healthy CAGR of 16.7% over FY19-24, reflecting the company’s strategic focus on expanding its global presence. This performance is underpinned by a diverse product portfolio and strong brand recognition, particularly in the basmati rice segment, which constitutes around 85% of the company’s total revenue. We expect 12.2% CAGR export revenue over, to reach INR 63 bn by FY27E led by growth in basmati and high-margin segments such as ready-to-eat and organic products, which are increasingly gaining popularity in markets like the US.

Exhibit 11. International volumes consistently strong

Exhibit 12. International Revenue trend

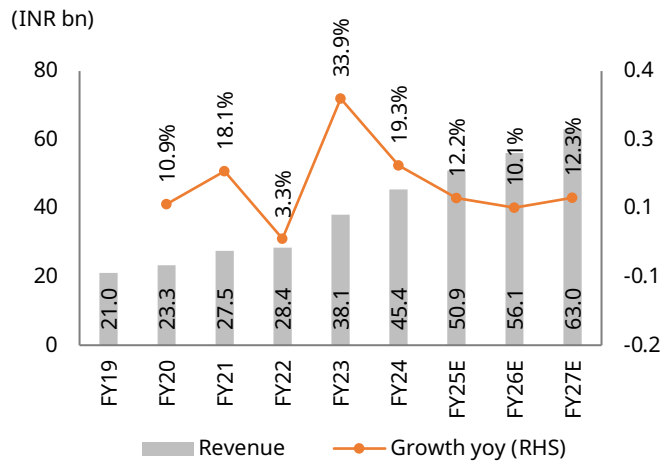
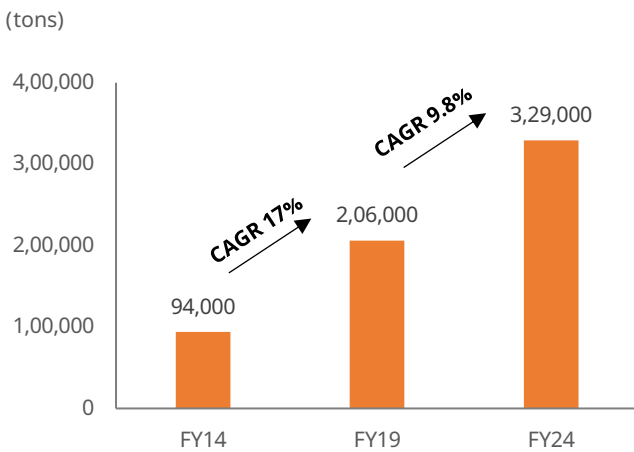
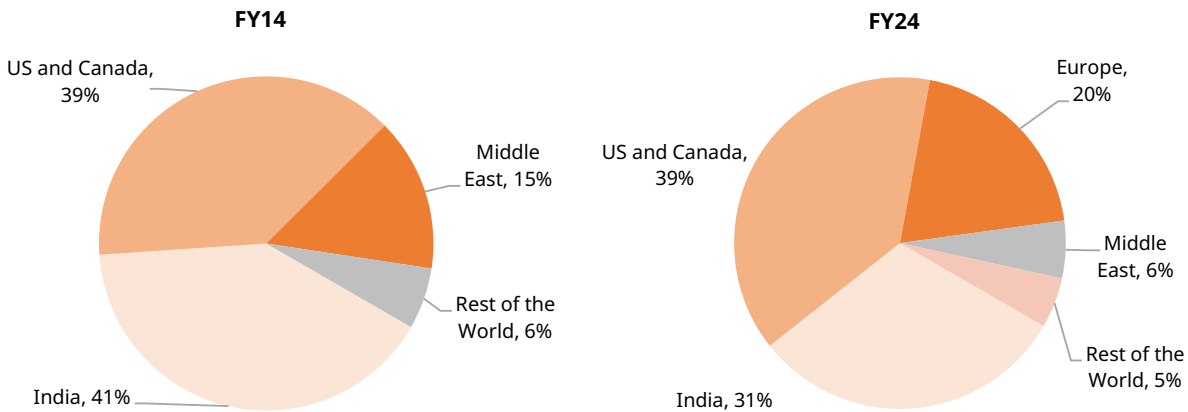


Exhibit 13. Geographic Shift in Revenue Mix



Source: Company data, MACM Research

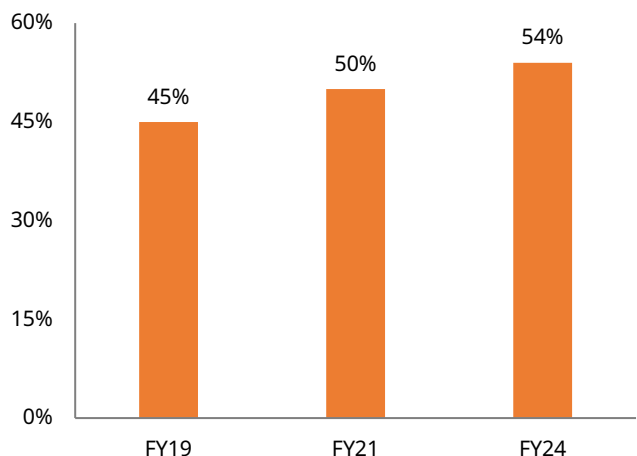
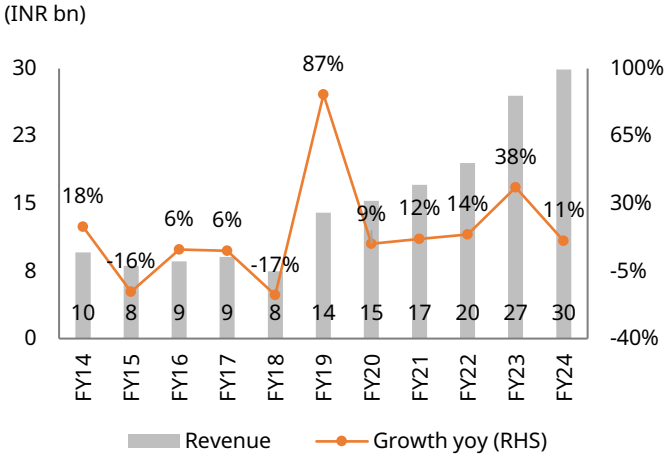
Royal 50% market share in US

LT foods started the Royal basmati brand in US in 2008 by acquiring Kusha Inc. The USA market remains a critical contributor to LT Foods’ revenue, driven by expanding product portfolios, including Jasmine rice, Arborio rice, and specialty rice varieties. The company has steadily grown its US business clocking more than 12% cagr over the last ten years pushing it into sweet spot to further strengthen its presence. The brand Royal, which is packaged basmati rice brand has continued to be the market leader with 50%+ overall market share. Royal holds close to 90% market share in the 20lbs category, 40%+ market share in 10lb category and 34%+ market share in the 5lb category. The mid-price and institutional segment are catered to by the growing brands, Rozana and Chef’s Secretz.

Golden Star 20% market share in US

While strengthening the core portfolio, the Company has also made strategic investments in adjacent newer categories. LT Foods acquired Golden Star in 2023 (51% holding), has quickly become a key asset in the company's North American growth strategy. Golden Star brand is the 2nd largest in the Jasmine Rice category in U.S, gaining nearly 20% market share. The brand benefits from broad distribution across grocery, mass retail, and club channels, enabling it to capture significant market share. This acquisition strengthens LT Foods' foothold in the U.S. and provides a platform for further growth in the premium rice segment, contributing to the company's international expansion strategy. Jasmine Rice is sourced from Thailand and Vietnam. In FY24, Golden star clocked a revenue of INR 6.5 bn with a growth of 57% as compared to FY23. Company will be acquiring the remaining 49% by June 2025, and post which, it will be consolidated.

Exhibit 14. US business Revenue (CAGR 12% FY14-FY24) **Exhibit 15. Market share gains of Royal in US**

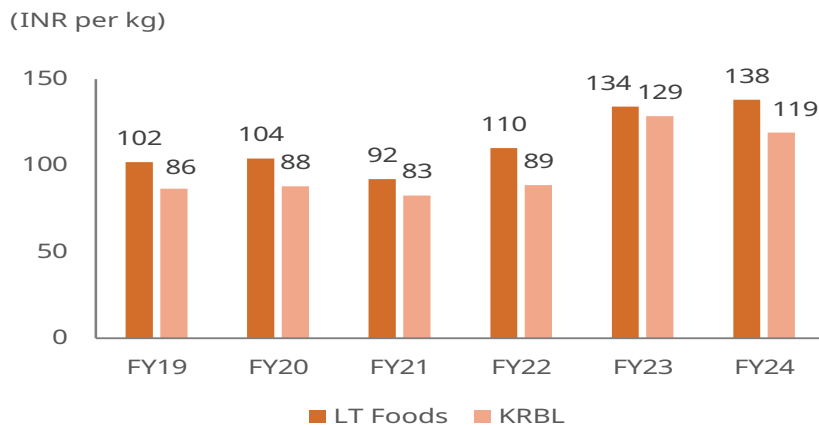


Source: Company data, MACM Research

Export Realization superior to KRBL

LT foods export realization is higher due to its strong pricing power and lower bulk exports as compared to KRBL. In FY24, it achieved a highest export realization of INR 138 per kg, outpacing KRBL. This reflects a premium of 16% for LT Foods, underscoring its strong pricing power and brand positioning in the market.

Exhibit 16. LT Foods achieves superior export realization with a 16% premium over KRBL



Source: Company data, MACM Research


Exhibit 17. Price comparison of Royal vs. other brands in US

Brand	Qty	Price (USD)
Royal Basmati Rice	2 lb	\$3.98
Great Value Basamti Rice	2 lb	\$4.12
Mahatma Basmati White Rice	2 lb	\$4.68
India Gate White Basmati Rice	2 lb	\$4.68
RiceSelect Texmati White Rice, American-Style Basmati Rice	2 lb	\$5.48
Kitchen King White Basmati Rice Bag Vegan	2 lb	\$5.98
Lundberg Family Farms Organic California White Basmati Gourmet Rice	32 oz Bag	\$7.84
Carolina Basmati White Rice	2 lb	\$10.20

Source: Company data, MACM Research

Exhibit 18. LT Foods growth story in US

LTFA is a Top 4 Rice Company and leading category growth

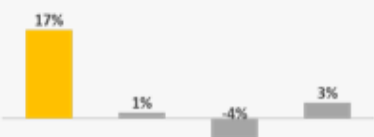


Moved from Top 10 to Top 5 Rice Companies

Rice Category - \$ Volume (x AOC - L13W)	MFG	\$ MM	% Δ
1	Comp-1	\$213	+4%
2	Comp-2	\$139	+6%
3	Comp-3	\$83	+0%
4	LT Foods	\$56	+22%
5	Comp-4	\$54	+10%

...and is driving category growth

Rice Category - unit volume growth (x AOC - L13W)



LT Foods

LTFA driving growth in specialty rice; with #1 and 2 brands

Royal and Golden Star top brands in Specialty Rice; leading in both unit and dollar growth

#1 Dry Basmati (x AOC - L13W)


BRAND	\$ MM	% Δ	Unit MM	% Δ
1 Royal	\$28.3	+28%	1.7	+27%
2 Comp-1	\$8.0	+14%	1.0	+13%
3 Comp-2	\$4.1	+2%	0.4	-12%
4 Comp-3	\$1.6	+17%	0.3	+14%
5 Comp-4	\$1.5	0%	0.2	-1%

#2 Dry Jasmine (x AOC - L13W)

BRAND	\$ MM	% Δ	Unit	% Δ
1 Comp-1	\$30.1	0%	4.9	-6%
2 Golden Star	\$23.9	+15%	2.7	+20%
3 Comp-2	\$18.1	+12%	1.4	+17%
4 Comp-3	\$5.8	+6%	0.8	-1%
5 Comp-4	\$4.6	+11%	0.6	+9%


Dedicated to improving environment and livelihoods of where we serve

Our Commitment



24-25

Sustainable Rice



24-25

Sustainable Packaging

Source: Company data, MACM Research

Exhibit 19. Key Retail and E-Commerce Partners in North America

Canada - Mainstream Retail



US- Mainstream Retail



US- Club



US- E-Commerce



Source: Company data, MACM Research

Strategic Expansion in Europe (20% of total Business)

In Europe, revenue growth has been strong 27% cagr over FY19-24 by focusing on key markets and branded business. In FY17, LT foods had set up a rice processing plant of 60,000 MT in Rotterdam (Netherlands) to tap the European market and has grown since, commanding more than 22% volume share of basmati rice in Continental Europe. The Company has ambitious plans to grow its business across the rice sector both in EU & the UK. It launched DAAWAT Ponni rice in 2024 and DAAWAT Biryani kits were launched in the Netherlands and initial listings were secured with Picnic & Jumbo. It plans to further expand the range across other retailers in Netherlands and other geographies in Europe.

The rice and rice-based food market in the U.K. is worth around £ 1 billion. To tap this opportunity, LT Foods has made an initial investment of £ 7 million in a new facility in Harlow, UK with a commitment of further investment upto £ 50 million in the coming years. This facility has a production capacity of 60,000 tonnes of rice per annum, setting the stage for substantial growth in the coming years. The company has already partnered with 4 leading retailers in the U.K. with plans to further scale this up. The company is expecting annual revenue to the tune of £ 50 million over the next 2 years, with a targeted £ 100 million within the next 5 years.

European Basmati market INR 66 bn

Europe's rice market is ~2.5 mn tonnes, with long grain (Indica) rice mostly imported and medium/short grain (Japonica) cultivated domestically, led by Italy and Spain (80% of EU production). Per capita rice consumption is low at 5kg annually, compared to 52kg globally. Basmati rice is growing due to immigration from the Indian subcontinent and cuisine diversification. The European basmati market, valued at INR 66 bn (0.4 mn tonnes) in FY23, is projected to grow 4-5% annually. Microwaveable rice remains underpenetrated (<15% share) versus the US (>35%) and UK (>50%). LT Foods competes with players like Ebro Euricom, as well as regional players such as Veetee, Surya, Souflet and Westmill but is well-positioned to capture growing demand with its premium basmati and convenience offerings, especially in the UK, which imports 40% of its basmati from India.

Exhibit 20. Europe Revenue (CAGR 27% of FY19-24)

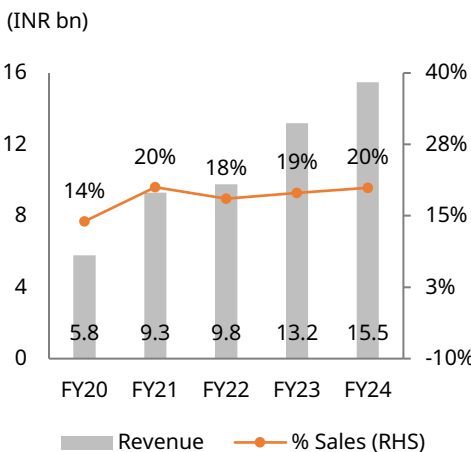


Exhibit 21. Segmental Breakup (FY24)

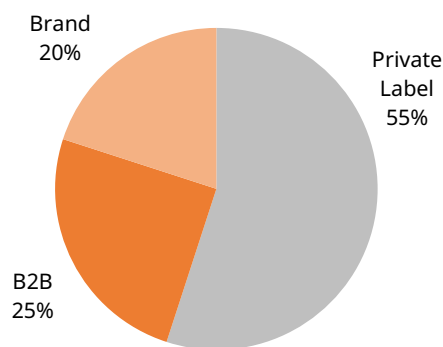
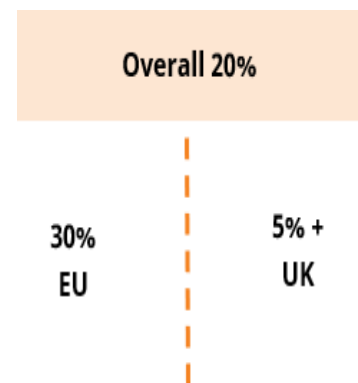


Exhibit 22. Volume Share of Basmati in Europe



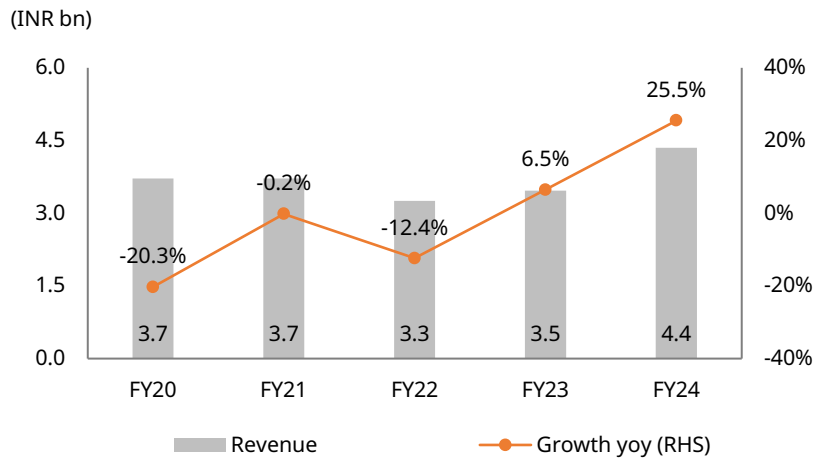
Source: Company data, MACM Research

Middle East - A lucrative market for LT Foods

Middle East or Gulf Cooperation Council (GCC) is one of the largest basmati markets in the world. GCC have been the major importers of Indian basmati (70% of total basmati exports by volume in FY20). In Middle East, LT’s revenue grew by 4% over FY20-24 by strategic growth market UAE and Iraq driven by investment in brands along with growth in smaller markets like Yemen, Qatar and Libya. LT’s market share in premium segment has reached to nearly 6.7% in UAE. The company has witnessed market share growth in high-consumption markets such as UAE and Iraq. DAAWAT has 7%+ market share in the premium basmati rice segment and 4%+ share in the overall category.

With a population of ~ 280 mn, a significant portion of India’s Basmati rice exports around 75% or 3.5 million tons annually is already directed to this region, we believe the demand is robust. Countries such as Saudi Arabia, Iran, Iraq, UAE, and Kuwait are key importers, with increasing growth rates seen in the UAE (+93%), Iraq (+258%), and Kuwait (+30%) between 2021 and 2023. LT aims to accelerate its presence through its strategic initiatives in brand building, targeted marketing, and leveraging partnerships like the one with SALIC in Saudi Arabia and achieve exponential growth.

