

LT Foods Ltd.

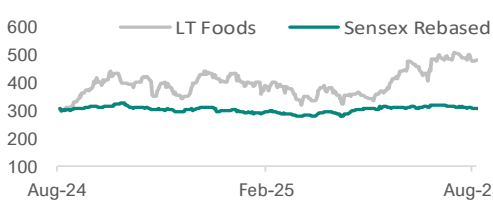
SELL

Sector: Packaged Foods

06th August 2025

Key Changes	Target	Rating	Earnings	Target	Rs. 424
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	LTFO:IN	80,710	LTFODS	532783	12 Months
				CMP	Rs. 474
				Return	-11%

Data as of: 05-08-2025 18:00 hrs

Company Data			
Market Cap (Rs. cr.)	16,460		
52 Week High — Low (Rs.)	518-290		
Enterprise Value (Rs. cr)	17,143		
Outstanding Shares (Rs cr)	34.7		
Free Float (%)	39.5		
Dividend Yield (%)	0.7		
6m average volume (cr)	0.1		
Beta	1.4		
Face value (Rs)	1.0		
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	51.0	51.0	51.0
FII's	9.3	9.8	10.2
MFs/Institutions	5.9	6.2	7.2
Public	21.2	21.3	20.0
Others	12.6	11.8	11.6
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	44%	22%	56%
Absolute Sensex	0%	3%	0%
Relative Return	44%	19%	57%
*over or under performance to benchmark index			
			
Consolidated (Rs.cr)	FY25A	FY26E	FY27E
Sales	8,681	10,243	11,597
Growth (%)	12.1	18.0	13.2
EBITDA	978	1,129	1,357
EBITDA Margin (%)	11.3	11.0	11.7
Adj. PAT	606	663	818
Growth (%)	6.0	9.4	23.4
Adj. EPS	17.5	19.1	23.6
Growth (%)	-2.4	9.4	23.4
P/E	27.2	24.8	20.1
P/B	4.3	3.7	3.1
EV/EBITDA	17.7	15.5	12.5
ROE (%)	16.8	15.9	16.8
D/E	0.3	0.3	0.2
Author: Vincent K A - Sr. Research Analyst			

High valuation outweighs strong performance...

LT Foods Ltd. (LTF) is a global consumer specialty company with an explicit focus on basmati rice, organic foods and ready to eat/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 19% YoY, driven by a 20% YoY increase in core basmati volumes despite a 1% YoY decline in realisation. International basmati volumes rose 27% YoY, while domestic volumes increased 14% YoY. North America contributed ~43% to revenue, followed by India at 31%.
- Basmati segment revenue (87% mix) grew by 19%YoY, organic segment (11% mix) grew by 32%YoY while RTH/RTC segment (2% mix) declined by 16%YoY.
- EBITDA grew 10% YoY. Gross margin expanded by 70 bps to 33.7% YoY, while EBITDA margin declined by 80 bps to 10.8% YoY, impacted by higher ad spend despite normalization in freight costs. Input prices began to ease, supported by strong new crop output, which also influenced realisations.
- LTF has recently set up a new manufacturing facility in the UK which has contributed ~Rs. 80cr revenue in Q1FY26 (targets Rs.1,000cr in 5 years). The company is strengthening distribution in Saudi Arabia, the largest basmati rice market in the world, targeting ~Rs. 1,000cr revenue over 5 years.
- The company expects organic segment revenue to cross Rs.1,000cr next year (targets ~14% EBITDA margin in this segment from current 11.8%) and ready to heat/eat (RTC/RTE) segment to grow at 33-35% over next 5years (breakeven at a revenue of Rs. 400cr by FY27, ~Rs. 200cr in FY25). This will improve the margin.

