

Price: 347

Recommendation: Buy

Industry: Other Agricultural

Sector: Fast Moving Consumer Goods

Report Date: 01-May-2025

LT Foods Limited is a global leader in specialty rice, organic foods, and convenience products. With a strong presence in over 60 countries, the company drives growth through premium segments, operational efficiency, and geographic diversification. Focused on innovation and sustainability, LT Foods leverages strategic investments to deliver consistent revenue growth, improved margins, and shareholder value.

Sales		Profit & Loss		Profitability Matrix	
Current Year	4081 Cr	Operating Profit(Year)	264 Cr	Operating Profit Margin	6.47 %
Previous Year	3915 Cr	Operating Profit(Quarter)	64.3 Cr	EBITDA Margin	6.57 %
Current Quarter	1044 Cr	PAT (Year)	159 Cr	Net Profit Margin	3.96 %
Previous Quarter	1016 Cr	PAT (Quarter)	62.3 Cr	EPS	6.16
Revenue (QYoY)	1058 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	56.2	Sales Growth	2.48 %	Sales Growth	2.76 %
PEG Ratio	2.41	PAT Growth	-0.62 %	Sales Growth QYoY	-1.32 %
EV/EBITDA	36.2	EPS Growth	33.91 %	PAT Growth	1.96 %
P/B	6.80	Dividend Yield	0.58	PAT Growth QYoY	51.21 %
Capital Allocation		Holdings		Leverage	
RoE	9.78 %	Promoter	51.0 %	Debt/Equity	0.07
RoA	7.33 %	FII	9.79 %	Debt	121 Cr
RoCE	13.6 %	DII	6.16 %	Market Cap	12034 Cr
RoIC	12.3 %	Public	33.0 %	Enterprise value	11944 Cr
		No of Shares	34.7 Cr	Cash Equivalents	211 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

LT Foods Limited showcased a robust performance in Q3 FY25, with consolidated revenue growing by 17% YoY to INR 2,288 crores, driven by increased sales across all segments. The company's gross profit rose by 22%, with margins improving by 125 bps to 33.9%, attributed to favorable input prices. However, EBITDA growth was modest at 7%, and PAT declined by 4.7% due to elevated freight costs and other expenses. For the nine months ended December 2024, revenue increased by 14% to INR 6,510 crores, with strong contributions from the Basmati & Specialty Rice and organic segments. LT Foods maintained a steady debt-to-equity ratio of 0.3 and a return on capital employed of 19.5%, reflecting disciplined financial management. The company is optimistic about margin recovery in FY26, supported by softening freight costs and lower raw material prices.

The management emphasized strategic initiatives to drive growth, including expanding its organic food segment, which grew by 37% in FY25 and is expected to sustain double-digit growth. The company is leveraging its new facilities in the UK and Saudi Arabia, targeting EUR 145 million in revenue from the UK and Europe and SAR 435 million from Saudi Arabia over the next five years. LT Foods is also focusing on scaling its ready-to-eat (RTE) and ready-to-cook (RTC) segments, particularly in the U.S., where the RTE business has grown by 26% and achieved positive EBITDA margins of 7%. The company plans to enhance its convenience food platform and packaging capabilities in Saudi Arabia, further diversifying its portfolio.

Future growth perspectives remain promising, with LT Foods targeting 12%-13% volume growth in FY26 and improved margins starting Q2 FY26. The company is strategically evaluating pricing adjustments to balance competitive dynamics and profitability, particularly in the Basmati rice segment. Freight costs, which have impacted margins, are expected to normalize, contributing to margin expansion. Additionally, LT Foods is actively pursuing operational efficiencies and leveraging its strong international presence, with 60%-65% of revenue derived from exports, to capitalize on favorable currency movements and global demand.

Overall, LT Foods demonstrates a balanced approach to growth and profitability, focusing on premium segments, operational efficiency, and geographic diversification. While challenges such as elevated freight costs and competitive pricing persist, the company's strategic investments in high-margin segments like organic foods and RTE/RTC products position it well for sustained growth. With disciplined financial management and a clear roadmap for scaling operations, LT Foods is poised to deliver improved margins and shareholder value in the coming years.