Exhibit 23. Middle East gained share post FY22 (CAGR 4% For FY20-24)



Source: Company data, MACM Research

Far East (13% market share)

LT Foods has established a strong presence in the Far East, showcasing its dominance in key markets through its flagship brand, Daawat. The company holds substantial market shares in countries like Japan, Taiwan, and Fiji, reflecting its successful penetration in these regions. The growth potential is underpinned by its leadership in 11 out of 16 countries, driving both volume and value growth at a 3-year CAGR of 10% and 16%, respectively. Company has goals to increase the market share to 20% in coming years, introduce new products and further penetrate in new geographies.

Exhibit 24. Daawat market share in some of the Far east countries

Country Name	Daawat Market Share
Japan	53%
Taiwan	47%
Fiji	33%
Indonesia	31%
Brunei	26%

Source: Company data, MACM Research

Domestic consumption of Basmati to see continued demand growth

Dawat 30% share in India

The number of households consuming LT Foods products grew by an impressive 11% to reach 50 lakh-plus household in India. The premium Daawat basmati brand is not just preferred by retailers but also by HORECA chains (hotels, QSRs/restaurants and caterers). The strength of the brand is evident from its market-share gain, which rose from 26%+ in FY19 to 30%+ in FY24. This has been augmented by its wider reach, strong brand positioning, diverse product portfolio and an increase in spending on the brand. Four variants of Daawat are the traditional basmati, biryani basmati, pulav basmati and super basmati at a premium price of INR 160 or more per kg. Daawat’s institutional range starts from INR 80 and includes variants such as Chef’s Secretz basmati, Chef’s Secrets Light, Chef’s Secrets Sella and Altariff/ Daawat Golden Sella. Also, the company launched a flanking brand, ‘Devaaya’, for price-conscious customers. The Devaaya range starts at INR 110, and includes other staples such as wheat flour, refined flour, chickpea flour, semolina, and flattened rice. The company straddles the price pyramid, with offerings starting at `30 (brands such as Apple and Rozana). Currently, LT foods has access to 1,40,000+ traditional retail outlets and 1,400+ distributors reaching 1,500+ of the towns in India. LT Foods holds a dominant market share in 44% of India's basmati rice sales, across seven key states: Maharashtra, Gujarat, Madhya Pradesh, Chhattisgarh, Andhra Pradesh, Telangana, and Karnataka.

We expect domestic basmati revenue CAGR of 10% over FY24-27E led by 6.2% volume and 1.3% realization growth.

Exhibit 25. Domestic Revenue Trend

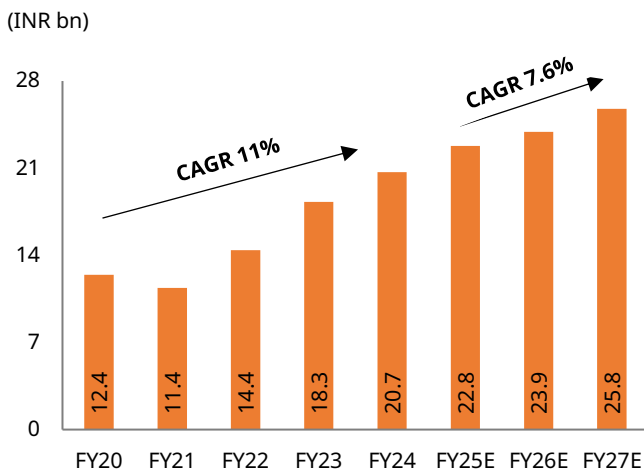
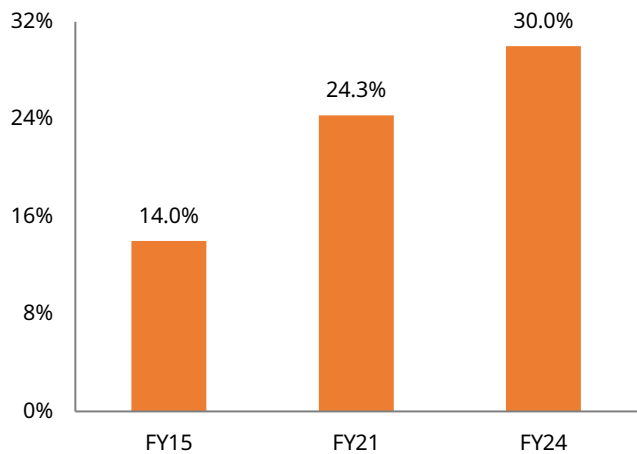


Exhibit 26. India market share grown 2x



Source: Company data, MACM Research

LT Foods products in Basmati is priced competitively as compared to top three players in India.

Exhibit 27. Brand pricing by Basmati Players

Company	Range	Products	Brand	Price (INR/kg)
LT Foods	Premium	Traditional Basmati	Daawat, Royal	205
		Biryani Basmati		235
		Pulav Basmati		165
		Super Basmati		196
	Regular	Devaaya Basmati Rice	Devaaya	115
KRBL	Premium	Daily Premium Basmati Rice	India Gate	290
	Regular	India Gate Super Basmati Rice		239
		India Gate Feast Rozana Basmati Rice		102
Kohinoor	Premium	Super Value Authentic Basmati Rice	Kohinoor	229
		Kohinoor Gold India's Finest Extra Long Authentic Basmati Rice		235
		Traditional Authentic Basmati Rice		249
	Regular	KoCharminar Rozana Basmati Rice		115
Patanjali	Premium	Super Basmati rice	Patanjali	160
	Regular	Diamond Basmati Rice		170
		Sona Massori Rice		96

Source: Company data, MACM Research

Focus on strengthening RTC/RTE, organic business for double-digit growth

LT is one of the early entrant in the organic food business with more than two decades of experience. Organic food is the fastest growing segment for the company (registered a CAGR of ~20% over FY19-24) and contributed ~9.3% to the FY24 revenue. Nature Bio-Foods Ltd (NBF) is a wholly owned subsidiary of LT Foods dedicated primarily to its organic business. This segment has relatively high barriers to entry owing to the fact that it requires ~3 years of cultivation through organic methods to produce pure organic harvest fit for consumption and distribution as an organic product. LT foods operates its organic business through its wholly owned subsidiary Nature Bio Foods Ltd (NBFL). NBFL has acquired 30% stake in Leev, Netherlands through its subsidiary Nature Bio Foods BV. Leev is an organic specialty food company with a portfolio comprising of breakfast bars, healthy snacks, baking range & gluten free, low sugar products that promotes an active and healthy lifestyle. Leev is also expanding its product portfolio by venturing into organic wholegrain category such as oats and flax seeds. This acquisition will enable LT foods to supply its organic ingredients to Leev and capitalize on its strong consumer base of more than 2500 stores in Europe. The company has expanded its product portfolio to include organic cereal grains, flour, pulses, oil and oil seeds, nuts spices, herbs, millets and sweetener under the brand 'EcoLife'. LT foods joined hands with more than 60,000 farming families from villages across India having a cultivated land of 80,000+ hectares of certified organic land in India. LT foods has also established two wholly owned subsidiaries in Netherlands and in the USA to further boost sales in the overseas market and foray into newer geographies and cater to international markets. the company has also introduced a range of 'ready to heat' products, specially curated for their valued patrons. The company expects the organic business contribution share to increase from 9% to 12% over next 2-3 years growing at a double digit growth rate going forward.

Exhibit 28. Organic segment revenue

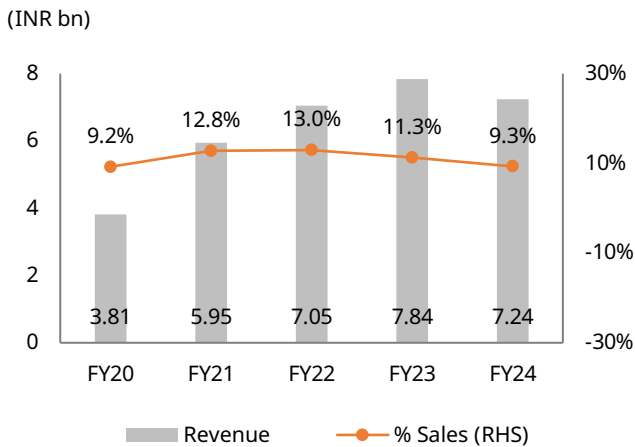
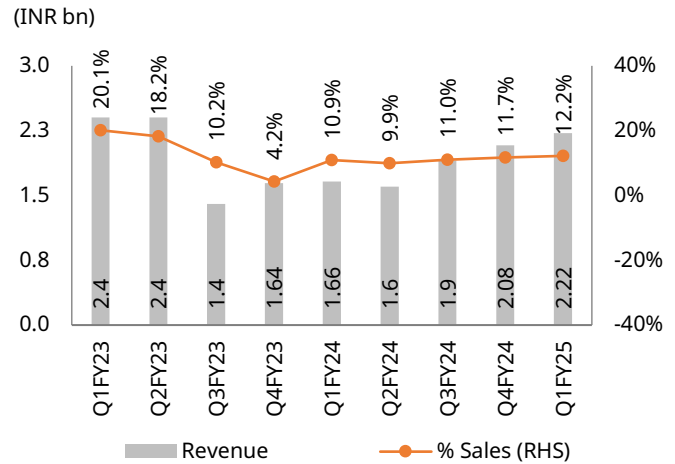
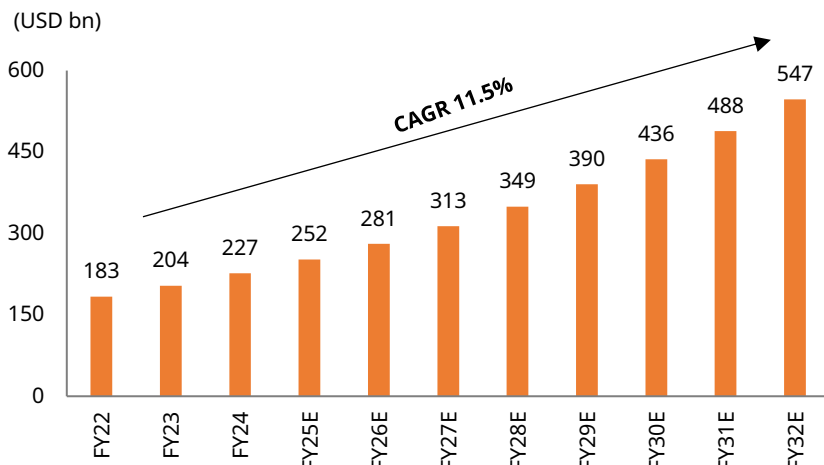


Exhibit 29. Organic business gaining higher revenue share



Source: Company data, MACM Research

Exhibit 30. Global Organic Food Market Size and Growth



Source: Company data, MACM Research

**Enormous potential in RTE/RTC business, grown 6x since FY20
Convenience Food market to reach \$850+ bn by FY28**

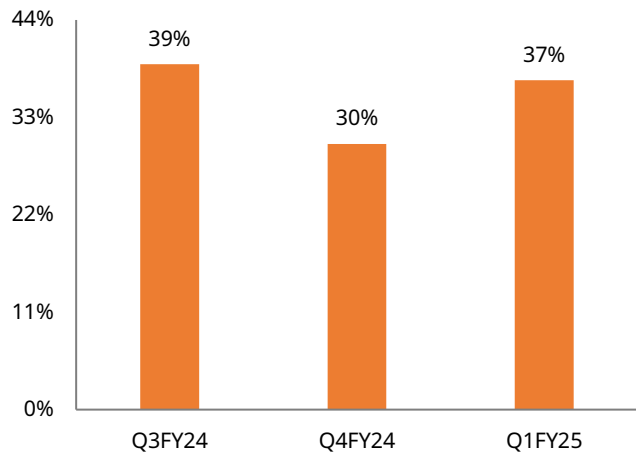
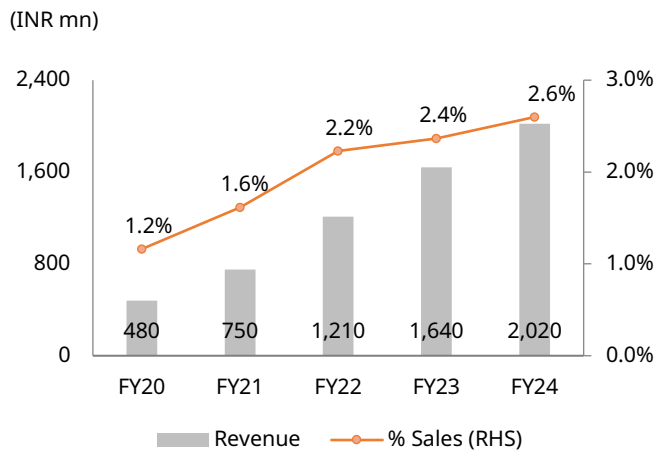
Convenience & Health segment is still in nascent stage and accounts for ~3% of the overall business. The segment consists of processed food such as ready-to-eat/heat foods, shelfstable products, culinary aids, and prepared mixes and contributes ~2% to the overall revenue. This has grown 6x since financial year 2020 and is expected to grow at a CAGR of 33%-35% over next five years fueled by increased consumer distribution penetration and launch of new products. Although it is a very small portion of revenue currently, the value added products have gross margins of 38% which is likely to give an impetus to overall margins as this portfolio grows over a period of time. In order to expand the product portfolio further and move up the value chain, LT entered into a JV with Kameda Seika (leading Japanese snack company) in 2017 to manufacture rice-based snacks. LT Foods offers a diverse range of rice and related products across different regions. In India, the portfolio includes Basmati Rice, Regional Rice, and Health & Convenience Products, marketed under brands like Daawat, Heritage, Rozana, and Deevaya.

In America, the company focuses on Basmati Rice, Organic Rice, and Health & Convenience Products under the Royal brand, which holds a significant 54% market share. In Europe, LT Foods offers a similar mix of Basmati Rice, Organic Rice, and Health & Convenience Products. The Middle East is a key market, with products like Daawat, Gold Seal Indus Valley, and Rozana dominating, alongside private-label partnerships, with a focus on Basmati Rice.

The company is experiencing robust growth in its RTH segment, particularly in the U.S., where the company has already reached full capacity due to strong demand. To capitalize on this momentum, LT Foods is doubling its RTH production capacity in the current fiscal year, addressing the rising demand for its microwaveable rice products. The capex for the capacity will be in the range of INR 870 mn for FY25. Meanwhile, in India, where the RTH market is still developing, LT Foods is focusing on product innovation, such as the introduction of its Biryani Kit, which is gaining traction, along with new ready-to-cook products in the pipeline. The emphasis on health benefits and the introduction of fortified or health-centric rice varieties can also tap into the growing health and wellness market.

Exhibit 31. Expansion of Health and Convenience Segment (CAGR 33.3% over FY20-24)

Exhibit 32. Higher volume growth in RTC segment



Source: Company data, MACM Research

Management expects two-thirds of its revenue contribution from its core rice business and one third from value-added products (staples, sauces, organic foods and others) in the long run. We model a 9% CAGR for Organic and Value-added product business over FY24-27E on back of high demand both in exports and domestic market, changing demographics and lifestyle, increasing health awareness and relatively less competition from branded players.

Uganda expansion

LT Foods is strategically advancing its revenue expansion plans by diversifying its sourcing and production capabilities, particularly in the organic soya segment. In response to the impact of anti-dumping duties in India, the company has set up a state-of-the-art facility in Uganda with an annual production capacity of 20,000 metric tons, bolstering its alternative sourcing strategy. Managing 65,000 hectares of certified organic land and working with 14,700 farmers, LT Foods is focusing on high-demand crops such as sesame, soybean, and chia seeds, with plans to expand into coffee and avocado. Uganda’s favorable farming conditions, including virgin soils and low chemical contamination, position it as an ideal hub for organic agriculture. These efforts are expected to contribute significantly to revenue from FY25, supporting LT Foods’ long-term goal of becoming a leader in the global organic food market.

This expansion not only mitigates risks from regulatory pressures but also enhances the company’s presence in the high-margin organic segment. Rest of the World includes Far East, Africa, Pacific Islands and Indian Ocean Islands, that saw a double-digit growth and gained market share in key markets. LT has also entered five new market Tanzania, Namibia, Botswana, Zambia and Zimbabwe.

Marketing initiatives and brand promotion across media platforms

To boost the revenue share of new product development (NPD) from 2% to 10%, company is expanding into adjacent categories and strengthening consumer penetration. There are constant efforts towards attracting new consumers and enhancing brand recall by promoting diverse product lines, such as Super Foods, Regional Specialty Rice and Global Specialty foods. World Biryani Day, celebrated on July 2024, was a grand initiative, designed to honour the beloved dish of biryani and to elevate the visibility of our flagship product, DAAWAT Basmati Rice. To diversify portfolio, LT has prioritised food expressions and recipes, festive packs, consumer promotions and in-store activations, reaching a wider audience and driving product awareness and sales. The Innovation efforts would benefit in medium to long term including (a) Differentiated strength over competition, (b) make brands more global and also (c) keep brands relevant to new age consumers (Millennials, Gen Z etc.). We expect LT foods to be one of the key beneficiaries of this changing industry dynamics towards specialty rice and rice snacks.