Outlook & Valuation

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. LTF has completed the 100% acquisition of Golden Star in USA, \$114Mns revenue in FY25. We expect Revenue/PAT to grow at a 16%/19% CAGR over FY25-27E. **LTF currently trades at 1yr fwd P/E of 20x. We value at 18x (3yr avg=18x) due to healthy volume outlook to arrive at a target price of Rs. 424, but downgrade to SELL due to higher valuation and drop in margins.**

Quarterly Financials Consolidated

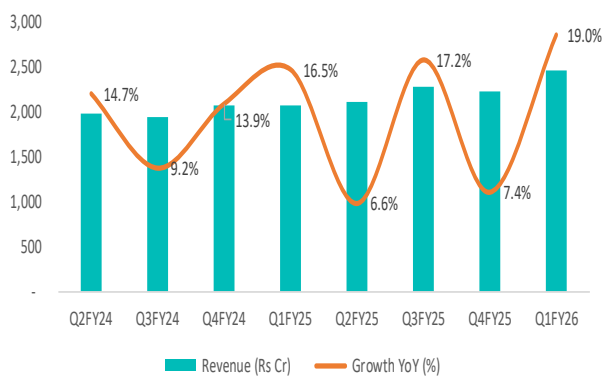
Rs.cr	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Sales	2,464	2,071	19.0	2,228	10.6
EBITDA	265	241	10.2	258	2.8
Margin (%)	10.8	11.6	-130bps	11.6	-10bps
EBIT	213	199	7.1	205	3.9
PBT	228	208	9.6	216	5.7
Rep. PAT	169	153	10.0	161	5.0
Adj PAT	169	153	10.0	161	5.0
EPS (Rs)	5.3	4.8	10.0	5.0	5.0



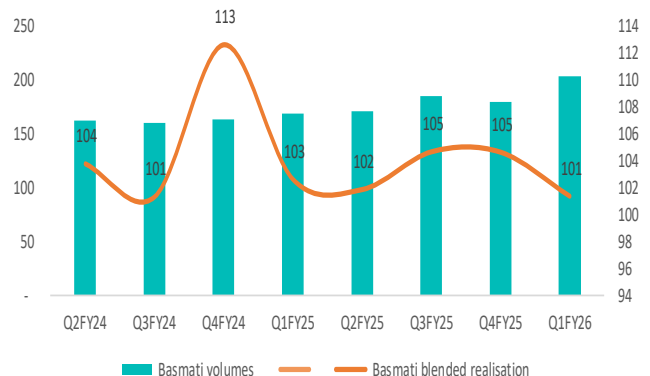
Key Highlights...

- LT Foods' 'Royal' brand holds a 54% share of basmati rice imports in North America. In India, its brands command a 25% market share, leading in the western region. Within domestic market, 70% of rice consumption is still being unbranded. Daawat's presence in India, growing from 45.56 lakh homes in March 2023 to 56.2 lakh homes in March 2025.
- LTF opened a new facility in Rotterdam in July 2025 to support European operations, with 15,000MT annual capacity.
- LTF is expanding ready-to-eat capacity in the USA with a new plant expected to be operational in 2-3 months
- The paddy inventory cost was Rs.29 per unit as of June 30, while current market prices were around Rs. 34-35. The company expects paddy prices to be ~8-10% higher on average for the upcoming crop.
- The company increased brand investments, with brand spend as a % of revenue rising by 120bps YoY.+
- LTF expects EBITDA margins of 12.5%-13% (including other income) and project ROCE to grow from current 21% to 23% going forward.

