

## **LT Foods Ltd.**

LT Foods Ltd. is a leading Indian consumer food company primarily known for its expertise in the rice business, particularly basmati rice. With a legacy spanning over seven decades, the company has established a global footprint and a reputation for quality and sustainability in the food sector. LT Foods operates in more than 80 countries and caters to a diverse consumer base with an extensive portfolio of brands and products. Its significance lies in its ability to adapt to changing consumer demands while maintaining a stronghold in traditional categories like rice.

### **Brands**

LT Foods boasts a range of well-recognized brands:

- Daawat: Its flagship basmati rice brand, known for premium quality and wide consumer appeal.
- Royal: A leading rice brand in the U.S., catering to diverse consumer tastes.
- Heritage: Focusing on traditional rice varieties.
- Ecolife: Offers organic and sustainable products such as rice, grains, and pulses.

### **New Launches**

LT Foods is expanding into ready-to-eat (RTE) and ready-to-cook (RTC) segments, with recent launches including:

- Ready-to-heat basmati rice and rice bowls.
- RTC meal kits catering to modern, convenience-driven consumers.
- Diversification into health-focused snacks and plant-based protein products.

### **Revenue Mix**

The revenue of LT Foods is derived from multiple segments, reflecting its diversified product offerings:

- Rice Business: Constitutes the majority of the company's revenue, including basmati and specialty rice varieties.
- Value-Added Products: A growing segment, contributing through RTC meals, snacks, and organic products.
- Other Food Products: Includes staples like pulses, grains, and flour.

### **Geographical Presence and Revenue Distribution**

LT Foods has established itself as a global player with a strong presence in key regions:

- India: Accounts for a significant share of its revenue, with a stronghold in the domestic rice market.
- North America: One of its largest overseas markets, driven by the success of the Royal brand.
- Europe: A growing market for organic and specialty rice.
- Middle East and Africa (MEA): A prominent market for traditional basmati rice.

- Asia-Pacific: Emerging as a significant market for organic and convenience products.

### **Distribution Network**

- LT Foods has a robust distribution network, ensuring product availability across urban and rural markets:
- Direct Distribution: Covers retail chains, supermarkets, and hypermarkets.
- Online Channels: Expansion into e-commerce platforms to cater to digitally-savvy consumers.
- Export Channels: Focus on international distributors and strategic partnerships in key markets like the U.S., Europe, and the Middle East.

### **Business Highlights**

- Sales: Total sales in 2024 reached **7,772K**, growing at **14.85% CAGR**.
- Profitability: Operating efficiently, with a PAT (profit after tax) growth of **34.41% CAGR**.
- Expenses: Focused on cost control, with **81.85%** of costs in production.

### **Financial Health**

- Balanced debt-to-equity ratio of **1.03**, showing financial stability.
- Strong cash flow from operations and smart investment decisions.

### **Significance**

- Innovation and Diversification: LT Foods is adapting to global trends by introducing health-focused and convenience products.
- Sustainability: A strong focus on organic farming and environmentally sustainable practices.
- Global Leadership: Continues to maintain its leadership position in the basmati rice market, with consistent brand-building efforts in international markets.

## **Financial Analysis Overview**

### **Key Highlights**

**Sales Growth:** LT Foods has demonstrated consistent sales growth over the years, with a notable compound annual growth rate (CAGR) of 14.85%.

**Profitability Metrics:** The company has maintained a positive profit margin, with significant increases in gross profit, EBITDA, and profit after tax (PAT) over time.

**Cost Management:** Effective cost control measures have led to improved profitability, as evidenced by decreasing depreciation and interest expenses as a percentage of sales.

## **Revenue and Expenses**

Cost Structure: The cost of goods sold (COGS) constitutes 81.85% of total sales, indicating a narrow profit margin. The majority of sales originate from the Rest of the World, with Basmati Rice being the leading product segment.

## **Geographic Distribution:**

- North America (39%): The largest revenue contributor, led by the Royal brand.
- India (31%): A vital market, bolstered by Daawat's widespread appeal.
- Europe (13%) and Rest of the World (17%): Expanding footprints in organic and specialty food markets.

## **Balance Sheet Analysis**

Asset Composition: Fixed assets dominate the asset base, while current assets are also substantial. The company has been increasing its equity and reserves while reducing borrowings.

Financial Health: LT Foods shows strong financial health with a decreasing debt-to-equity ratio and stable asset turnover ratios, reflecting efficient asset utilization.

## **Cash Flow Insights**

Positive Cash Flow Generation: The company consistently generates positive cash flow from operating activities, supporting growth initiatives and debt repayment.

Free Cash Flow (FCF): LT Foods has maintained positive FCF in most years, indicating strong operational efficiency and financial flexibility.

## **Ratio Analysis**

Profitability Ratios: Key profitability ratios such as return on equity (ROE) and return on capital employed (ROCE) have shown an upward trend, signaling enhanced financial performance.

Leverage Trends: The company's financial leverage has decreased over time, underscoring effective debt management strategies.

## **Conclusion**

Overall, LT Foods exhibits robust financial performance characterized by steady revenue growth, effective cost management, and strong cash flow generation. The focus on improving profitability while managing debt positions the company well for future growth opportunities.

## Overview of Financial Performance

### Sales Trends

LT Foods Ltd has exhibited a fluctuating sales growth pattern over the years, achieving a sales figure of 7,772K in 2024, which corresponds to a Compound Annual Growth Rate (CAGR) of 14.85%. A comparison with the Cost of Goods Sold (COGS) reveals insights into the company's profitability across different periods.

### Profitability Assessment

The profitability metrics for LT Foods Ltd include Gross Profit, EBITDA, and Profit After Tax (PAT). Gross Profit has generally aligned with sales trends, with fluctuations mainly due to variations in COGS. The company has demonstrated strong operational efficiency, reflected in a PAT CAGR of 34.41%.

### Segment and Geographic Sales Distribution

The Basmati Rice segment dominates LT Foods Ltd's sales, contributing 89.41% to total revenue, while the Organic R2E segment accounts for 10.28%. Geographically, North America and India are the primary markets, representing 39% and 31% of total sales respectively, with Europe and other regions contributing 13% and 17%.

### Expense Structure

The expense analysis indicates that COGS comprises 81.85% of total expenses, with operational expenses making up the remaining 18.15%. This distribution highlights an efficient cost management strategy.

### Balance Sheet Insights

LT Foods Ltd maintains a healthy balance sheet with significant portions allocated to both non-current and current assets. The debt-to-equity ratio stands at a manageable 1.03, indicating prudent financing practices.

### Cash Flow Analysis

The cash flow generated from operations has shown consistent growth over the years. Investment activities reflect capital expenditures on fixed assets, while financing activities illustrate a careful approach to debt and equity management. The trend in Free Cash Flow (FCF) further emphasizes the company's ability to generate surplus cash.

### Ratio Analysis

Key financial ratios such as Return on Equity (ROE), Return on Capital Employed (ROCE), Gross Profit Margin, EBITDA Margin, and PAT Margin indicate robust financial health. Both ROE and ROCE have shown positive trends, confirming effective capital utilization for generating returns.