Exhibit 33. Extensive digital campaigns and promotions

Food Expressions & Recipes



Mexican Fried Rice | Sanjeev Kapoor | Daawat Super Basmati Rice

Festive Packs



Consumer Promo Packs

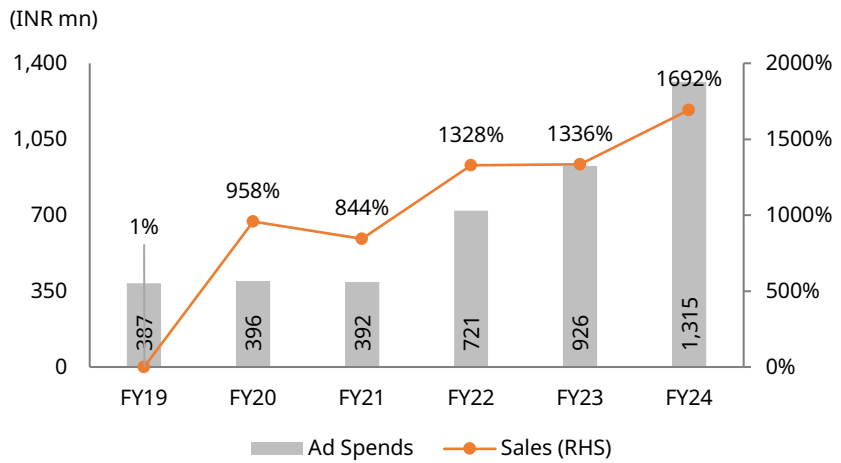


DAAWAT® Biryani Kit campaign



Source: Company data, MACM Research

Exhibit 34. Increasing ad spends over the years



Source: Company data, MACM Research

Innovation journey gaining momentum

The company is embarking on new food products like Fast Cooking Brown Rice, Rice Cakes, Rice Chips and several rice-based snacks. Staple products like Maida, Suzi, Daliya, Poha, Besan and Atta are becoming more and more popular, riding on customer propositions of Saaf Bhi aur Safe Bhi.

Exhibit 35. NPD beyond rice

Portfolio Expansion & NPDs

Health



Ready-To-Eat (RTE) & Ready-To-Cook (RTC)



Regional Speciality Rice



Source: Company data, MACM Research

Exhibit 36. Newly launched products in FY25

Royal Biryani Kits, 2lb Organic, RTH Lemon Garlic & Herb, RTH Brown Basmati & Quinoa



Brand Refresh

Royal 5lb, RTH Range



Source: Company data, MACM Research

Integrated business model

LTF’s integrated ‘farm to fork’ business model is a key driver of its sustained market leadership and growth in its core Basmati business. The company ensures the availability of raw materials by monitoring sustainable farming through SRP (Sustainable Rice Production) Programs, a UN Environment and International Rice Research Institute initiative. More than 4,400 farmers are associated with LT Foods, through this program, growing residue compliant paddy in more than 18,000 hectares of land. Further, to source raw material for its organic products, the company engages in contract farming with small-holding farmers. Paddy purchases are made from approved suppliers. A minimum of one supplier (commission agent) is appointed in every mandi by the company. LT foods has 6 manufacturing & processing facilities (5 in India & 1 in Europe) with a total processing capacity of 2,160MT/day, 3 packaging & 1 ready-to-heat facility in US and 1 snacks factory in India.

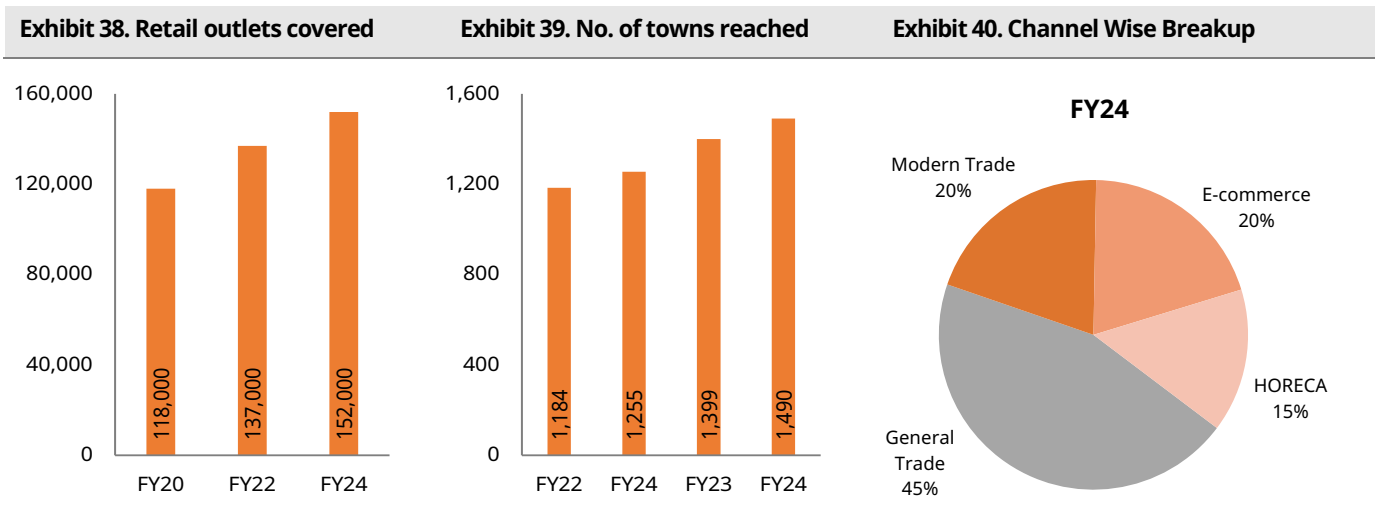
Exhibit 37. Manufacturing Capacities

Capacities	Rice Capacity (TPH)	Key Product
Sonepat (Bahalgarh)	45	Raw rice
Sonepat (Kamaspur)	6 (organic rice)	Organic rice and snack
Bhopal	36	Rice plain chips, chips seasoning, rice/wheat flour, brown rice
Amritsar	6	Rice and parboiled rice
Varpal	13	Rice (golden, creamy, boiled, parboiled and raw)

Source: Company data, MACM Research

Robust Distribution network

The company has a strong distribution network consisting of 1400+ distributors in India, 450+ international distributors, presence across 7,200+ Modern Trade Stores and 1,40,000 retail outlets in India. This consistent focus on distribution has made DAAWAT one of the fastest growing brands in its category and reach 50+ Lakhs households in India. The company has been able to expand its outlet reach 1.5 lakhs, up by 55% since last year. In FY24, the general trade witnessed a high single digit growth while the emerging alternate channels of Modern trade and e commerce registered a double-digit growth in value terms. Quick Commerce is emerging as a key sales channel, particularly for smaller pack sizes like 500 grams of biryani rice, which is gaining traction (growing at 30%+).

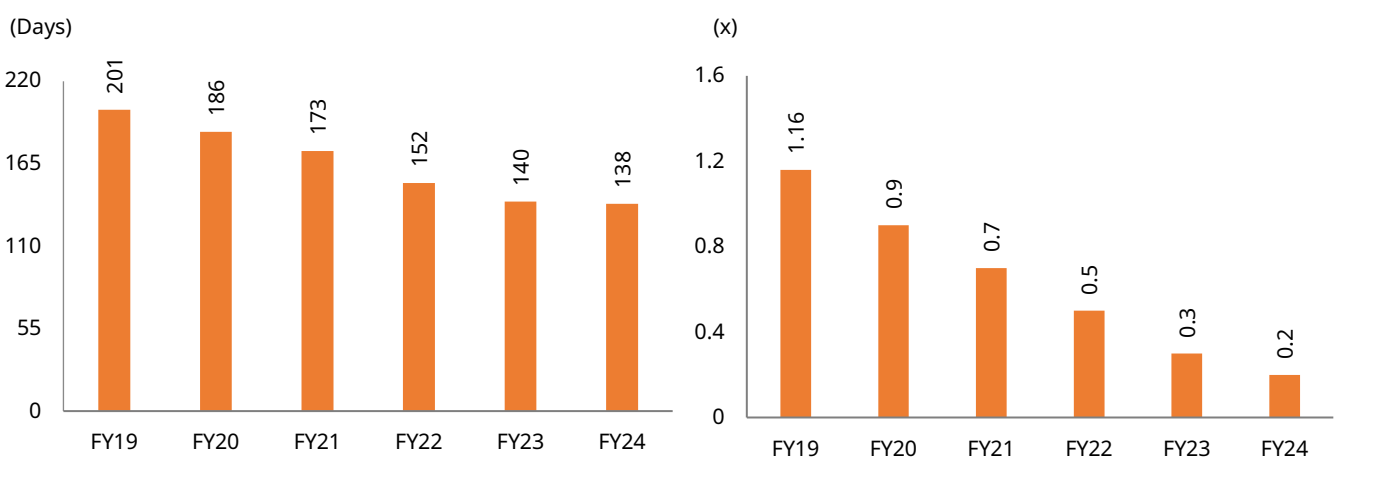


Source: Company data, MACM Research

Reducing working capital cycle

LTF's business is working capital intensive in nature as the paddy & Basmati Rice needs to be aged up to 24 months to enhance & intensify taste, aroma and cooking characteristics. This requires the company to maintain large inventory of paddy & rice. Procurement of Paddy starts in Q3. The Company has a procurement policy in place to ensure 65-70% raw material procurement in the season itself. LT foods has an extensive procurement network in place to procure the right quality of paddy at competitive prices from strategic locations via its 270 agents from more than 235 mandis (procurement markets). The Company has been working on reducing its working capital cycle year on year so that it does not impact the profitability of the business. The efforts have resulted into reduction in working capital cycle from 186 days in FY20 to 138 days in FY24. Despite a working capital-intensive business model, LT foods has been able to consistently generate free cash flows thereby reducing its Debt/Equity from 0.9 x in FY20 to 0.2x in FY24.

Exhibit 41. Working capital days significantly improved **Exhibit 42. Low Debt to equity**



Source: Company data, MACM Research

2014 Insurance claim

In December 2023, LT foods secured a favorable ruling from Madhya Pradesh High Court in its insurance claim dispute with Oriental Insurance Company (OIC) regarding INR 1,897.2 mn claim for damages to its paddy and rice inventory caused by fire at its Raisen unit (Madhya Pradesh) in 2014. The court ruled that the company is entitled to receive the claim, with half of the payment backed by a bank guarantee and the other half without it. Following an unsuccessful appeal by OIC to the Supreme Court, the company is now set to receive ~2,500 mn, plus interest, by the end of CY24 as per the Supreme Court’s directive.

Financial Assumptions

We expect LT to grow its Revenue/EBIDTA/PAT at a CAGR of around 12%/14.6%/15.7% over FY24E-27E led by increasing basmati sales and expansion in organic/convenience business across geographies. We expect marginal impact on margins on account of Red Sea, freight issue, and investment on building digital capabilities in the near term. However, better sales mix toward specialty rice and organic foods (high margin products) should support in margin gains.

Exhibit 43. LT Foods' Domestic Volumes and realizations

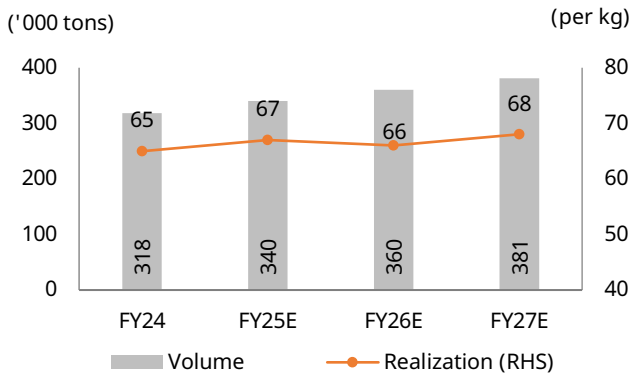


Exhibit 44. LT Foods' Domestic Revenue

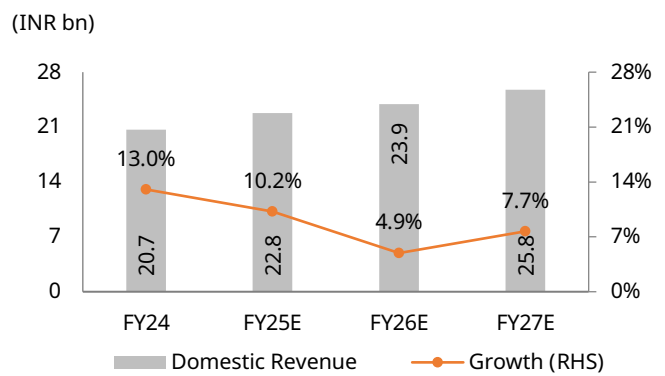


Exhibit 45. LT Foods' Export Volumes and realizations

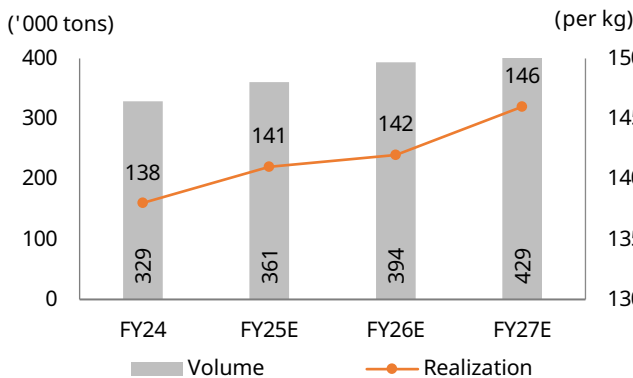


Exhibit 46. LT Foods' Export Revenue

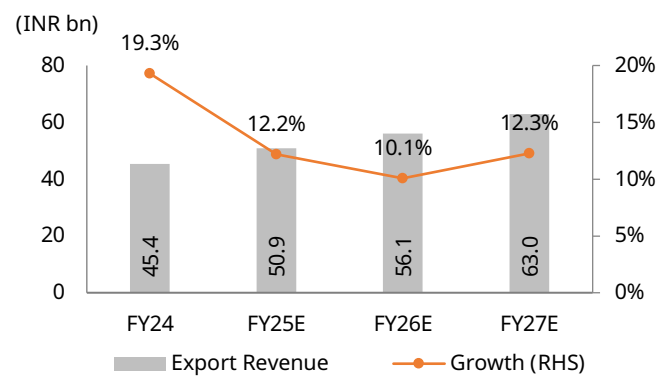
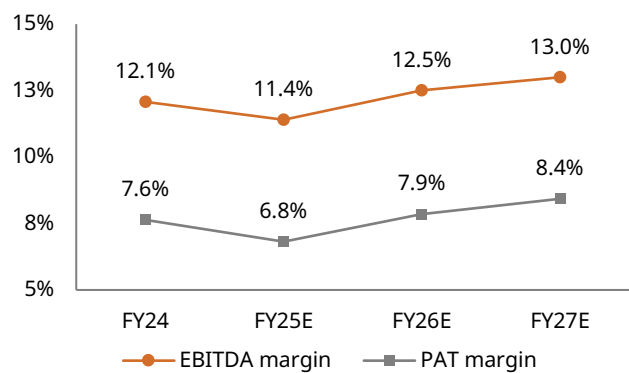
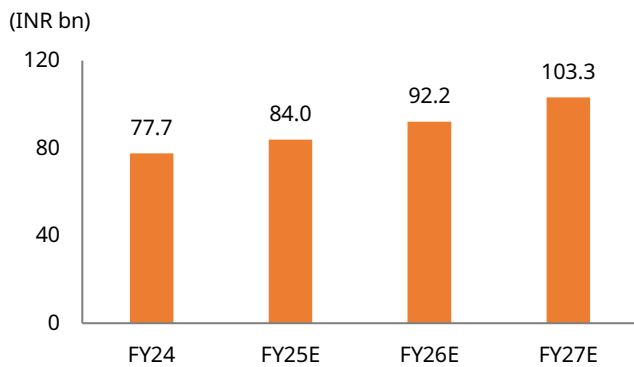


Exhibit 47. Consistent growth along with improving margins



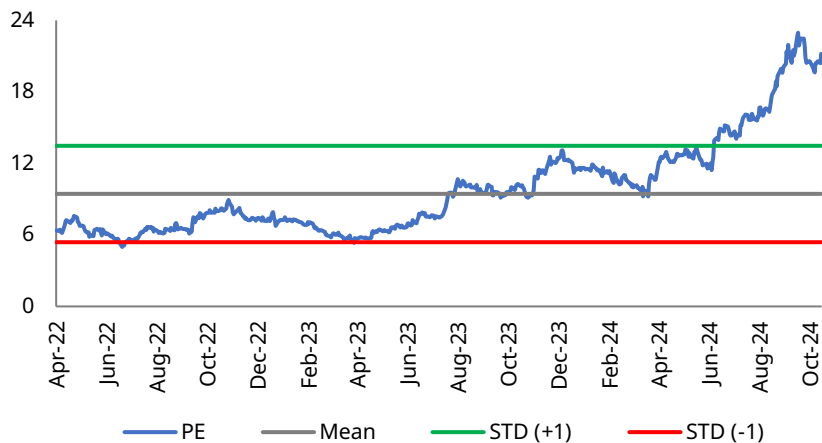
Source: Company data, MACM Research

Valuation

LT Foods is one of the leading players in the Indian Basmati rice business with more than seven decades of business operations. LT Foods is strategically positioning itself for revenue growth through portfolio diversification, geographic expansion, and digital transformation. The company is expanding into high-growth segments such as superfoods, regional specialties, and smaller pack sizes, which cater to evolving consumer preferences. LT foods is on the growth path with new product launches across international markets, gaining more traction and capturing higher market share in the domestic market.

We expect the company to grow its revenue at a CAGR of 12% between FY24-27E (incorporated Golden Star acquisition FY26 onwards) with EBIDTA margin expanding by 200 bps to reach 13% margin profile. LT Foods growth profile is superior to KRBL's, with better return ratios. Further, the stock has seen re-rating on account of its business diversification, improved margin, reducing debt profile. Thus, the rising share of the brand business, cost efficiency-led margin gains and better inventory management are expected to drive greater FCFs and return ratios. We initiate coverage with a BUY rating valuing the stock 20x FY27E PE (50% discount to FMCG peers) to arrive at our target price of `INR 501 a share (offering ~27% upside potential).

Exhibit 48. 1 year Forward PE



Source: Company data, MACM Research

Risk

Key risks to our estimates

1. Increase in competition from unorganized players would impact overall growth prospects of the company.
2. Basmati rice is an extremely volatile commodity. Hence, any unfavorable change in rice prices could impact the realisation.
3. Change in currency could have an adverse impact on the company's profitability.