LTFOODS Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Hatsun Agro	20175.42	70.68	17.32%	9.98%	7.99%	21.25%	-4.81%
Varun Beverages	176651.75	63.46	22.49%	50.92%	28.94%	292.38%	35.22%
Bikaji Foods	17546.50	62.77	24.73%	-5.17%	10.31%	-57.28%	-37.28%
Godrej Agrovet	14809.32	36.71	16.47%	-12.90%	-0.03%	-39.83%	15.70%
L T Foods	12034.05	56.22	9.78%	2.72%	-1.36%	1.90%	51.23%

Aspect	Commentary
Revenue	Revenue grew by 4.2% YoY to INR 4081 Cr, driven by strong performance across segments. Quarterly revenue increased by 2.76% QoQ to INR 1044 Cr, reflecting consistent demand. However, QYoY revenue declined slightly by 1.32%, indicating potential seasonal or market fluctuations.
Profit & Loss	Operating profit for the year stood at INR 264 Cr, with a margin of 6.47%. PAT for the year was INR 159 Cr, reflecting a net profit margin of 3.96%. Quarterly PAT grew by 1.96% QoQ to INR 62.3 Cr, showcasing resilience despite elevated freight costs impacting profitability.
Profitability Matrix	Operating profit margin remained stable at 6.47%, while EBITDA margin was slightly higher at 6.57%. Net profit margin stood at 3.96%, indicating moderate profitability. EPS growth of 33.91% YoY highlights improved earnings efficiency despite margin pressures.
Valuation Matrix	Trailing P/E of 56.2 and PEG ratio of 2.41 suggest high valuation relative to growth. EV/EBITDA of 36.2 indicates premium valuation. Dividend yield of 0.58% reflects modest shareholder returns. P/B ratio of 6.80 signals strong market confidence in asset value.
Growth (YoY)	Sales grew by 2.48% YoY, reflecting steady demand. PAT declined marginally by 0.62%, impacted by higher costs. EPS growth of 33.91% highlights improved earnings efficiency. Organic food segment growth of 37% YoY underscores strong performance in premium categories.
Growth (QoQ)	Sales grew by 2.76% QoQ, indicating consistent demand. PAT increased by 1.96% QoQ, showcasing resilience despite cost pressures. PAT growth QYoY of 51.21% reflects recovery from prior quarter challenges, driven by operational efficiencies and strategic initiatives.
Capital Allocation	RoE of 9.78% and RoCE of 13.6% highlight efficient capital utilization. RoIC of 12.3% reflects strong returns on invested capital. Cash equivalents of INR 211 Cr provide liquidity for growth initiatives. Debt-to-equity ratio of 0.07 indicates disciplined financial management.
Holdings	Promoter holding of 51% reflects strong ownership confidence. FII holding of 9.79% and DII holding of 6.16% indicate institutional interest. Public holding of 33% ensures broad investor participation. Stable shareholding structure supports long-term growth prospects.
Leverage	Debt-to-equity ratio of 0.07 reflects low leverage, ensuring financial stability. Total debt of INR 121 Cr is manageable relative to market cap of INR 12034 Cr. Enterprise value of INR 11944 Cr highlights strong market positioning. Liquidity supports operational flexibility.

Analyst viewpoint: LT Foods Limited demonstrates strong growth potential in the short to mid-term, supported by consistent revenue growth and strategic capital allocation. The company's quarterly revenue increased by 2.76% QoQ to INR 1044 Cr, reflecting steady demand across segments, while PAT grew by 1.96% QoQ, showcasing resilience despite elevated freight costs. The organic food segment, which grew by 37% YoY, continues to be a key driver of high-margin growth, complemented by the expansion of ready-to-eat (RTE) and ready-to-cook (RTC) products in international markets like the U.S. and Saudi Arabia. With a disciplined debt-to-equity ratio of 0.07 and robust cash equivalents of INR 211 Cr, LT Foods is well-positioned to capitalize on operational efficiencies and geographic diversification, particularly with 60%-65% of revenue derived from exports. The management's focus on scaling operations and targeting double-digit volume growth in FY26 further underscores the company's commitment to delivering shareholder value.

Valuation metrics such as a trailing P/E of 56.2 and EV/EBITDA of 36.2 indicate premium pricing, reflecting market confidence in LT Foods' growth trajectory. However, competitive pricing pressures in the Basmati rice segment remain a mild concern, which the company is addressing through strategic pricing adjustments. Despite these challenges, LT Foods' ability to leverage favorable currency movements, optimize freight costs, and expand its convenience food platform positions it as a compelling investment opportunity. With a clear roadmap for margin recovery starting Q2 FY26 and strong institutional interest, LT Foods is poised for sustained growth and profitability in the coming years.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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