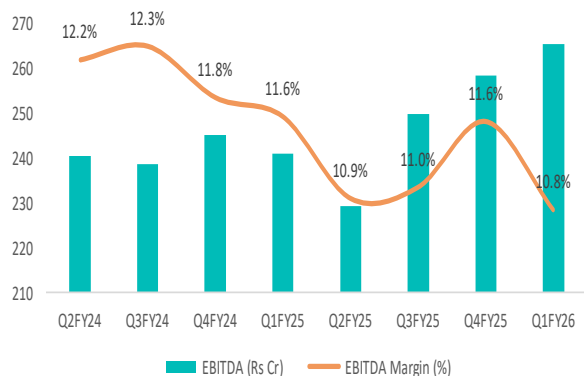
Revenue



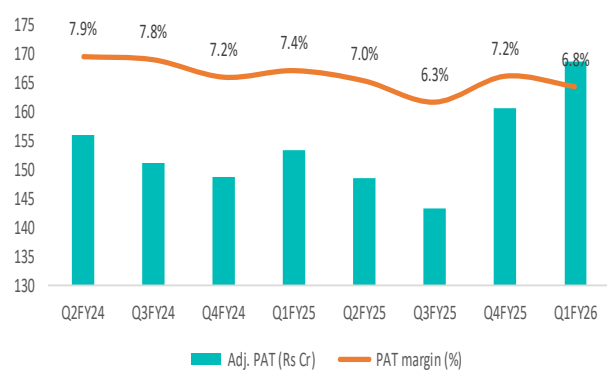
Basmati volumes & realisation



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	9,687	10,792	10,243	11,597	5.7	7.5
EBITDA	1,172	1,338	1,129	1,357	-3.7	1.4
Margins (%)	12.1	12.4	11.0	11.7	-110bps	-70bps
Adj. PAT	741	875	663	818	-10.5	-6.5
EPS	21.3	25.2	19.1	23.6	-10.4	-6.5



Consolidated Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	4,734	5,391	6,898	7,743	8,681	10,243	11,597
% change	14.4	13.9	27.9	12.2	12.1	18.0	13.2
EBITDA	559	561	663	908	978	1,129	1,357
% change	18.6	0.3	18.3	36.9	7.7	15.4	20.2
Depreciation	108	123	127	153	186	213	223
EBIT	451	438	536	755	793	916	1,133
Interest	87	69	82	83	88	122	106
Other Income	37	59	75	78	88	107	94
PBT	400	428	529	751	793	901	1,121
% change	42.8	7.0	23.7	41.9	5.6	13.5	24.4
Tax	109	114	140	203	209	237	295
Tax Rate	27.2%	26.7%	26.4%	27.0%	26.3%	26.3%	26.3%
Reported PAT	275	292	403	572	606	663	818
Adj*	2	0	5	1	0	0	0
Adj PAT	272	292	397	572	606	663	818
% change	48.1	7.2	36.2	43.9	6.0	9.4	23.4
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	17.5	19.1	23.6
% change	48.1	7.2	36.2	43.9	-2.4	9.4	23.4
DPS (Rs.)	1.0	1.0	0.5	1.0	1.2	1.2	1.2
CEPS (Rs.)	11.9	13.0	15.1	20.9	22.8	25.2	30.0

CASH FLOW

Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	383	415	584	758	792	876	1,042
Non-cash adj.	2	5	-43	-52	7	7	8
Other adjustments	97	92	59	125	41	129	114
Changes in W.C	-54	-1	-339	-80	-374	-815	-390
C.F. Operation	445	517	258	757	463	191	765
Capital exp.	-114	-158	-154	-203	-239	-155	-50
Change in inv.	14	4	-243	-6	-12	0	0
Other invest.CF	0	8	2	7	1	0	0
C.F - Investment	-100	-145	-395	-201	-250	-155	-50
Issue of equity	0	0	382	0	0	0	0
Issue/repay debt	-225	-278	-157	-431	134	50	-450
Dividends paid	-32	-32	-16	-35	-104	-42	-42
Other finance.CF	-89	-47	-73	-72	-180	-122	-106
C.F - Finance	-346	-358	136	-538	-150	-114	-598
Chg. in cash	-2	14	0	17	62	-79	117
Closing cash	17	32	32	50	143	64	181