Exhibit 49. Peer Comparison









Peers	Mcap (in bn)	Sales (INR bn) FY24	EBITDA margin FY24	Sales CAGR FY24-27E	EBITDA CAGR FY24-27E	ROE FY24	PE		
							FY25E	FY26E	FY27E
Adani Wilmar	436.8	511.5	3%	10%	32%	2%	43.7	37.3	32.9
LT foods	136.9	77.7	12.1%	12%	14.6%	18%	25.1	18.6	15.6
KRBL	65.5	53.8	14.9%	4.8%	8.6%	12%	14.5	9.9	8.5

Source: Bloomberg, MACM Research

About LT Foods

Incorporated 70 years ago in the village of Amritsar, LT Foods has grown into a leading Indian-origin global FMCG company in the food sector. It is a prominent rice brand in India and the top specialty brand in the US. The company delivers high-quality products to over 80 countries, including India, the US, Europe, the Middle East, and the Far East. LT Foods holds significant market shares in India (30%+) and the US (50%+), and leads in regions such as the EU, the Far East, and Israel. Its diverse brand portfolio includes successful names like Daawat, Royal, EcoLife, Devaaya, Heritage, Golden Star, Leev, Rozana, Gold Seal Indus Valley, and 817 Elephant, keeping pace with evolving market trends. The company's 'Farm to Fork' approach, global supply chain hubs, and extensive distribution network, supported by state-of-the-art manufacturing facilities in India, the US, and Europe, have enabled it to withstand various economic challenges.

Exhibit 50. Product portfolio

	<p>The flagship brand, with a legacy of over 30 years, offers premium quality basmati rice</p>		<p>Strengthening our position in Saudi Arabia, UAE and Kuwait</p>
	<p>The No. 1 and the largest selling basmati rice brand in the US</p>		<p>Leading brand in markets like Western India, Mauritius and Iraq</p>
	<p>The organic food range includes rice, pulses, oil seeds, cereal grains, spices, nuts, fruits, and vegetables</p>		<p>Targeting the Indian & Middle Eastern ethnic population in US and Canada</p>
	<p>Offers branded Basmati rice and staples like wheat flour, refined flour, flattened rice, chickpea flour, and semolina</p>		<p>Premium rice based snacks brand. Test launched in India via a JV with a Japanese snack food major Kameda Seika</p>

Source: Company data, MACM Research

Manufacturing facilities and Procurement Process

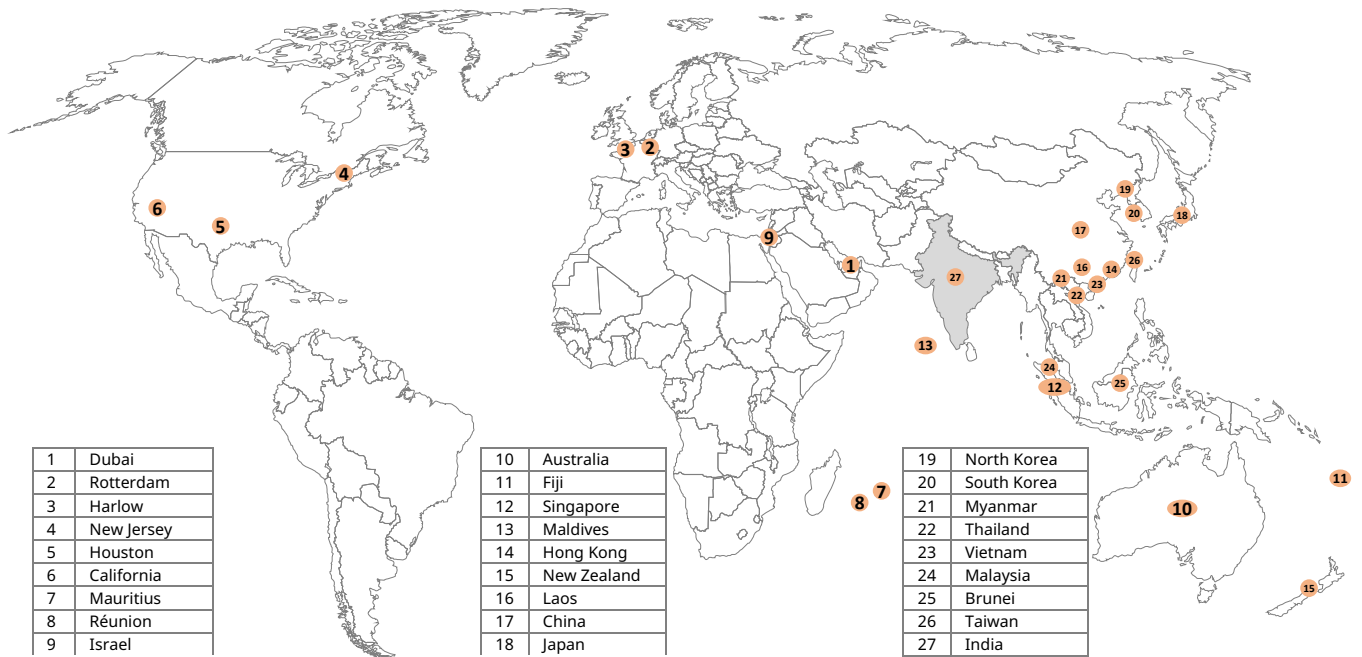
With a network of over 150 agents and more than 230 procurement locations, especially in basmati-growing regions, the company demonstrates a robust procurement process to source the finest quality paddy. Each year, from September to December, the company conducts comprehensive surveys and meticulous analysis of projected paddy production for the crop cycle. The paddy undergoes several checks and processes, including thorough complaint handling, continuous risk monitoring, and extensive internal auditing. A key aspect of the company's strategy is its pre-cultivation stage, where thorough analyses of soil, water, and straw are conducted to determine land fertility and condition. Most of the procurement is achieved through an auction process, where farmers bring their crops to mandis, enabling the company to secure 60-70% of its yearly requirements.

Exhibit 51. Market Yard Procurement Process



Source: Company data, MACM Research

Exhibit 52. Geographical presence across countries



Source: Company data, MACM Research

The company upholds stringent food safety practices and maintains well-defined processes for raw material storage and sampling. It has installed a state-of-the-art processing line at Bahalgarh, Haryana, with an impressive annual capacity of 80,000 metric tons. The facility features six distinct packaging areas, collectively capable of packing 300,000 metric tons per year. With an operational capacity utilization of 75% as of FY24 in India, the company is also poised to double its capacity in the USA, focusing on the ready-to-eat and ready-to-cook segments.

Exhibit 53. Quarterly results

INR mn	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Total Revenues	17,248	17,785	18,214	17,781	19,778	19,417	20,748	20,705
<i>% growth</i>	30.7%	30.0%	19.3%	10.4%	14.7%	9.2%	13.9%	16.4%
COGS	10,813	12,209	12,264	11,845	13,769	13,137	14,029	13,881
<i>as % of sales</i>	62.7%	68.7%	67.3%	66.6%	69.6%	67.7%	67.6%	67.0%
Gross Profit	6,435	5,575	5,949	5,935	6,008	6,280	6,719	6,824
<i>Gross Margin (%)</i>	37.3%	31.3%	32.7%	33.4%	30.4%	32.3%	32.4%	33.0%
Employee costs	868	931	944	1,096	1,075	1,081	1,049	1,147
<i>as % of sales</i>	5.0%	5.2%	5.2%	6.2%	5.4%	5.6%	5.1%	5.5%
Other expenses	3,850	2,987	3,042	2,703	2,529	2,813	3,219	3,268
<i>as % of sales</i>	22.3%	16.8%	16.7%	15.2%	12.8%	14.5%	15.5%	15.8%
EBITDA	1,716	1,658	1,964	2,137	2,405	2,386	2,451	2,409
<i>Margin %</i>	10.0%	9.3%	10.8%	12.0%	12.2%	12.3%	11.8%	11.6%
Depreciation	302	321	351	356	360	361	453	420
Interest	176	218	258	220	191	185	235	187
Other income/expense (net)	68	134	136	107	140	80	169	175
PBT	1,306	1,252	1,490	1,669	1,995	1,920	1,933	1,977
Tax	358	330	372	438	539	510	542	530
PAT	947	922	1,119	1,231	1,456	1,410	1,390	1,448
<i>% growth</i>	15.6%	18.0%	44.9%	28.2%	53.7%	52.8%	24.3%	17.6%
Reported PAT	947	922	1,119	1,231	1,456	1,410	1,390	1,448
<i>% growth</i>	15.6%	18.0%	44.9%	28.2%	53.7%	52.8%	24.3%	17.6%
<i>as % of sales</i>	5.5%	5.2%	6.1%	6.9%	7.4%	7.3%	6.7%	7.0%

Source: Company data, MACM Research

ESG

Environment	<ul style="list-style-type: none"> The Company uses sustainable harvesting of paddy by training 17,515 farmers on Sustainable Farming Practices in FY24. It focuses on renewable electricity (solar + husk) and conserved 1.59 bn litres of water through Land Laser Leveling / AWD / SRI in FY24. The company is plastic neutral through 100% EPR, uses 2.28 lakh acre of organic farmland and 75.5% recyclable packaging.
Social	<ul style="list-style-type: none"> The company has contributed to community development through its integrated village adoption programme in 46 villages. It also provided quality education and school infrastructure in 45 schools in FY24. It has selected 9 villages and imparting training to women in different areas such as cloth cutting, designing, stitching and embroidery works.
Governance	<ul style="list-style-type: none"> The company has 56% independent board, 22% female director and 1 lead independent director as of FY24. It also has 100% Independent Audit committee and NRC committee.

Source: Company data, MACM Research

Exhibit 54. Top 10 Institutional Shareholders

Particulars	% Share
Raghuvesh Holdings Pvt Ltd	9.61
SALIC International Investment Co	9.22
DSP Investment Managers Pvt Ltd	3.08
IDFC Mutual Fund/India	1.49
Dimensional Fund Advisors LP	1.31
Blackrock Inc	0.59
Wasatch Advisors Inc	0.49
Grandeur Peak Global Advisors LLC	0.33
Principal Financial Group Inc	0.22
DFA Australia Ltd	0.01

Source: Bloomberg, MACM Research

Exhibit 55. Experienced Board and Management Team

Name	Designation	Description
Vijay Kumar Arora	Chairman and Managing Director	B.Sc from Meerut University, he entered the company in 1978. In 1980, he took a revolutionary step by deciding to export speciality rice under the "Daawat" brand. "Daawat" and "Royal" have grown to be major players under his direction, taking up half of the market in North America.
Ashwani Kumar Arora	Chief Executive Officer	He is a graduate of Harvard Business School and has over 36 years of experience guiding the expansion of LT Foods. His multifaceted knowledge includes marketing, operations, finance, and strategy. In line with the company's growth, margin expansion, and financial stability pillars, he sees a forward-thinking and long-lasting global consumer business. His creativity has resulted in innovative production facilities and an integrated "Farm to Fork" concept, solidifying LT Foods' leadership in specialized rice and rice-based culinary items.
Surinder Kumar Arora	Managing Director	With over thirty years of experience in his capacity as Managing Director, he plays a key role in margin expansion and operational efficiency, advocating for technical breakthroughs, automation, and process innovation.
Abhiram Seth	Lead Independent Director	He is renowned for his leadership at Aquagri and PepsiCo India. His extensive experience includes diverse roles, from exports to agricultural development.
Ambika Sharma	Independent Director	As the U.S.-India Business Council's Managing Director for India, she is an experienced leader with a long tenure at FICCI and her participation in national and international strategy. She contributes a depth of expertise to international affairs and strategic alignment in her role as an independent director.
Satish Chander Gupta	Independent Director	With over four decades in the banking industry, he is a seasoned leader who has held esteemed positions, including Chairman and Managing Director at Punjab National Bank. His extensive experience and financial acumen make him a valuable asset to the board.
Alrumaih Sulaiman Abdulrahman S	Non-Executive Non-Independent Director	With a background in Electrical Engineering and a wealth of experience in investments, commercial strategies and business development, he brings a diverse perspective to the board. His track record of successful leadership and deep understanding of multiple sectors enriches the board's decision-making process.
Sachin Gupta	Chief Financial Officer	He was appointed as the CFO in May 2022. He brings over two decades of financial expertise to the company, having worked as Group Financial Controller at LT Foods for nearly 20 years. His educational background includes advanced studies in finance and strategy from the IIM, Calcutta. He is also a qualified CA, having completed his certification from the Institute of Chartered Accountants of India. His key skills include financial accounting, strategic planning, and financial strategy.
Monika Chawla Jaggia	Vice President – Finance & Strategy, CS and Compliance Officer	MBA from the Institute of Chartered Financial Analysts of India University, Tripura. She is a fellow member of the Institute of Company Secretaries of India. She has approximately 20 years of experience.

Source: Company data, MACM Research

Financials – LT Foods (Consolidated)

Income statement (summarized)

(INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	69,358	77,724	84,019	97,953	108,675
yoy growth	27.8%	12.1%	8.1%	16.6%	10.9%
Cost of goods sold	45,775	52,781	56,713	65,629	72,269
Gross profit	23,583	24,943	27,306	32,325	36,406
Employee expenses	3,596	4,301	4,621	5,387	5,977
Other expenses	12,980	11,263	13,107	14,693	16,301
EBITDA	7,007	9,379	9,578	12,244	14,128
yoy growth	17.5%	33.8%	2.1%	27.8%	15.4%
Depreciation	1,269	1,529	1,605	1,779	1,955
Interest expenses	821	830	815	689	524
Other income	430	496	537	626	694
PBT	5,347	7,517	7,695	10,402	12,343
Income tax	1,398	2,029	1,924	2,601	3,086
Net Income (Reported)	4,027	5,933	5,727	7,741	9,186
Gross margin (%)	34.0%	32.1%	32.5%	33.0%	33.5%
EBITDA margin (%)	10.1%	12.1%	11.4%	12.5%	13.0%
Net margin (%)	5.8%	7.6%	6.8%	7.9%	8.5%

Balance sheet (summarized)

(INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Current assets	39,481	43,945	50,599	56,454	65,250
Cash & equivalents	322	496	5,913	5,982	9,440
AR & other receivables	6,744	6,758	7,298	8,508	9,439
Inventory	30,724	34,981	35,679	40,255	44,661
Other current assets	1,692	1,709	1,709	1,709	1,709
Non-current assets	13,724	16,495	17,970	19,032	18,716
Fixed Assets	12,395	14,418	15,893	16,955	16,639
Investments	1,218	1,697	1,697	1,697	1,697
Other Long term Asset	111	381	381	381	381
Total Assets	53,206	60,440	68,569	75,486	83,966
Current liabilities	20,111	21,158	24,019	23,814	23,841
AP & other payables	10,928	12,300	12,660	13,955	15,482
Other current liabilities	8,007	6,393	8,893	7,393	5,893
Non-current liabilities	4,991	4,858	4,858	4,858	4,858
Long-term financial liabilities	2,609	105	105	105	105
Other non-current liabilities	2,383	4,753	4,753	4,753	4,753
Total liabilities	25,236	26,174	29,034	28,829	28,856
Shareholders' equity	27,970	34,267	39,535	46,658	55,109
Equity share capital	347	347	347	347	347
Reserves and surplus	27,223	33,369	38,593	45,655	54,034
Minority interest	400	551	595	656	727
Total liabilities and Equity	53,206	60,440	68,569	75,486	83,966

Cash flow statement (summarized)

(INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Operating cash flow					
PBT	5,626	8,005	7,651	10,342	12,271
Other Non-Cash items	1,641	1,891	2,464	2,528	2,551
Change in NWC	(3,390)	(805)	(877)	(4,491)	(3,810)
Cash flow from Operating	2,584	7,569	7,314	5,778	7,926
Free Cashflow	679	4,444	3,628	1,419	4,200
Cashflow from Investing					
Capex	(1,438)	(2,011)	(3,079)	(2,840)	(1,639)
Others	10	(4)	0	0	0
Net Cashflow from Investing	(3,946)	(2,015)	(3,079)	(2,840)	(1,639)
Cash flow from financing					
Chg. in financial liabilities	(1,853)	(4,465)	1,685	(2,189)	(2,024)
Chg. in equity	3,664	(347)	(503)	(680)	(805)
Other	(448)	(567)	0	0	0
Chg. in cash	1	175	5,417	69	3,458
Ending balance	322	496	5,913	5,982	9,440

Key valuation metrics/ratios

	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	33.2	24.3	25.2	18.6	15.7
P/B (x)	4.9	4.3	3.7	3.1	2.7
EV/EBITDA (x)	20.4	15.9	15.2	11.8	9.9
EV / Sales (x)	2.1	1.9	1.7	1.5	1.3
EPS (W)	12.5	17.1	16.5	22.3	26.5
CFPS (W)	2.1	12.8	10.4	4.1	12.1
BPS (W)	85.6	97.1	112.1	132.5	156.6
DPS (W)	0.5	1.5	1.4	2.0	2.3
Dividend payout ratio (%)	4.0%	8.8%	8.8%	8.8%	8.8%
Dividend yield (%)	0.1%	0.2%	0.3%	0.5%	0.6%
Inventory Turnover (days)	143	154	155	150	150
Receivables (days)	34	32	32	32	32
Payables (days)	47	55	55	52	52
ROE (%)	14.6%	17.6%	14.7%	16.8%	16.9%
RoCE (%)	7.8%	9.6%	8.6%	10.5%	11.3%
Debt-to-equity ratio (%)	34.0%	15.6%	19.9%	13.6%	8.8%

Source: Company data, MACM Research

Income statement (summarized)

(USD mn)	FY23	FY24	FY26E	FY27E	FY25E
Revenue	826	925	1,000	1,166	1,294
yoy growth	21.4%	12.1%	8.1%	16.6%	10.9%
Cost of goods sold	545	628	675	781	860
Gross profit	281	297	325	385	433
Employee expenses	43	51	55	64	71
Other expenses	155	134	156	175	194
EBITDA	83	112	114	146	168
yoy growth	17.5%	33.8%	2.1%	27.8%	15.4%
Depreciation	15	18	19	21	23
Interest expenses	10	10	10	8	6
Other income	5	6	6	7	8
PBT	64	89	92	124	147
Income tax	17	24	23	31	37
Net Income (Reported)	48	71	68	92	109
Gross margin (%)	34.0%	32.1%	32.5%	33.0%	33.5%
EBITDA margin (%)	10.1%	12.1%	11.4%	12.5%	13.0%
Net margin (%)	5.8%	7.6%	6.8%	7.9%	8.5%

Balance sheet (summarized)

