

LT Foods Ltd.

Accumulate

Sector: Packaged Foods

18th March 2025

Key Changes	Target ▲	Rating ▲	Earnings ▼	Target	Rs. 393
Stock Type	Bloomberg Code	Sensex	NSE Code	CMP	Rs. 341
Small Cap	LTFO:IN	74,170	LTFOODS	Return	+15%
			BSE Code		
			Time Frame		
			12 Months		

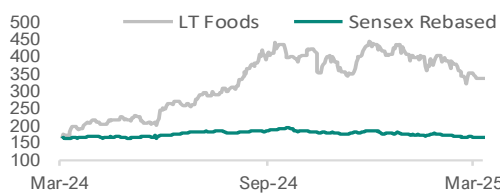
Data as of: 17-03 2025

Company Data	
Market Cap (Rs. cr.)	11,841
52 Week High — Low (Rs.)	451-161
Enterprise Value (Rs. cr)	12,525
Outstanding Shares (Rs cr)	34.7
Free Float (%)	39.5
Dividend Yield (%)	0.7
6m average volume (cr)	0.1
Beta	1.0
Face value (Rs)	1.0

Shareholding (%)	Q1FY25	Q2FY25	Q3FY25
Promoters	51.0	51.0	51.0
FII's	5.1	8.0	9.3
MFs/Institutions	4.1	5.8	5.9
Public	27.2	22.5	21.2
Others	12.5	12.7	12.6
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-22%	-18%	106%
Absolute Sensex	-10%	-11%	1%
Relative Return	-12%	-7%	104%

*over or under performance to benchmark index



Consolidated (cr)	FY25E	FY26E	FY27E
Sales	8,585	9,687	10,792
Growth (%)	10.9	12.8	11.4
EBITDA	957	1,172	1,338
EBITDA Margin (%)	11.1	12.1	12.4
Adj. PAT	601	741	875
Growth (%)	5.1	23.3	18.1
Adj. EPS	17.3	21.3	25.2
Growth (%)	-3.2	23.3	18.1
P/E	19.7	16.0	13.5
P/B	3.0	2.6	2.2
EV/EBITDA	13.2	10.7	9.1
ROE (%)	16.5	17.3	17.3
D/E	0.3	0.2	0.1

Author: Vincent K A - Sr. Research Analyst

Expansion & diversification aids re-rating...

LT Foods Ltd. (LTF) is a global consumer specialty company with an explicit focus on basmati rice, organic foods and ready to eat/ready to cook (RTE/RTC) products. LTF is having a presence in more than 80 countries with significant regional exposure in the US, Europe, Middle East etc.

- Consolidated revenue grew by 17%YoY, mainly aided by growth in the basmati segment (87% revenue mix). International basmati volumes grew by 21% YoY, while India basmati volume grew by 12%YoY. Organic segment (11% mix) revenue grew by 27%, YoY driven by expanded distribution in Europe and the US.
- Gross margin improved by 120bps YoY to 33.5%, while EBITDA margin dropped by 130bps YoY to 11.0% due to higher freight costs owing to disruption in the Red Sea. LTF expects the freight costs to normalise in early FY26 and the expected decline in input costs with healthy growth in new crops will support margins.
- LTF has recently set up a new manufacturing facility in the UK and has also appointed a distributor for Saudi Arabia (largest basmati rice market in the world). LTF targets ~Rs. 1,000cr revenue each from UK and Saudi over 5 years.
- The organic segment revenue is expected to cross Rs.1,000cr next year and LTF targets ~14% EBITDA margin in this segment (currently at 11.8%). LTF expects the ready to heat/eat (RTC/RTE) segment to grow at 33-35% over next 5years and to breakeven at a revenue of Rs. 400cr by FY27 (Rs. 200cr in FY24). This will improve the consolidated margin in the future.