BALANCE SHEET

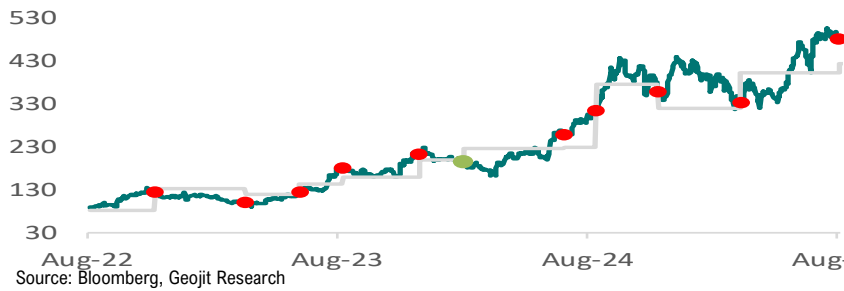
Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	30	39	39	50	144	66	183
Accounts Receivable	494	618	682	684	752	926	1,080
Inventories	2,223	2,352	3,072	3,498	4,360	4,730	5,122
Other Cur. Assets	211	165	162	170	208	247	280
Investments	29	25	127	183	223	223	223
Gross Fixed Assets	1,331	1,429	1,593	1,849	2,278	2,458	2,508
Net Fixed Assets	794	822	910	1,072	1,315	1,282	1,109
CWIP	33	35	27	41	45	20	20
Intangible Assets	86	84	85	88	89	89	89
Def. Tax (Net)	28	24	25	32	42	42	42
Other Assets	201	209	203	239	244	309	349
Total Assets	4,128	4,372	5,333	6,058	7,423	7,934	8,497
Current Liabilities	683	911	1,295	1,565	2,134	1,940	2,143
Provisions	11	12	13	18	23	27	30
Debt Funds	1,506	1,262	1,184	907	1,261	1,311	861
Other Liabilities	145	159	48	197	151	182	212
Equity Capital	32	32	35	35	35	35	35
Reserves & Surplus	1,724	1,966	2,722	3,337	3,819	4,440	5,216
Shareholder's Fund	1,783	2,029	2,793	3,372	3,854	4,475	5,251
Total Liabilities	4,128	4,372	5,333	6,058	7,423	7,934	8,497
BVPS (Rs.)	53	61	78	95	109	127	150

RATIOS

Y.E March	FY21A	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return							
EBITDA margin (%)	11.8	10.4	9.6	11.7	11.3	11.0	11.7
EBIT margin (%)	9.5	8.1	7.8	9.8	9.1	8.9	9.8
Net profit mgn.(%)	5.7	5.4	5.8	7.4	7.0	6.5	7.1
ROE (%)	16.8	15.5	16.7	18.7	16.8	15.9	16.8
ROCE (%)	8.0	8.0	9.7	11.6	10.9	10.6	11.5
W.C & Liquidity							
Receivables (days)	43.2	37.7	34.4	32.2	30.2	29.9	31.6
Inventory (days)	153.2	154.9	143.5	154.9	165.2	162.0	155.0
Payables (days)	46.0	63.6	74.4	82.7	95.5	90.2	79.8
Current ratio (x)	1.7	1.8	2.0	2.1	1.9	2.2	2.4
Quick ratio (x)	0.3	0.4	0.4	0.3	0.3	0.4	0.5
Turnover & Leverage							
Gross asset T.O (x)	3.6	3.9	4.6	4.5	4.2	4.3	4.7
Total asset T.O (x)	1.2	1.3	1.4	1.4	1.3	1.3	1.4
Int. coverage ratio (x)	5.2	6.4	6.5	9.1	9.0	7.5	10.7
Adj. debt/equity (x)	0.9	0.6	0.4	0.3	0.3	0.3	0.2
Valuation							
EV/Sales (x)	3.5	3.0	2.5	2.2	2.0	1.7	1.5
EV/EBITDA (x)	29.8	29.2	26.4	18.9	17.7	15.5	12.5
P/E (x)	55.7	52.0	38.2	26.5	27.2	24.8	20.1
P/BV (x)	8.6	7.6	6.0	4.9	4.3	3.7	3.1



Recommendation Summary (last 3 years)



Dates	Rating	Target
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
06-Aug-25	SELL	424

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.

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

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