(USD mn)	FY23	FY24	FY25E	FY26E	FY27E
Current assets	470	523	602	672	777
Cash & equivalents	4	6	70	71	112
AR & other receivables	80	80	87	101	112
Inventory	366	416	425	479	532
Other current assets	20	20	20	20	20
Non-current assets	163	196	214	227	223
Fixed Assets	148	172	189	202	198
Investments	15	20	20	20	20
Other Long term Asset	1	5	5	5	5
Total Assets	633	720	816	899	1,000
Current liabilities	239	252	286	283	284
AP & other payables	130	146	151	166	184
Other current liabilities	95	76	106	88	70
Non-current liabilities	59	58	58	58	58
Long-term financial liabilities	31	1	1	1	1
Other non-current liabilities	28	57	57	57	57
Total liabilities	300	312	346	343	344
Shareholders' equity	333	408	471	555	656
Equity share capital	4	4	4	4	4
Reserves and surplus	324	397	459	544	643
Total liabilities and Equity	633	720	816	899	1,000

Cash flow statement (summarized)

(USD mn)	FY23	FY24	FY25E	FY26E	FY27E
Operating cash flow					
PBT	67	95	91	123	146
Other Non-Cash items	20	23	29	30	30
Change in NWC	-40	-10	-10	-53	-45
Cash flow from Operating	31	90	87	69	94
Free Cashflow	8	53	43	17	50
Cashflow from Investing					
Capex	-17	-24	-37	-34	-20
Others	0	-0	0	0	0
Net Cashflow from Investing	-47	-24	-37	-34	-20
Cash flow from financing					
Chg. in financial liabilities	-22	-53	20	-26	-24
Chg. in equity	44	-4	-6	-8	-10
Other	-5	-7	0	0	0
Chg. in cash	0	2	64	1	41
Ending balance	4	6	70	71	112

Source: Company data, MACM Research, 1 USD = INR 84

Near-term concerns, long term thesis intact

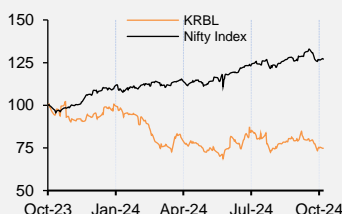
Initiate
October 16, 2024

(Maintain)	ADD
Target Price (INR)	332
Share Price (15/10/24, INR)	285
Expected Return	17%

Revenue (25E, INR mn)	51,142
NIFTY	25,057

Market Cap (INR bn)	65.2
Shares Outstanding (mn)	228.9
Free Float (%)	34.1
Foreign Ownership (%)	5.0
52-Week Low	258
52-Week High	393

(%)	1M	6M	12M
Absolute	-6.4	-3.2	-26.9
Relative	-5.1	-16.4	-53.9



Mirae Asset Capital Markets
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Changing industry dynamics is the biggest opportunity for the brand

KRBL is the largest basmati rice company in the world, with a strong position in both exports (25% of FY24 sales) and the domestic market. KRBL's flagship brand, 'India Gate' (~58% of FY24 sales) is the biggest selling basmati brand in the world and commands a ~29% premium over peers. The domestic market remains a long-term demand driver for basmati as Indian consumers seek out packaged food products on the back of rising affluence. Over the long term, we expect Indian consumers to shift from unbranded basmati (~45% of domestic consumption) towards branded basmati on expectations of higher quality. We expect KRBL to be one of the key beneficiaries of this consumption trend on account of its market leadership, wide distribution network and strong brand positioning. KRBL has been able to largely sustain its profitability in recent years on the back of high premium on the brand name and the stock of aged basmati rice. Additionally, KRBL's diversification into regional rice categories and non-basmati offerings, further enhances its growth prospects in the Indian market.

Near term challenges in Exports is the missing catalyst

Although internationally, KRBL is an established player, operating in 90+ countries with 75% share from middle east, we acknowledge that export challenges to persist for another 2-3 quarters. It continues to face distribution challenges in key markets like Saudi Arabia in the branded export segment and Iran in the bulk category. Iran slashed prices by about 36% which slowed down exports. KRBL plans to tackle export market challenges and expects exports growth to revive FY26E onwards. KRBL has a superior margin profile as compared to LT foods but has lost margins in last 2 years due to loss of export volumes. However, we factor the negatives in FY25E and expect the export revenue growth CAGR at 7.3% over FY24-27E.

Valuation and View

Stock is down 25% over the past 12 months on export concerns and delay in performance. Given the current challenges in the export market, we believe EBITDA margin recovery for company is likely to take at least 2-3 quarters. We are structurally positive on KRBL on the long-term play and forecast 4.8% earnings CAGR over FY24-27E led by strong domestic growth and export recovery. Basis the financial instability, we assign PE multiple of 10x on FY27E (5-year average) (50% discount to LT) with an ADD rating. This implies 17% upside to the current price.

Earnings and valuation metrics

(YE Mar)	FY22	FY23	FY24	FY25E	FY26E
Revenue (INR mn)	42,106	53,647	53,847	51,142	56,708
EBITDA (INR mn)	6,620	9,388	8,023	6,239	9,073
EBITDA margin (%)	15.7	17.5	14.9	12.2	16.0
Adjusted PAT (INR mn)	4,594	7,010	5,959	4,566	6,700
EPS (INR)	19.5	29.8	25.7	19.7	28.9
P/E (x)	14.6	9.6	10.9	14.5	9.9
P/B (x)	1.6	1.4	1.3	1.3	1.1
EV/EBITDA	10.0	7.3	8.7	10.5	7.4
ROE (%)	11	15	12	9	12

Source: Company data, MACM Research

Story in Charts

Exhibit 1. Segment Wise Revenue breakup

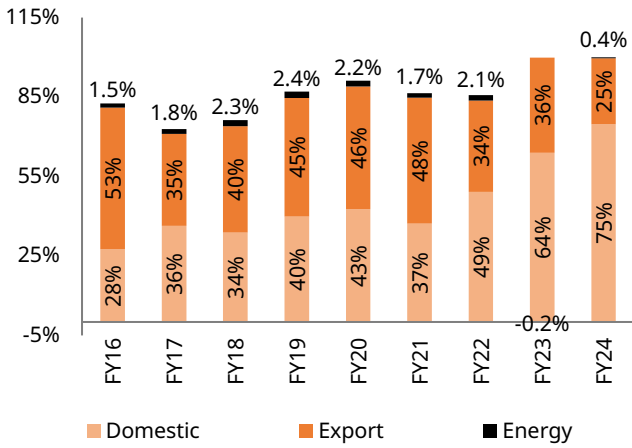


Exhibit 2. Export country wise breakup

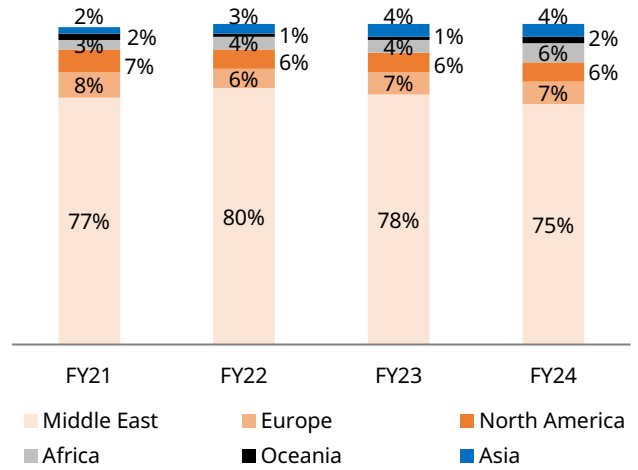


Exhibit 3. Revenue Trend

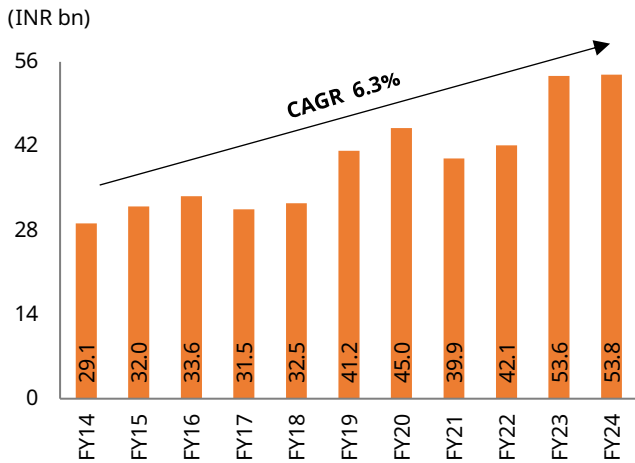


Exhibit 4. Superior margin profile

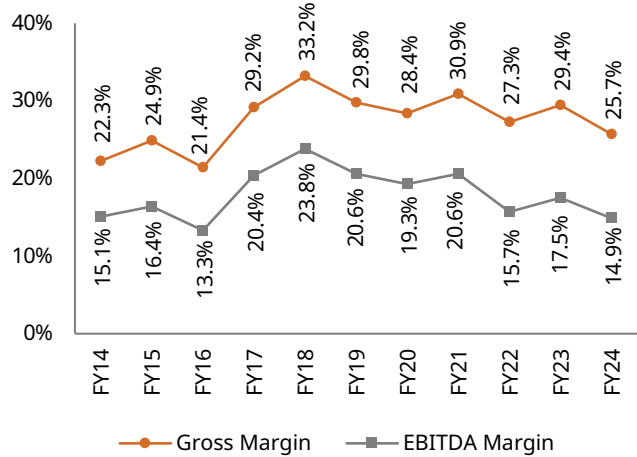


Exhibit 5. ROE

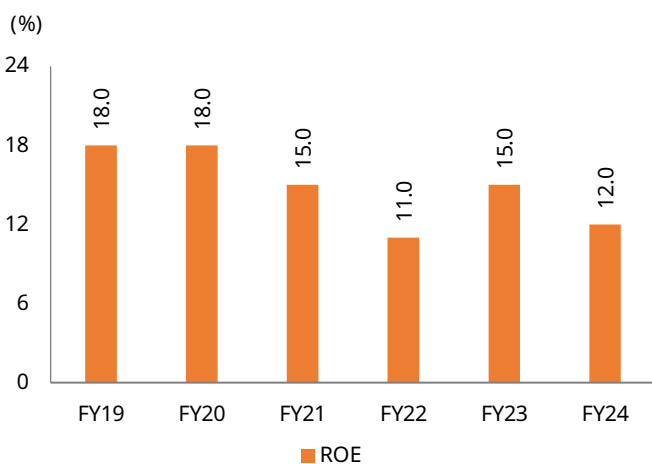


Exhibit 6. ROCE



Source: Company data, MACM Research

Changing industry dynamics - biggest opportunity for the brand

The domestic market for basmati rice is a crucial long-term demand driver, as Indian consumers increasingly prefer packaged food products due to rising affluence and a focus on high-quality options like low glycemic index and unpolished rice. 20% of the 3 mn tons of Basmati consumed in India is packaged while ~50% of domestic basmati consumption remains unbranded. The shift from loose to packaged rice is accelerating, driven by hygiene concerns and a growing preference for branded products.

Over the past three years, KRBL has recorded a 13.5% CAGR domestic revenue supported by its robust distribution framework, including 850+ distributors and increased direct coverage in key cities (adding ~45,000 retail outlets over the past year). Notably, organized trade (modern trade and e-commerce) now contributes 30% to KRBL's consumer business, with a 33% YoY growth, while traditional trade remains a dominant channel. The company is focusing on deeper penetration in key markets, particularly in Metros and Tier 1 cities, which account for ~70% of basmati rice consumption. KRBL is leveraging direct reach strategies to increase its market share in these areas. Additionally, KRBL's investment in consumer education and performance marketing is aimed at driving the transition from loose to packaged basmati, further expanding its market potential.

KRBL is also diversifying beyond basmati, entering regional rice categories to cater to India's diverse preferences, particularly in the South and West. This move is expected to significantly enhance its market reach. Furthermore, KRBL's exploration of new categories beyond rice presents an opportunity to leverage its strong brand and increase its share of consumer spending in the kitchen staples segment.

We expect the domestic business to continue growing at around 6.9% CAGR over FY24-27E led by the company's three-pronged strategy which involves growing distribution, increasing the reach of packaged basmati through optimum pricing, and driving non-basmati revenues.

Exhibit 7. Domestic Volume and Realization

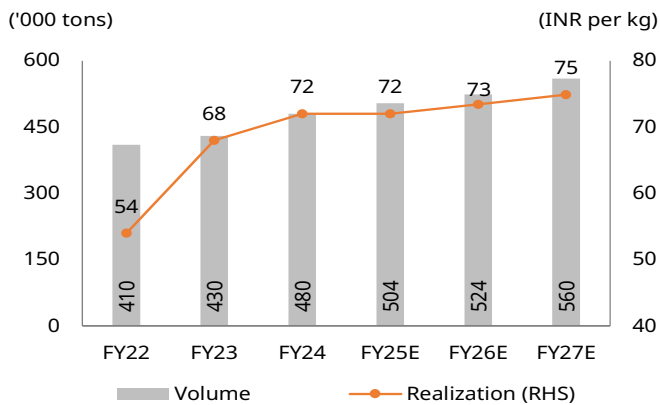


Exhibit 8. Domestic revenue trend (CAGR 7% FY24-27E)

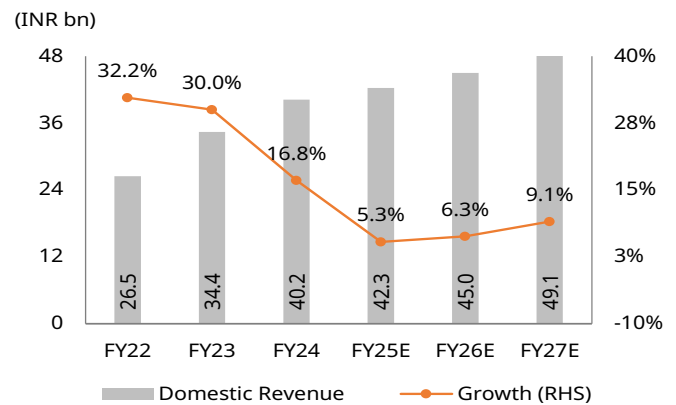
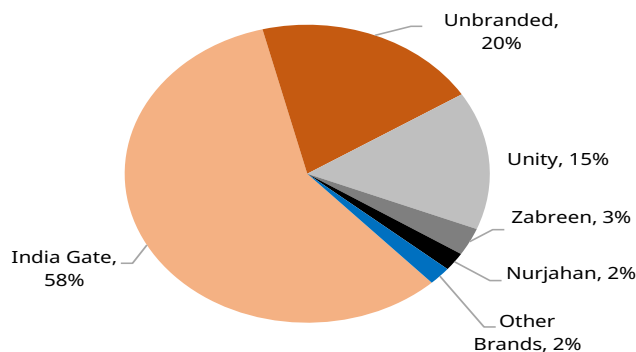


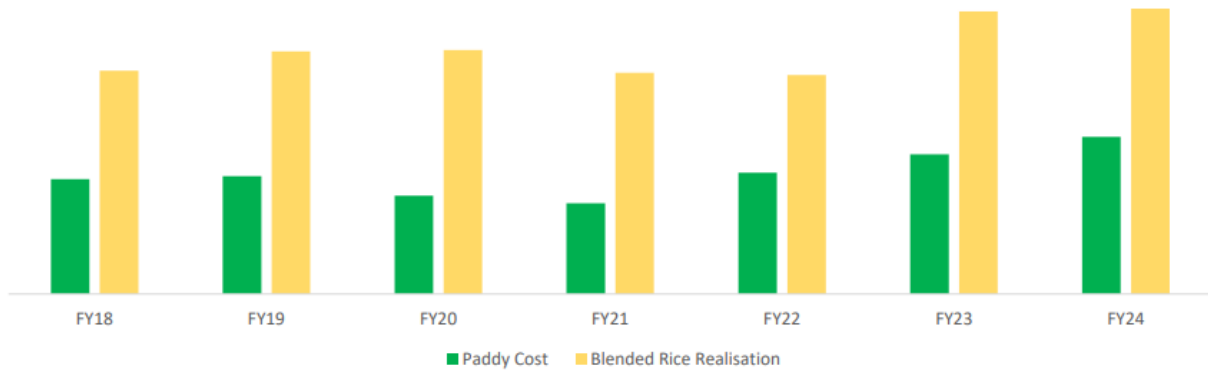
Exhibit 9. Brand wise breakup FY24



Source: Company data, MACM Research

The company always enjoyed higher realization as compared to industry due to its high quality paddy (aging rice) which further ensures better realization for the company. With rising household income and a growing middle class demographic, we expect KRBL to see realization growth in the domestic market and the company's premium positioning in the market.

Exhibit 10. Pricing power driven by strong brand



• Continuous basmati rice realization increase corresponding to paddy cost increase – ability to consistently pass on higher input costs reflects KRBL's **brand strength**.

Source: Company data, MACM Research, Note: Chart represents Average Blended (Export and Domestic) INR Realisation per MT and Average Basmati Paddy INR cost per MT

Exhibit 11. Channel Wise sales breakup FY24

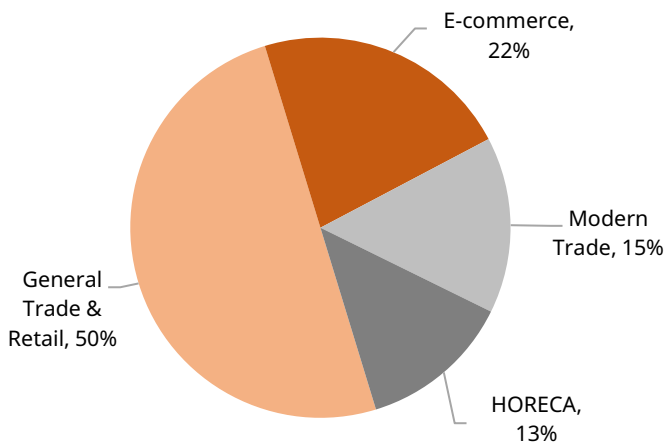
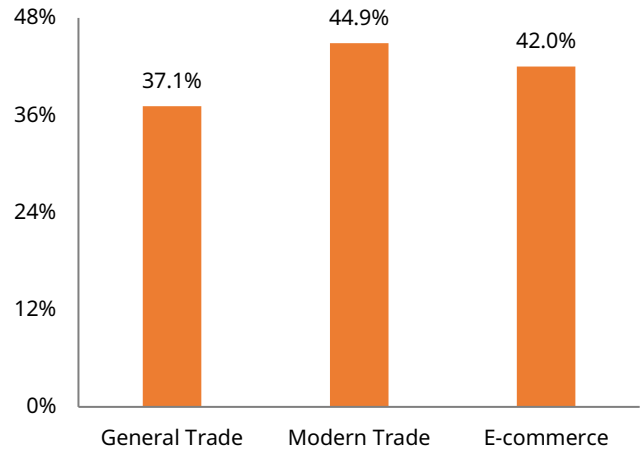


Exhibit 12. KRBL market share leadership across channels in FY24



Source: Company data, MACM Research

Distribution network expansion

With over 850 distributors and a focus on direct reach, KRBL has significantly expanded its footprint, adding approximately 45,000 retail outlets in key cities over the past year. Aggressive expansion plans are in place for distribution, potentially increasing outlet coverage significantly in the next couple of years. The company has added over 150 new distributors and expanded their retail footprint by more than 44,000 outlets in the exit quarter of the past fiscal year.