Outlook & Valuation

We expect both raw material costs and realisation to decline with expected healthy growth in new crops. LTF's recent initiatives towards expansion & diversification strategy support a strong long-term positive outlook and re-rating. The additional initiatives in the UK and Saudi Arabia will support long-term volume outlook. We expect Revenue/PAT to grow at a 12%/21% CAGR over FY25-27E. **LTF currently trades at 16x 1Yr Fwd PE (3yr avg=15x). We revised our target to Rs. 393 (earlier Rs. 322) by valuing at 15x FY27E EPS, upgrade to BUY due to healthy volume outlook and recent correction in stock price.**

Quarterly Financials Consolidated

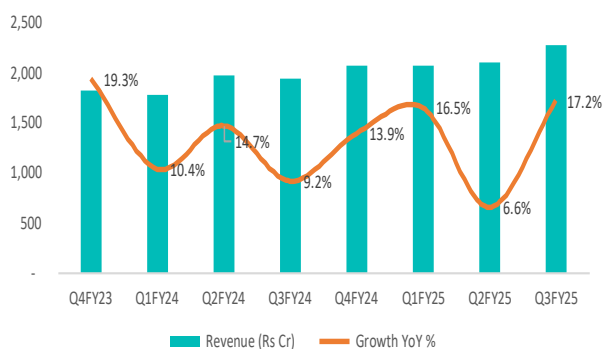
Rs. cr	Q3FY25	Q3FY24	YoY %	Q1FY25	QoQ %	9MFY25	9MFY24	YoY %
Sales	2,275	1,942	17.2	2,108	7.9	6,453	5,697	13.3
EBITDA	250	239	4.7	229	9.0	720	693	3.9
Margin (%)	11.0	12.3	-130bps	10.9	-10bps	11.2	12.2	-100bps
EBIT	204	202	0.8	184	10.6	587	585	0.4
PBT	198	204	(2.8)	200	-1.1	606	596	1.7
Rep. PAT	143	151	(5.2)	148	-3.5	445	444	0.1
Adj PAT	143	151	(5.2)	148	-3.5	445	444	0.1
EPS (Rs)	4.5	4.7	-5.2	4.6	-3.5	13.9	13.9	0.1



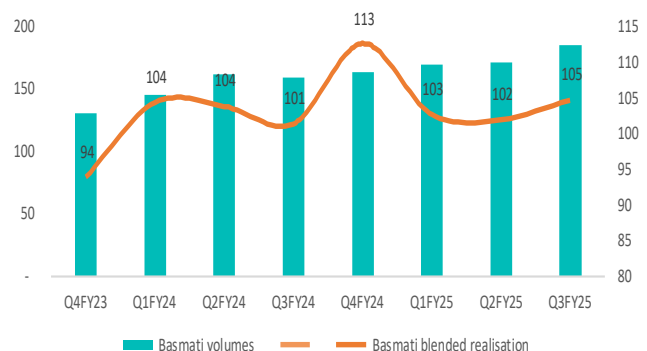
Key Highlights...

- Strong growth in international business was supported by strong demand in the US, Europe & Middle East and growth in organic business was driven by expanded distribution in Europe and the US. De-growth in RTC/RTE segment was due to the discontinuation of 'Daawat Sehat' product. The company expects ~10% growth in the organic segment.
- For 9MFY25, out of total revenue, the India mix is 34%, North America is 39%, the UK & Europe are 15%, and the rest of the world is 12%.
- LT Foods has incurred Rs.164cr of capex in 9MFY25 which includes investments in the U.K. subsidiary and the Ready-to-Heat (RTH) facility in the U.S. The planned capex for the next year is in the range of Rs. 150-200cr.
- The logistic cost as a % of revenue is 7.1%, which has increased by 2.3% YoY and by 0.5% QoQ due to disruption in the Red Sea. The company expects the freight rate to come down next year, with a positive impact anticipated in Q1FY26.
- The profit from associate (Golden Star) was impacted due to higher freight costs.
- For 9MFY25, working capital days remains stable on YoY basis (225 days vs 227 YoY).
- During the quarter, LTF acquired 17.5% of stake in Nature Bio-Foods Limited from India Agri business Fund II Ltd, for an amount of Rs.110cr. Post acquisition, Bio-Foods Ltd. has become a wholly owned subsidiary of the company.

