

LT Foods (Daawat) - BUY

LT foods (Daawat) looks good technically from a medium to long term perspective. The price has bounced back strongly from a major support zone of 59-62. The stock has given a weekly close above the 50 weekly SMA and RSI also stands positively poised above 55 level. One can start entering at current levels with the view of accumulating further when the price moves to strong support of 60. Upwards momentum could be seen in the stock if it gives a weekly close above 83.

We recommend subscribers to buy LT Foods as a positional trade with targets of 89/104/120.



CMP	Rs 74
Buying Range	74 -60
Target	89/104/120
Stop Loss	55
Time Frame	6 Months



LT Foods – Fundamental Outlook

LT Foods is a 70-year-old consumer food company and a leading player in branded basmati and other speciality rice products across the globe. The company has a dominant market share 50%+ in the United States and European market, while 27% market share in the Indian market.

It operates in 4 business segments – (1) B2C under two flagship brands – a) **“Daawat”** Basmati and its sub-brands in India and Overseas markets b) **“Royal”** is No. 1 selling basmati brand in US and commands a 37% market share. (2) B2B is company’s oldest business catering to the HORECA (Hotel/Restaurant/Catering) segment and has strong private label partnerships with large global retailers. (3) Organic portfolio in which they manufacture and exports organic agri products like rice, pulses, oil seeds, cereal grains, spices and nuts to Europe and US under the brand **“Ecolife”** and has also launched these products in Indian market. (4) Convenient foods business under which it sells products like **Ready to Heat “Daawat Cuppa Rice”, Brown rice and “Daawat” saute sauces.**

LT Foods PAT grew at a CAGR 45% over FY19-22. Going forward, we are positive on the future growth potential of LT Foods due to its robust distribution network, strong brand equity and constant endeavour to improve their product portfolio by expanding into newer categories.



CMP	Rs 74
Market Cap (Rs Cr)	2400
Face Value	Rs 1 / Share
52w High/Low	101 / 58.4
TTM P/E	8.4

Financial Overview

Financials (Rs Cr)	FY18	FY19	FY20	FY21	FY22
Revenue	3,650	3,915	4,173	4,773	5,415
Growth %	11%	7%	7%	14%	13%
EBITDA	414	421	509	598	620
Net Profit	144	137	199	289	309
EPS (Rs)	4.8	3.96	5.77	8.57	9.66
Growth %	9%	-18%	46%	49%	13%
DPS (Rs)	0.15	0.15	0.5	1	1

Ratios %	FY18	FY19	FY20	FY21	FY22
EBITDA Margin	11.3%	10.8%	12.2%	12.5%	11%
Net Margin	3.9%	3.5%	4.8%	6.1%	6%
ROE	11.7%	9.6%	12.5%	15.3%	14%
ROCE	13.2%	11.3%	13.6%	15.6%	14.8%
Net Debt/ Equity (x)	1.23	1.16	0.9	0.7	0.5
Dividend Yield	0.2%	0.2%	0.6%	1.2%	1.2%