Exhibit 13. No. of outlets reached

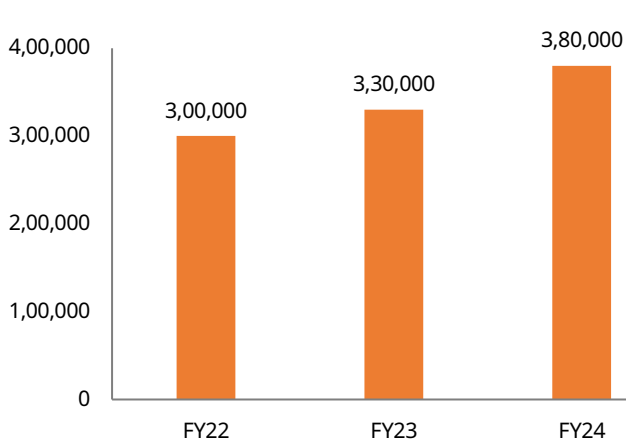
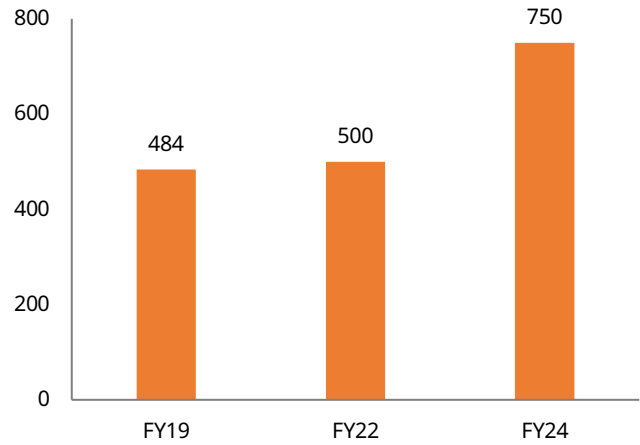



Exhibit 14. No. of distributors



Source: Company data, MACM Research

Exhibit 15. Product offerings

Segment	Product Portfolio
Basmati Rice	 <ul style="list-style-type: none"> India Gate Basmati Portfolio India Gate Golden Sella Range India Gate White Sella Range Unity Basmati Rice Portfolio Nurjahan Basmati Range Zabreen Basmati Range Doon Basmati Range Bemisal Basmati Range
Non-basmati rice	 <ul style="list-style-type: none"> Regional Product Portfolio
Health Food Segment	 <ul style="list-style-type: none"> India Gate Brown Rice Quinoa Flax Seeds Chia Seeds India Gate Weight Watchers Special
New Product Launches	 <ul style="list-style-type: none"> Biryani Masala in packs of 60g and 100g <ul style="list-style-type: none"> Hyderabadi Classic Biryani Masala Lucknowi Classic Biryani Masala Kolkata Classic Biryani Masala

Source: : Company data, MACM Research

Near term challenges in Exports is the missing catalyst

Export business (25% of sales)

KRBL has established itself as a global leader in the rice industry, operating in 90+ countries and earning a reputation for excellence in Basmati category. As one of the largest players in the international rice trade, the company's commitment to delivering rice has enhanced its position on the global front. KRBL commands 40% market share in five of 150 countries importing Indian basmati rice, 20% in six countries, and 10% in twelve countries, underscoring its extensive global reach and market leadership. The company is focused on expanding its international footprint, exploring new markets, and maintaining high quality and value for customers worldwide.

Exports are a mix of branded and bulk rice. Bulk exports are opportunistic and mainly private label business (e.g., Iran), whereas branded exports are the company's own labels. Bulk business has lower margins (10-15%), while branded exports yield up to 30%.

Exhibit 16. Export Revenue hit in FY24 & FY25 **Exhibit 17. Export Volume**

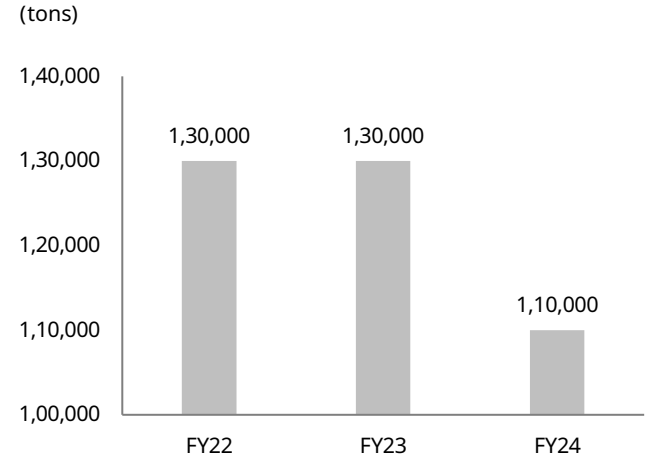
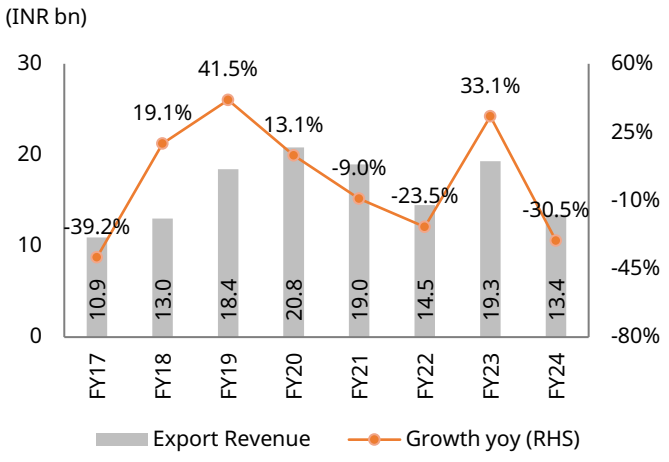
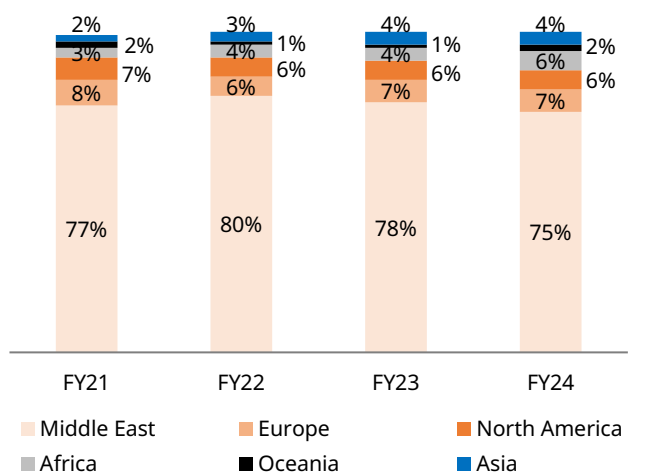
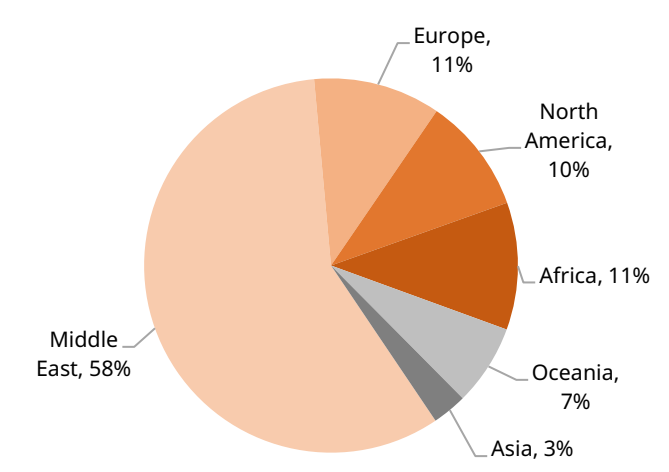


Exhibit 18. Region wise KRBL's Basmati Export sales in FY24 **Exhibit 19. Region wise export volumes of Basmati rice**



Source: Company data, MACM Research

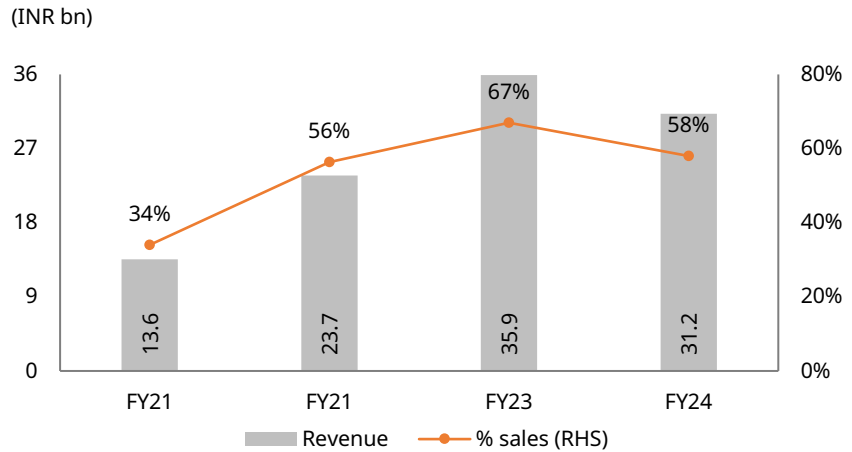
Middle East

The middle east remains a pivotal market, accounting for 74% of India's basmati rice exports. KRBL derives ~58% of its basmati export revenue from this region, with notable growth in Kuwait, Bahrain, and Oman. The Middle East contributes 10% to KRBL's overall basmati export revenue and the company achieved a 7% YoY growth in this segment.

On the other hand, Iran and Saudi Arabia remain critical markets for Indian basmati rice, collectively accounting for approximately 45% of total exports, with Saudi Arabia importing around 9,00,000 to 1 mn tonnes and Iran importing between 1.2 to 1.3 mn tonnes. The turnover from these two markets is significant, estimated at INR 7,000-8,000 mn each. However, geopolitical tensions in the Middle East have led to delays in payment cycles, particularly affecting trade with Iran and Iraq, which together contribute nearly 40% of India's basmati exports. KRBL plans to tackle export market challenges and expect exports growth revival from FY26E onwards. Also, Iran slashed prices by about 36% which lead to slow down in exports. Iran is a very large destination of rice exports from India, but it's a difficult market to access because of the US sanctions imposed.

KRBL is focusing on expanding into new markets to reduce dependence on Iran and Iraq. Expecting INR 14,000-16,000 mn in incremental export revenue in coming quarters. Distribution issues are a key focus, especially in markets like Saudi Arabia, where private labels have gained ground. However, the company aims to fix distribution issues within FY25 and expects to see revenue movement FY26 onwards.

Exhibit 20. Middle East Revenue



Source: Company data, MACM Research

Europe and America

Additionally, KRBL's key markets include the USA and Canada, with Europe experiencing remarkable growth—recording a 400% increase in basmati exports and contributing 11% to total export revenue. Key European markets such as Belgium, France, the Netherlands, and the UK have shown significant potential.

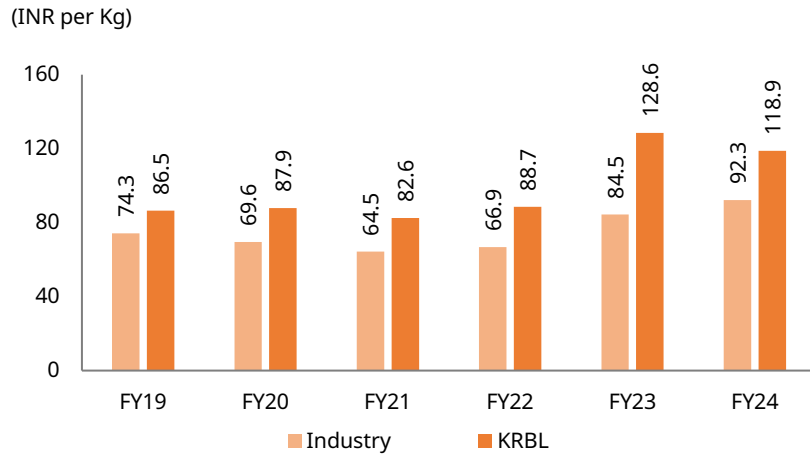
Rest of the World

KRBL Limited is making significant strides in expanding its presence in Oceania and Africa, achieving notable market shares and growth rates. In Africa, Basmati exports have surged by 13%, with Algeria and South Africa emerging as key markets. Meanwhile, Oceania, particularly Australia and New Zealand, has also shown substantial growth potential. This expansion aligns with KRBL's strategic focus on increasing its global footprint, leveraging its strong brand recognition as the world's leading Basmati rice brand.

Export realization

KRBL's export realization significantly outperforms industry averages showcasing its strong pricing power in the branded basmati rice segment. In FY24, KRBL achieved an export realization of INR 119 per kg compared to INR 92 per kg resulting in a 29% premium over the industry. However, LT Foods demonstrated superior performance with an export realization of INR 138 per kg in FY24 as compared to KRBL (INR 119 per kg).

Exhibit 21. KRBL outpaces industry realization with 29% premium in FY24



Source: Company data, MACM Research

Expansion plans

KRBL's strategic expansion is set to drive growth by tapping into the non-basmati rice segment. In 2023, the company began commercial production at its Anjar plant in Gujarat and has started construction on a new plant in Karnataka's Gangavathi region, with land and approvals secured. Additionally, KRBL has acquired land for a facility in Madhya Pradesh, with construction underway. The company also plans a 1,00,000 sqft warehouse in Gujarat. With INR 2,120 mn in branded non-basmati revenue in FY24, KRBL's expansion aims to boost capacity, efficiency, and market reach, particularly through regional specialty aged rice. Company is planning to launch Rice bran oil in the non-basmati segment under its brand name. The margin in this blended oil business is around 15%. The product will be sold at 20% premium in the market.

Brand Strength and Strategic Initiatives

KRBL's superior brand equity is reflected in its ability to command a 29% premium over industry realizations for basmati rice, emphasizing the company's commitment to quality. The strategic pillars guiding KRBL's growth include expanding branded basmati penetration, densifying distribution reach, and augmenting its portfolio across different rice segments. With India Gate reaching a household penetration of 10% across 1.1 crore households, KRBL has achieved unprecedented market share across various channels, leading general trade at 37.1%, modern trade at 44.9%, and e-commerce at 42%. The positive consumer response to its regional rice offerings and the introduction of India Gate Classic Biryani Masala further exemplifies KRBL's innovation in product development.

Marketing Strategy

India Gate, especially India Gate Classic (aged for 2 years), is positioned as the premium Basmati brand. Brand strength remains strong in the Middle East despite some market challenges. Marketing efforts are tailored to regional differences. The goal is to accelerate the shift from loose to packaged rice. The shift from loose to packaged rice and increasing availability in smaller towns are expected to drive domestic demand for the next five years. Initiatives to make rice quality more understandable to consumers are underway, aiming to encourage customers to pay for better quality rice.

Regionally, KRBL has launched a targeted media campaign in Maharashtra aimed at positioning India Gate as the preferred choice among women. Insights from a Brand Power survey indicated that 90% of women preferred India Gate Basmati Rice. Leveraging this data, KRBL utilized vernacular assets for a media-first approach to maximize engagement.

Exhibit 22. 'Regionalization' lens to the campaigns brings impact

HINDI-SPEAKING MARKETS



'Basmati Rice Se No Compromise'

I love my Saasumaa - <https://youtu.be/ePDZpWSIFgQ>
 Maa ke haath ka khaana - <https://youtu.be/FKptBujuzr8>
 Inka Favorite Pulav - <https://youtu.be/z2c7ZUWSQIY>

WEST BENGAL



Home Minister

Home Minister - <https://youtu.be/m6tKGdi5Zr0>

MAHARASHTRA



Brand Power

Preferred by 9 out of 10 women in Mah.
 Brand Power - https://youtu.be/Brx0kVY_GHc

Source: Company data, MACM Research

Exhibit 23. Brand campaigns and media presence

ELECTION 2024 CAMPAIGN

8 INFLUENCERS

7mn Reach, 1.6 lakhs Engagement



**"NO COMPROMISE"
TV**

HSM

**"MAKE TRADITIONS TASTE
GREAT" TV**

SOUTH

Continued Journey of Pankaj Tripathi "Basmati Rice Se No Compromise" Campaign in HSM, and "Make Traditions Taste Great" Campaign in South

"SASUMAA" "INKA FAVOURITE PULAV" "MAA KA PYAAR"



9535 GRPs | 40,000+ spots

Media Dominance with **66% SOV!**

"GOOD CHOICE!"



Coconut Rice

"10 OUT OF 10!"



Mint Rice

Activated AP-Telangana for the first time!

Media Dominance with **87% SOV!**

Source: Company data, MACM Research

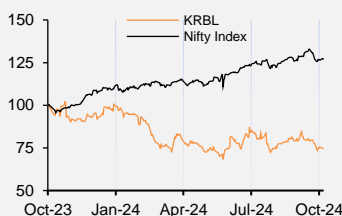
Initiate
October 16, 2024

Rating	ADD
Target Price (INR)	332
Share Price (15/10/24, INR)	285
Expected Return	17%

Revenue (25E, INR mn)	51,142
NIFTY	25,057

Market Cap (INR bn)	65.2
Shares Outstanding (mn)	228.9
Free Float (%)	34.1
Foreign Ownership (%)	5.0
52-Week Low	258
52-Week High	393

(%)	1M	6M	12M
Absolute	-6.4	-3.2	-26.9
Relative	-5.1	-16.4	-53.9



Mirae Asset Capital Markets
(India) Pvt. Ltd.