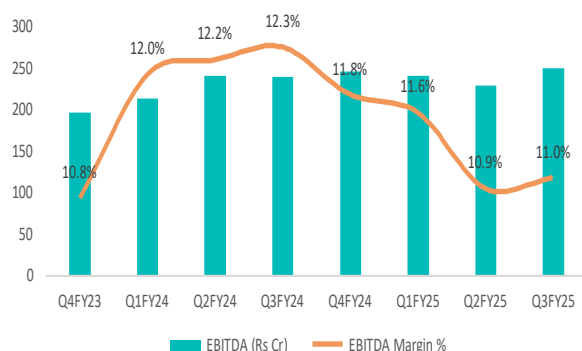
Revenue



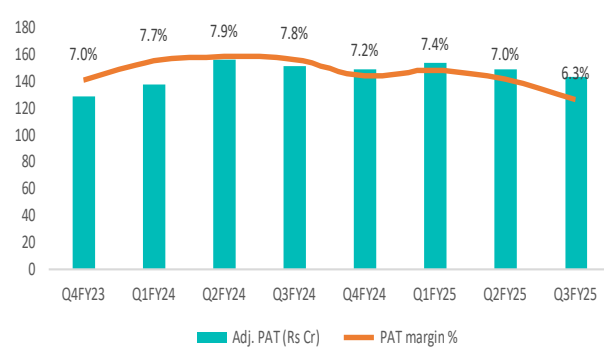
Basmati volumes & realisation



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	8,407	9,335	8,585	9,687	2.1	3.8
EBITDA	956	1,167	957	1,172	0.1	0.4
Margins (%)	11.4	12.5	11.1	12.1	-20bps	-40bps
Adj. PAT	603	744	601	741	-0.4	-0.4
EPS	17.1	22.5	17.3	21.3	1.2	-5.2



Consolidated Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	4,734	5,391	6,898	7,743	8,585	9,687	10,792
% change	14.4	13.9	27.9	12.2	10.9	12.8	11.4
EBITDA	559	561	663	908	957	1,172	1,338
% change	18.6	0.3	18.3	36.9	5.3	22.5	14.2
Depreciation	108	123	127	153	179	188	198
EBIT	451	438	536	755	777	984	1,140
Interest	87	69	82	83	68	71	54
Other Income	37	59	75	78	74	58	65
PBT	400	428	529	751	784	971	1151
% change	42.8	7.0	23.7	41.9	4.4	24.0	18.5
Tax	109	114	140	203	206	256	303
Tax Rate	27.2%	26.7%	26.4%	27.0%	26.3%	26.3%	26.3%
Reported PAT	275	292	403	572	601	741	875
Adj*	2	0	5	1	0	0	0
Adj PAT	272	292	397	572	601	741	875
% change	48.1	7.2	36.2	43.9	5.1	23.3	18.1
No. of shares (cr)	32.0	32.0	34.7	34.7	34.7	34.7	34.7
Adj EPS (Rs.)	8.6	9.1	12.6	17.9	17.3	21.3	25.2
% change	48.1	7.2	36.2	43.9	-3.2	23.3	18.1
DPS (Rs.)	1	1	0	1	1	1	1
CEPS (Rs.)	11.9	13.0	15.1	20.9	22.5	26.8	30.9

CASH FLOW

Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Net inc. + Depn.	383	415	584	758	780	929	1,073
Non-cash adj.	2	5	-43	-52	5	5	6
Other adjustments	97	92	59	125	73	76	60
Changes in W.C	-54	-1	-339	-80	-659	-631	-573
C.F. Operation	445	517	258	757	194	374	560
Capital exp.	-114	-158	-154	-203	-179	-180	-50
Change in inv.	14	4	-243	-6	-110	0	0
Other invest.CF	0	8	2	7	0	0	0
C.F - Investment	-100	-145	-395	-201	-289	-180	-50
Issue of equity	0	0	382	0	0	0	0
Issue/repay debt	-225	-278	-157	-431	200	-100	-400
Dividends paid	-32	-32	-16	-35	-42	-42	-42
Other finance.CF	-89	-47	-73	-72	-68	-71	-54
C.F - Finance	-346	-358	136	-538	90	-213	-496
Chg. in cash	-2	14	0	17	-5	-19	14
Closing cash	17	32	32	50	45	26	40