KRBL

Near-term concerns, long term thesis intact

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P/B (x)	1.6	1.4	1.3	1.3	1.1
EV/EBITDA	10.0	7.3	8.7	10.5	7.4
ROE (%)	11	15	12	9	12

Source: Company data, MACM Research

Exhibit 26. New launches in FY24

HEALTH PORTFOLIO

With ~77 Mn Indians living with diabetes & an equal number expected to be pre-diabetic, KRBL further **strengthens its health portfolio**, by launching a **Diabetic Friendly Rice**

INDIA GATE SUGAR WATCHERS





The Classic Biryani Experience

— SLOWLY SIMMERED FOR AN AUTHENTIC TASTE —

3 REGIONAL VARIANTS

2 SKUs - 120G & 70G

3 EASY STEPS | 30 MINS



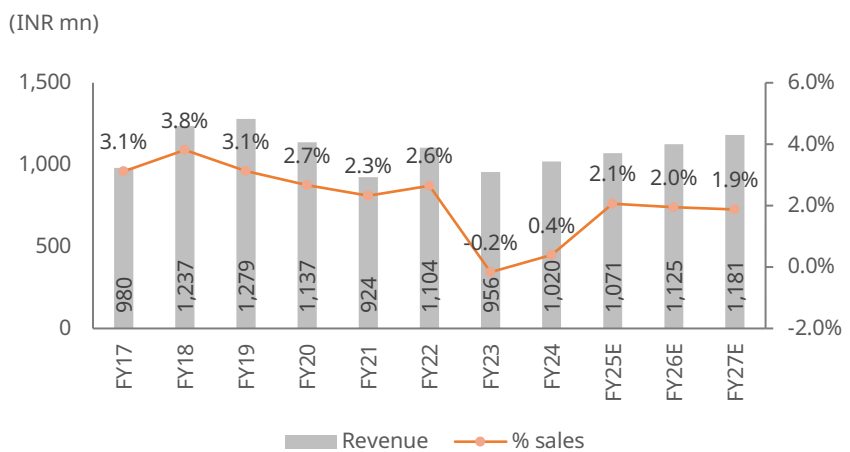
Special Durga Pooja Pack of INDIA GATE SUPER launched in Bengal

Source: Company data, MACM Research

Energy Division

As an early adopter of wind energy, the company launched a 12.5 MW wind plant in Maharashtra in FY06 and has since expanded its renewable capacity to 112.25 MW across seven states, positioning itself as a sector leader. In FY13, KRBL entered the solar energy market, now operating 17 MW of solar plants in Madhya Pradesh and Haryana. This diversification enhances operational sustainability and supports carbon offset initiatives. Most generated energy is sold to state utilities, with a portion used for captive consumption. KRBL's renewable portfolio includes wind, solar, and biomass, with the latter producing 17.6 MW from rice milling by-products to meet internal power needs. While this division accounts for ~1% of external sales, it supplies KRBL's captive power needs. We expect stable growth from power sales at 5% cagr over FY24-27E.

Exhibit 27. Energy Segment Revenue



Source: Company data, MACM Research

Integrated business model

KRBL's agri-business is integrated in nature with presence across the value chain comprising milling of paddy, captive husk-based power generation and processing of byproducts. The company collaborates with rice research institutions to cultivate superior seeds and engages in contact farming to provide farmers with high-quality seeds and training, ensuring strong ties and high-quality crops. KRBL employs transparent, technology-driven procurement methods to source paddy from prime agricultural regions, rigorously testing each batch for quality before processing.

Its state-of-the-art processing plants, capable of milling 195 metric tons per hour, utilize a unique aging process of 1 to 2 years to enhance the aroma and taste of its products. With over 1 mn tonnes of in-house storage capacity, KRBL maintains product quality and supply consistency while minimizing risks.

Exhibit 28. Manufacturing and procurement facilities

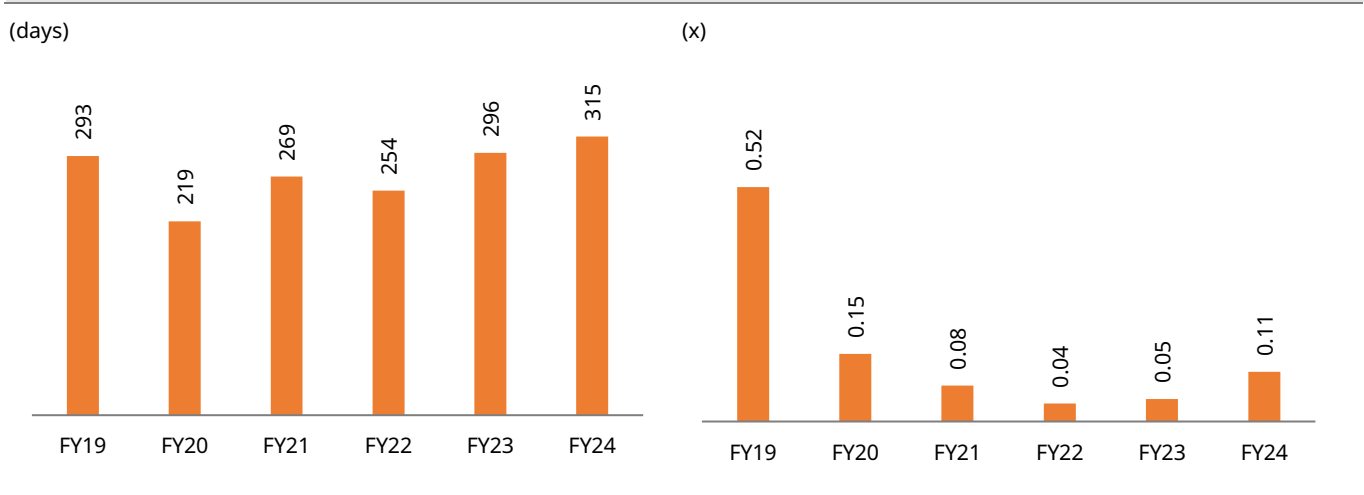
Capacity's location	Rice Capacity (MT/Hr)	Type
G B Nagar, Uttar Pradesh	45	- Manufacturing Capacity
	30	- Grading, Sorting & Packaging Capacity
Alipur, Delhi		- Inception 1993
Sonipat, Haryana	20	- Grading, Sorting & Packaging Capacity
Dhuri, Punjab	150	- Rice processing, grading and packaging
	126	- Grading, Sorting & Packaging Capacity
Anjar, Gujarat	30	- Grading, Sorting & Packaging Capacity

Source: Company data, MACM Research

Increasing Working capital

KRBL's working capital management reflects its operational intricacies within the basmati rice industry, characterized by a high inventory-holding period. This increase is primarily attributed to the seasonality of rice harvests and the necessity of aging paddy for optimal quality, which can take up to two years. KRBL's comprehensive value chain—from seed development to final packaging—enables it to maintain quality and supply consistency, but it also necessitates significant working capital investment. Thus, the company has experienced fluctuations in working capital days, with figures rising from 293 days in FY19 to 315 days in FY24 due to lower exports. The company manages its purchases based on financial capacity and aims to liquidate stocks according to purchase price levels before the end of the season, thereby maintaining cost efficiency.

Exhibit 29. Working Capital **Exhibit 30. Debt to Equity**



Source: Company data, MACM Research

Financial Assumptions

FY25E to remain impacted; expect ~4.8% revenue CAGR over FY24-FY27E off a low base. EBITDA margins are likely to expand post export volume recovery. We expect EBITDA to grow at a ~8.6% CAGR over FY24-FY27E on the back of operational efficiencies.

Exhibit 31. KRBL's Domestic Volumes & realizations **Exhibit 32. KRBL's Domestic Revenue**

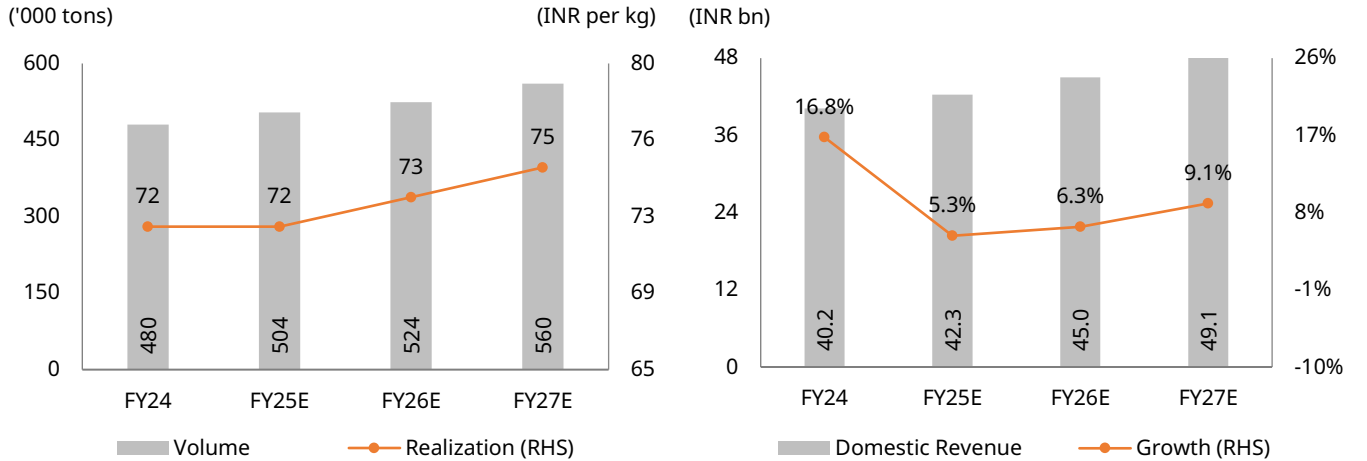


Exhibit 33. KRBL's Export Volumes & realizations **Exhibit 34. KRBL's Export Revenue**

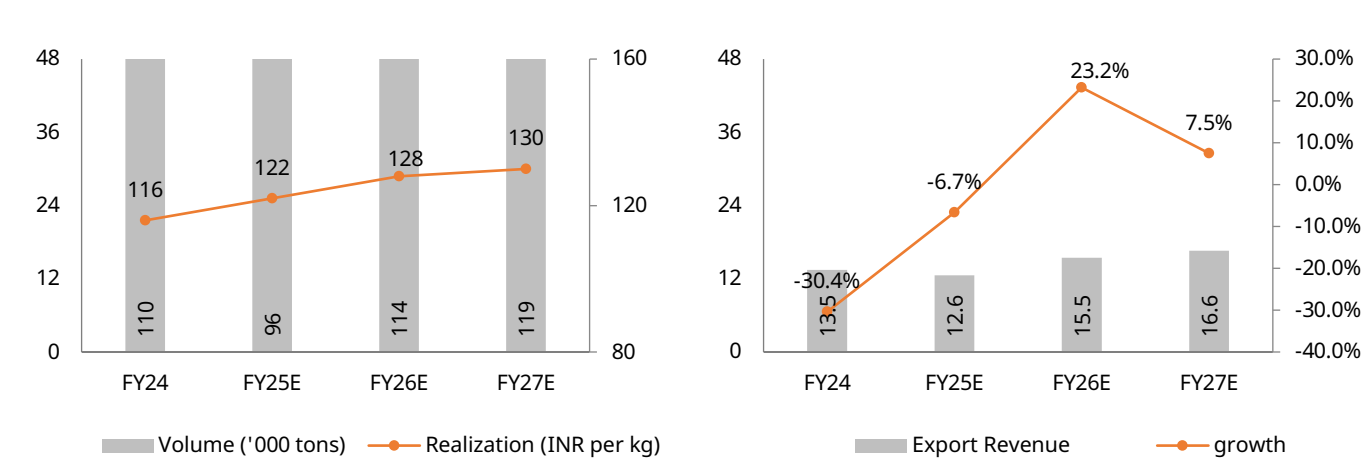
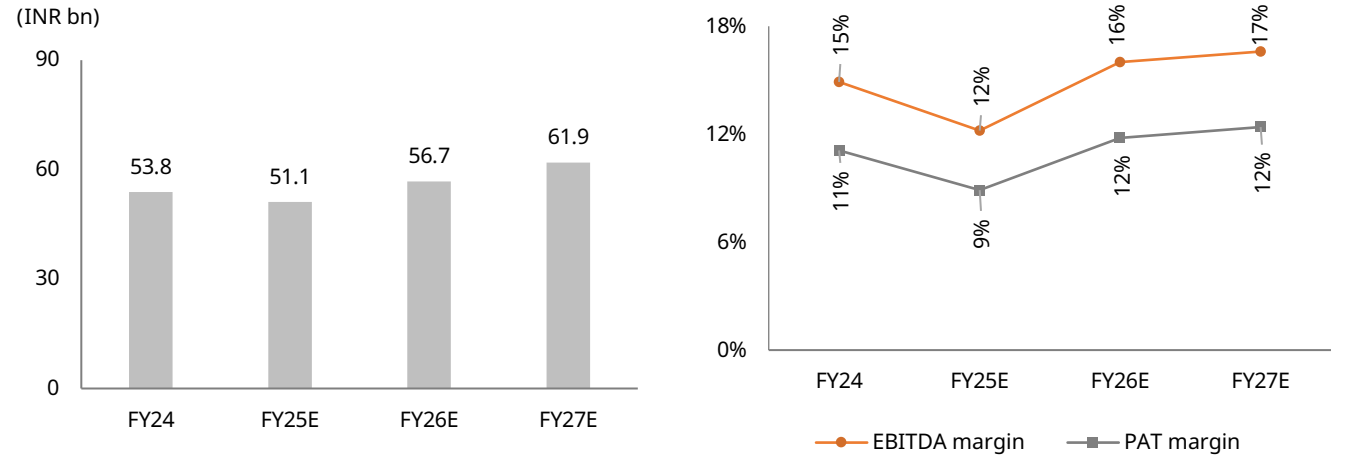


Exhibit 35. Revenue and margin estimates



Source: Company data, MACM Research

Valuation

KRBL, with the reputation of world’s largest basmati rice exporting company with multi-brands presence, highest milling capacity, large networks of distributors and arrangement with major chain stores, is well placed to meet market challenges. Domestic business to continue growing at around 6.9% CAGR over FY24-27E led by the company’s three-pronged strategy which involves growing distribution, increasing the reach of packaged basmati through optimum pricing, and driving non-basmati revenues.

Stock is down 25% over the past 12 months on export concerns and delay in performance. Given the current challenges in the export market, we believe EBITDA margin recovery for company is likely to take at least 2-3 quarters. We are structurally positive on KRBL on the long term play and forecast 4.8% earnings CAGR over FY24-27E. Basis the financial instability, we assign PE multiple of 10x on FY27E (5-year average) (50% discount to LT) with an ADD rating. This implies 17% upside to the current price.

Risk

Key risks to our estimates

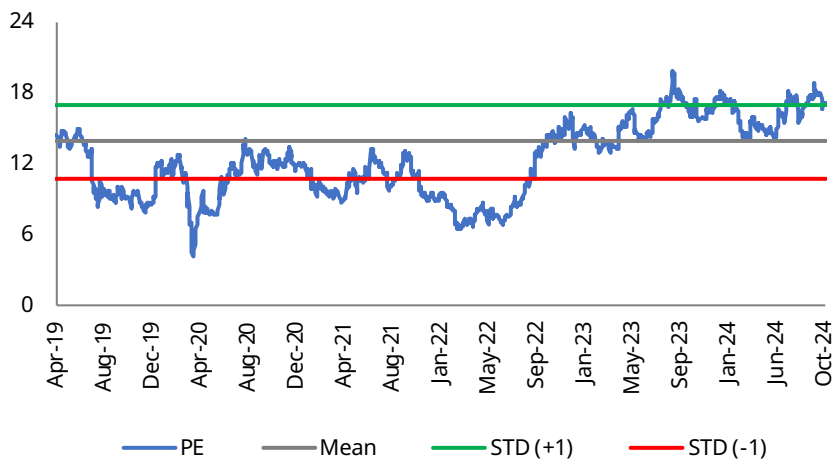
1. Lingering economic slowdown in oil exporting countries, which have been main basmati export destination
2. Volatility in paddy prices.
3. Change in currency could have an adverse impact on the company’s profitability.

Exhibit 36. Peer Comparison

Peers	Mcap (in bn)	Sales (INR bn) FY24	EBITDA margin FY24	Sales CAGR FY24-27E	EBITDA CAGR FY24-27E	ROE FY24	PE		
							FY25E	FY26E	FY27E
Adani Wilmar	436.8	511.5	3%	10%	32%	2%	43.7	37.3	32.9
LT foods	136.9	77.7	12.1%	12%	14.6%	18%	25.1	18.6	15.6
KRBL	65.5	53.8	14.9%	4.8%	8.6%	12%	14.5	9.9	8.5

Source: Bloomberg, MACM Research

Exhibit 37. 1 year Forward PE



Source: Company data, MACM Research

ESG

Environment	<ul style="list-style-type: none"> • The company sources 90% of its power consumption from renewable energy at its units and has achieved a 12% reduction in energy usage. • It has established a 2MW captive solar plant and undertaken reforestation efforts, including a Miyawaki plantation covering 3,000 sq. meters and the planting of 20,000 trees across 30 acres. • It has reduced water consumption by 25%, achieved 100% plastic neutrality, and is on track to include 30% recycled plastics in its PET jars by FY25, with a 10 metric ton reduction in plastic usage.
Social	<ul style="list-style-type: none"> • The company has provided over 11,157 employee training hours. • It has also spent INR 250 mn on ongoing projects, and served more than 63 lakh mid-day meals.
Governance	<ul style="list-style-type: none"> • The company upholds high standards, with 100% independence in key committees such as the Stakeholder Relationship and Nominations & Remuneration Committees. • The board boasts 55% independence, 22% diversity, and 50% of its committees are chaired by independent directors, all of whom have maintained 100% attendance at meetings.

Source: Company data, MACM Research

About KRBL

Founded in 1889, KRBL has evolved significantly over its 130-year history. It primarily markets its flagship brand, India Gate basmati rice, while also offering other varieties such as Doon Basmati, Nur Jahan, and Bemisal. In addition to its basmati offerings, KRBL produces non-basmati rice under the Aarati brand. The introduction of the Pusa 1121 variety has notably enhanced its reputation, solidifying its position as the leading branded basmati rice company in India. KRBL Limited stands as the largest rice miller and exporter globally, commanding over 30% of the domestic market and a 25% share in the branded basmati rice export sector. The company operates two major facilities—one located in Dhuri, Punjab, and the other in Gautam Buddha Nagar, Uttar Pradesh—boasting a combined milling capacity of 195 metric tons per hour. Since launching its branding efforts in 1999 with India Gate, KRBL has made substantial strides in both quality and market presence. The company is recognized for its commitment to maintaining high standards throughout its production processes, from seed development to marketing. With a focus on innovation and quality, KRBL continues to expand its footprint both domestically and internationally, exporting to over 80 countries worldwide.

Exhibit 38. Product Portfolio

Category	Product	Price (INR/kg)
Basmati Rice	India Gate Mini Mogra II Basmati Rice	50
	India Gate Regular Choice Basmati Rice	70
	India Gate Everyday Basmati Rice	73
	Tibar Basmati Rice	80
	India Gate Feast Rozana Basmati Rice	102
	India Gate Mogra Basmati Rice	104
	Dubar Basmati Rice	139
	India Gate Mini Mogra Basmati Rice	150
	India Gate Select Basmati Rice	197
	India Gate Classic Basmati Rice	210
	India Gate Super Basmati Rice	239
	Daily Premium Basmati Rice	290
Non-Basmati Rice	India Gate Wada Kolam	42
	India Gate Ponni	50
	India Gate Sona Masoori	69
	India Gate Ambemohar	75
	India Gate Surti Kolam	87
	India Gate Jeera Rice	115
Health Food Segment	India Gate Weight Watchers Special	125
	India Gate Brown Rice	178
	Quinoa	450
	Flaxseeds	450
	Chia Seeds	1250
New Product Launches	Biryani Masala in packs of 60g and 100g	
	• Hyderabadi Classic Biryani Masala	60 (60 g)
	• Lucknowi Classic Biryani Masala	84 (100g)
	• Kolkata Classic Biryani Masala	

Source: Company data, MACM Research

Exhibit 39. Quarterly results

INR mn	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Total Revenues	13,193	15,360	12,797	14,137	12,134	14,370	13,183	11,992
% growth	25%	33%	30%	7%	-21%	12%	-7%	-15%
COGS	8,771	10,993	9,719	10,260	8,852	11,024	9,863	9,376
as % of sales	66%	72%	76%	73%	73%	77%	75%	78%
Gross Profit	4,422	4,367	3,078	3,876	3,282	3,346	3,320	2,616
Gross Margin (%)	34%	28%	24%	27%	27%	23%	25%	22%
Employee costs	304	311	310	339	372	388	438	404
as % of sales	2%	2%	2%	2%	3%	3%	3%	3%
Other expenses	1,272	1,268	1,330	1,022	965	1,180	1,098	1,039
% growth	61%	27%	20%	-22%	-24%	-7%	-17%	2%
as % of sales	10%	8%	10%	7%	8%	8%	8%	9%
Total Expense	10,346	12,572	11,359	11,622	10,189	12,592	11,399	10,820
EBITDA	2,847	2,788	1,439	2,515	1,945	1,779	1,784	1,172
Margin %	22%	18%	11%	18%	16%	12%	14%	10%
Depreciation	189	187	193	196	199	200	199	202
Interest	15	35	78	15	8	75	143	48
Other income/expense (net)	206	179	432	269	331	282	87	217
PBT	2,849	2,745	1,599	2,574	2,069	1,786	1,529	1,140
Tax	718	691	419	627	536	448	389	275
PAT	2,131	2,055	1,180	1,947	1,533	1,338	1,141	866
% growth	56%	180%	8%	18%	-28%	-35%	-3%	-56%
Reported PAT	2,131	2,055	1,180	1,947	1,533	1,338	1,141	866
as % of sales	16%	13%	9%	14%	13%	9%	9%	7%

Source: Company data, MACM Research

Exhibit 40. Top 10 Institutional Shareholders

Particulars	% Share
Dimensional Fund Advisors LP	0.52
Norges Bank	0.48
AMFI Taurus Asset Management Mutual Fund Assets	0.06
American Century Cos Inc	0.04
Nippon Life India Asset Management Ltd	0.03
Motilal Oswal Asset Management Co Ltd	0.02
SBI Funds Management Ltd	0.02
HDFC Asset Management Co Ltd	0.01
ICICI Prudential Asset Management Co Ltd/India	0.01
FlexShares Trust	0.01

Source: Bloomberg, MACM Research

Exhibit 41. Experienced Board and Management Team

Name	Designation	Description
Anil Kumar Mittal	Chairman and Managing Director	He has significantly transformed KRBL into a global leader in the Indian basmati rice industry. He oversees the company's growth and stakeholder engagement. He has held prestigious roles, including President of the All-India Rice Exporters Association and the Basmati Rice Farmers and Exporters Development Forum.
Arun Kumar Gupta	Joint Managing Director	Born in 1957, he is an authority in rice and paddy supply chain management and milling technology. With over 36 years of experience, he has closely collaborated with more than 200 farmers. He holds a commerce degree from Delhi University.
Anoop Kumar Gupta	Joint Managing Director	Born in 1959, he has over 34 years of experience in the rice industry, specializing in strategy and financial operations. He holds a science degree from Delhi University and has served on the Executive Committee of the All-India Rice Exporters Association.
Priyanka Mittal	Whole Time Director	She is a Harvard Business School alumna and University of Southern California graduate. She leads the international sales and marketing of KRBL's branded business. With over two decades of experience, she promotes women's leadership and has received the Businesswoman of the Decade Award from the Woman Economic Forum. Mittal has held prominent positions in trade committees and represented the Indian rice industry at international forums on food security, sustainability, and supply chain management.
Priyanka Sardana	Independent Non-Executive Director	She is a distinguished lawyer with over 30 years of experience. She holds an MA in English, an M.Phil., and a postgraduate diploma in IPR and Human Rights Law. A Life Member of several legal associations, including the Supreme Court Bar Association, she specializes in civil, criminal, and service cases both domestically and internationally. Ms. Sardana serves as an arbitrator for the Indian Council of Arbitrators and a mediator for the Delhi State Legal Services Authority. Her guidance is crucial for KRBL's strategic decisions, and she leads the Stakeholder's Relationship Committee to prioritize stakeholder interests.
Surinder Singh	Independent Non-Executive Director	He is former Executive Director of the Food Corporation of India and has over 40 years of diverse experience in operations, financial management, administration, warehousing, and food grain preservation. He is also skilled in human resource management, procurement, and public relations. Singh holds an MBA, a B.Sc., and a Diploma in Marketing and Sales Management. Currently, he serves as a Director on the Board of Inferential Surveys and Statistics Research Foundation (ISSRF) and is a Guest Faculty at the Delhi Skill and Entrepreneurship University (DSEU). Recently, he was appointed as an Independent Director at KRBL.
Ashok Pai	Independent Non-Executive Director	He is a retired civil servant with extensive experience in administration, public policy, governance, environmental management, and community development. He has been instrumental in implementing systemic reforms, enhancing transparency, and optimizing resource utilization throughout his career. Mr. Pai possesses significant skills and knowledge in leadership, public policy, and governance.
Anil Kumar Chaudhary	Independent Non-Executive Director	He has over 45 years of experience in diverse sectors, including steel, oil, and banking, focusing on Finance, Treasury Management, Corporate Strategy, Marketing, Risk Management, Corporate Governance, and Personnel Management. He has held key leadership roles such as Group Managing Director & CEO at Essar Group and Chairman and Director (Finance) of Steel Authority of India Limited (SAIL). Mr. Chaudhary is a qualified Company Secretary, Cost and Management Accountant, and LL.B holder, with a Post Graduate Diploma in Personnel Management.
Ashish Jain	Chief Financial Officer	He brings experience from previous roles at KRBL, Unilodgers, Unilodgers (World's largest student housing marketplace) and Bharti Airtel Limited. Ashish Jain holds a CFO Program at The Wharton School. With a robust skill set that includes Investor Relations, Microsoft Office, Customer Service, Financial Analysis, and Accounting.

Source: Company data, MACM Research

Financials – KRBL (Consolidated)

Income statement (summarized)

(INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	53,647	53,847	51,142	56,708	61,933
yoy growth	27.4%	0.4%	-5.0%	10.9%	9.2%
Cost of goods sold	37,849	39,999	39,124	41,397	44,592
Gross profit	15,798	13,848	12,018	15,311	17,341
Employee expenses	1,175	1,489	1,432	1,418	1,734
Other expenses	5,235	4,336	4,347	4,820	5,326
EBITDA	9,388	8,023	6,239	9,073	10,281
yoy growth	41.8%	-14.5%	-22.2%	45.4%	13.3%
Depreciation	757	794	818	907	991
Interest expenses	147	241	254	254	129
Other income	928	970	921	1,021	1,115
PBT	9,412	7,958	6,088	8,934	10,277
Income tax	2,402	1,999	1,522	2,233	2,569
Net Income (Reported)	7,010	5,959	4,566	6,700	7,708
Gross margin (%)	29.4%	25.7%	23.5%	27.0%	28.0%
EBITDA margin (%)	17.5%	14.9%	12.2%	16.0%	16.6%
Net margin (%)	13.1%	11.1%	8.9%	11.8%	12.4%

Balance sheet (summarized)

(INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Current assets	46,311	49,615	53,499	57,200	59,617
Cash & equivalents	287	248	5,773	3,877	8,778
AR & other receivables	2,851	3,031	4,063	4,661	5,090
Inventory	41,863	44,507	41,334	45,833	42,420
Other current assets	1,310	1,829	2,329	2,829	3,329
Non-current assets	9,598	9,656	10,625	11,871	13,416
Fixed Assets	9,257	9,280	10,249	11,495	13,040
Investments	0	0	0	0	0
Other Long term Asset	341	376	376	376	376
Total Assets	55,909	59,270	64,124	69,070	73,034
Current liabilities	7,295	9,195	10,193	9,645	7,289
AP & other payables	1,197	1,103	2,102	1,554	1,697
Other current liabilities	3,249	5,594	5,594	5,594	3,094
Non-current liabilities	1,679	1,488	1,488	1,488	1,488
Long-term financial liabilities	0	0	0	0	0
Other non-current liabilities	1,679	1,488	1,488	1,488	1,488
Total liabilities	8,974	10,682	11,681	11,133	8,776
Shareholders' equity	46,935	48,588	52,443	57,937	64,258
Equity share capital	235	229	229	229	229
Reserves and surplus	46,691	48,350	52,206	57,700	64,020
Minority interest	9	9	9	9	9
Total liabilities and Equity	55,909	59,270	64,124	69,070	73,034

Cash flow statement (summarized)

(INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Operating cash flow					
PBT	9,412	7,958	6,088	8,934	10,277
Other Non-Cash items	135	482	1,072	1,161	1,119
Change in NWC	-10,620	-4,056	3,139	-5,645	3,126
Cash flow from Operating	-3,601	2,265	8,777	2,217	11,953
Free Cashflow	-4,028	1,291	6,235	-2,382	6,481
Cashflow from Investing					
Capex	-593	-859	-1,788	-2,153	-2,537
Others	2,654	-21	-500	-500	-500
Net Cashflow from Investing	2,064	-874	-2,288	-2,653	-3,037
Cash flow from financing					
Chg. in financial liabilities	-306	-346	-254	-254	-2,629
Chg. in equity	-824	236	-711	-1,206	-1,387
Other	1,178	-988	0	0	0
Chg. in cash	-1,490	-179	5,525	-1,896	4,901
Ending balance	427	248	5,773	3,877	8,778

Key valuation metrics/ratios

	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	9.6	10.9	14.5	9.9	8.6
P/B (x)	1.4	1.3	1.3	1.1	1.0
EV/EBITDA (x)	7.3	8.7	10.5	7.4	5.8
EV / Sales (x)	1.3	1.3	1.3	1.2	1.0
EPS (W)	29.8	25.7	19.7	28.9	33.2
CFPS (W)	-17.1	5.6	26.9	-10.3	27.9
BPS (W)	199.4	209.4	226.1	249.8	277.0
DPS (W)	1.0	4.0	3.1	5.2	6.0
Dividend payout ratio (%)	3.4%	15.6%	15.6%	18.0%	18.0%
Dividend yield (%)	1.2%	-0.4%	1.1%	1.8%	2.1%
Inventory Turnover (days)	238	293	295	295	250
Receivables (days)	20	20	29	30	30
Payables (days)	10	8	15	10	10
ROE (%)	14.9%	12.3%	8.7%	11.6%	12.0%
RoCE (%)	13.7%	10.6%	7.3%	10.4%	11.6%
Debt-to-equity ratio (%)	4.3%	10.4%	9.7%	8.8%	4.0%

Source: Company data, MACM Research

Income statement (summarized)

(USD mn)	FY23	FY24	FY26E	FY27E	FY25E
Revenue	639	641	609	675	737
yoy growth	27.4%	0.4%	-5.0%	10.9%	9.2%
Cost of goods sold	451	476	466	493	531
Gross profit	188	165	143	182	206
Employee expenses	14	18	17	17	21
Other expenses	62	52	52	57	63
EBITDA	112	96	74	108	122
yoy growth	41.8%	-14.5%	-22.2%	45.4%	13.3%
Depreciation	9	9	10	11	12
Interest expenses	2	3	3	3	2
Other income	11	12	11	12	13
PBT	112	95	72	106	122
Income tax	29	24	18	27	31
Net Income (Reported)	83	71	54	80	92
Gross margin (%)	29.4%	25.7%	23.5%	27.0%	28.0%
EBITDA margin (%)	17.5%	14.9%	12.2%	16.0%	16.6%
Net margin (%)	13.1%	11.1%	8.9%	11.8%	12.4%
	639	641	609	675	737

Balance sheet (summarized)

(USD mn)	FY23	FY24	FY25E	FY26E	FY27E
Current assets	551	591	637	681	710
Cash & equivalents	3	3	69	46	104
AR & other receivables	34	36	48	55	61
Inventory	498	530	492	546	505
Other current assets	16	22	28	34	40
Non-current assets	114	115	126	141	160
Fixed Assets	110	110	122	137	155
Investments	-	-	-	-	-
Other Long term Asset	4	4	4	4	4
Total Assets	666	706	763	822	869
Current liabilities	87	109	121	115	87
AP & other payables	14	13	25	18	20
Other current liabilities	39	67	67	67	37
Non-current liabilities	20	18	18	18	18
Long-term financial liabilities	-	-	-	-	-
Other non-current liabilities	20	18	18	18	18
Total liabilities	107	127	139	133	104
Shareholders' equity	559	578	624	690	765
Equity share capital	3	3	3	3	3
Reserves and surplus	556	576	621	687	762
Total liabilities and Equity	666	706	763	822	869

Cash flow statement (summarized)

(USD mn)	FY23	FY24	FY25E	FY26E	FY27E
Operating cash flow					
PBT	112	95	72	106	122
Other Non-Cash items	2	6	13	14	13
Change in NWC	-126	-48	37	-67	37
Cash flow from Operating	-43	27	104	26	142
Free Cashflow	-48	15	74	-28	77
Cashflow from Investing					
Capex	-7	-10	-21	-26	-30
Others	32	-0	-6	-6	-6
Net Cashflow from Investing	25	-10	-27	-32	-36
Cash flow from financing					
Chg. in financial liabilities	-4	-4	-3	-3	-31
Chg. in equity	-10	3	-8	-14	-17
Other	14	-12	0	0	0
Chg. in cash	-18	-2	66	-23	58
Ending balance	5	3	69	46	104

Source: Company data, MACM Research, 1 USD = INR 84

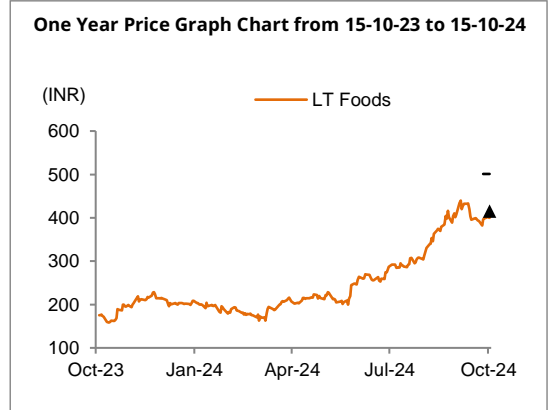
Appendix 1

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Important disclosures and disclaimers

Two-year rating and TP history

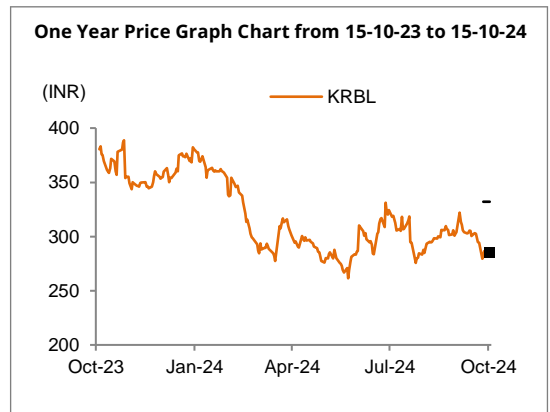
Company	Date	Rating	TP (INR)
LT Foods – Initiating Coverage	15/10/24	Buy	501



Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (INR)
KRBL – Initiating Coverage	15/10/24	Add	332



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Buy	20% or greater	Overweight	Expected to outperform the market over 12 months
Add	10% to <20%	Neutral	Expected to perform in line with the market over 12 months
Hold	5% to <10%	Underweight	Expected to underperform the market over 12 months
Sell	Below 5%		

Rating and TP history: Share price (—), TP (▬), Not Rated (▯), Buy (▲), Add (■), Hold (●), Sell (◆)

* The target price was determined by the research analyst through valuation methods discussed in this report, in part based on the analyst's estimate of future earnings.

* The achievement of the target price may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions

	Buy	Add	Hold	Sell
Ratings distribution	46.00%	38.00%	8.00%	8.00%
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