BALANCE SHEET

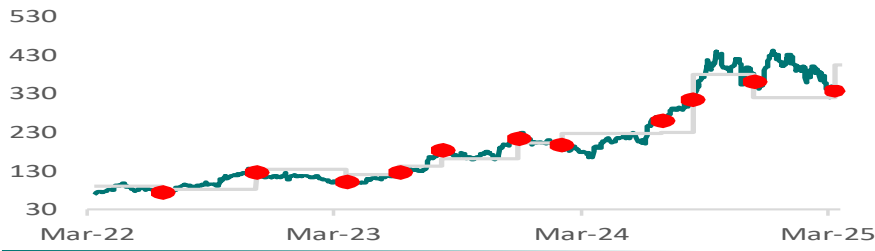
Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	30	39	39	50	46	27	41
Accounts Receivable	494	618	682	684	753	902	1,005
Inventories	2,223	2,352	3,072	3,498	3,795	4,324	4,842
Other Cur. Assets	211	165	162	170	183	199	222
Investments	29	25	127	183	293	293	293
Gross Fixed Assets	1,331	1,429	1,593	1,849	2,049	2,229	2,279
Net Fixed Assets	794	822	910	1,072	1,093	1,085	936
CWIP	33	35	27	41	20	20	20
Intangible Assets	86	84	85	88	88	88	88
Def. Tax (Net)	28	24	25	32	32	32	32
Other Assets	201	209	203	239	248	279	310
Total Assets	4,128	4,372	5,333	6,058	6,551	7,248	7,789
Current Liabilities	683	911	1,295	1,565	1,430	1,522	1,622
Provisions	11	12	13	18	16	19	21
Debt Funds	1,506	1,262	1,184	907	1,107	1,007	607
Other Liabilities	145	159	48	197	66	71	77
Equity Capital	32	32	35	35	35	35	35
Reserves & Surplus	1,724	1,966	2,722	3,337	3,896	4,595	5,428
Shareholder's Fund	1,783	2,029	2,793	3,372	3,930	4,629	5,462
Total Liabilities	4,128	4,372	5,333	6,058	6,551	7,248	7,789
BVPS (Rs.)	53	61	78	95	111	132	156

RATIOS

Y.E March	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Profitab. & Return							
EBITDA margin (%)	11.8	10.4	9.6	11.7	11.1	12.1	12.4
EBIT margin (%)	9.5	8.1	7.8	9.8	9.1	10.2	10.6
Net profit mgn.(%)	5.7	5.4	5.8	7.4	7.0	7.6	8.1
ROE (%)	16.8	15.5	16.7	18.7	16.5	17.3	17.3
ROCE (%)	8.0	8.0	9.7	11.6	10.6	11.2	11.7
W.C & Liquidity							
Receivables (days)	43.2	37.7	34.4	32.2	30.5	31.2	32.3
Inventory (days)	153.2	154.9	143.5	154.9	155.0	153.0	155.0
Payables (days)	46.0	63.6	74.4	82.7	77.3	69.3	65.8
Current ratio (x)	1.7	1.8	2.0	2.1	2.2	2.4	2.8
Quick ratio (x)	0.3	0.4	0.4	0.3	0.4	0.4	0.5
Turnover & Leverage							
Gross asset T.O (x)	3.6	3.9	4.6	4.5	4.4	4.5	4.8
Total asset T.O (x)	1.2	1.3	1.4	1.4	1.4	1.4	1.4
Int. coverage ratio (x)	5.2	6.4	6.5	9.1	11.5	13.9	21.1
Adj. debt/equity (x)	0.9	0.6	0.4	0.3	0.3	0.2	0.1
Valuation							
EV/Sales (x)	2.6	2.3	1.9	1.6	1.5	1.3	1.1
EV/EBITDA (x)	22.2	21.6	19.4	13.8	13.2	10.7	9.1
P/E (x)	40.1	37.4	27.5	19.1	19.7	16.0	13.5
P/BV (x)	6.2	5.5	4.3	3.5	3.0	2.6	2.2



Recommendation Summary (last 3 years)



Dates	Rating	Target
7-Nov-22	Hold	132
20-Mar-23	Buy	120
7-Jun-23	Accumulate	142
9-Aug-23	SELL	160
29-Nov-23	SELL	201
2-Feb-24	Accumulate	226
28-Jun-24	SELL	230
14-Aug-24	Buy	378
13-Nov-24	SELL	322
18-Mar-25	Accumulate	393

Source: Bloomberg, Geojit Research

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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