

LT Foods Ltd.

Result Update Q2FY24



CMP INR 187

Result Update

LT Foods Ltd. reported Q2FY24 :

consolidated revenue for Q2 Financial Year 24 was up by 15% at INR1,992 crores versus INR1,732 crores last year. On account of increased sales from the Basmati and other speciality rice segment.

The gross profit declined by 5% and the gross profit margin contracted by 668 bps from 37.6% to 30.9% on account of an increase in input costs and price reduction.

The freight cost reduced which led to a decrease in the other expenses and this led to an increase in EBITDA.

The EBITDA for Q2 was up by 43% on year-on-year basis to INR 254.5 crores compared to INR178 crores last year.

And EBITDA margins expanded by 248 bps to 12.8% this quarter from 10.3% in Q2 Financial Year 23 that is led by achieving efficiencies at the manufacturing level and benefit of scale.

Profit after tax for the quarter increased substantially by 65% to INR157 crores compared to INR95 crores in the previous year.

EPS increased by 61% to INR 4.49 versus INR 2.80 in the previous year. sales from Basmati and other specialty rights segments as well as an increase in the convenience and health segment.

Freight cost as a percentage of sales this quarter is 4.5% and immediate preceding quarter, it was 5.1%.

Organic soya business has de-grown because of this anti-dumping duty on India, soya meal and the alternative source we have developed in Uganda for milling this soya meal.

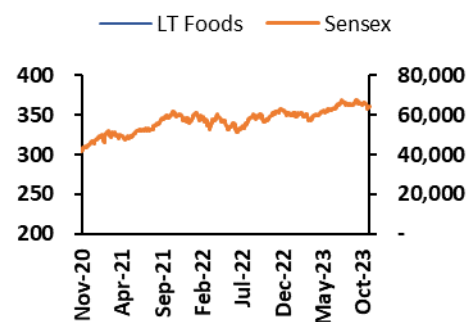
| | |
|-----------------|--|
| Industry | E-commerce/App based aggregator |
|-----------------|--|

Scrip Details

| | |
|---------------------|--------|
| Face Value (INR) | 1 |
| Market Cap (INR Cr) | 6,492 |
| Price (INR) | 187 |
| No of SH O/S (Cr) | 34.71 |
| 3M Avg Vol (000) | 105.46 |
| 52W H/L (INR) | 195/90 |
| Div. Yield (%) | 0.53 |

Shareholding (%) Sep 2023

| | |
|--------------|---------------|
| Promoter | 51.00 |
| DII's | 5.08 |
| Public | 37.90 |
| FII's | 6.02 |
| TOTAL | 100.00 |



Key Standalone Financial Data (INR Cr, unless specified)

| | Revenue | EBITDA | PAT | EBITDA (%) | PAT (%) | Adj. EPS (Rs.) | Adj BVPS (Rs.) | RoE (%) | RoIC (%) | EV/EBIT DA (X) | P/BV (X) | P/E (X) |
|------|---------|--------|-----|------------|---------|----------------|----------------|---------|----------|----------------|----------|---------|
| FY19 | 3614 | 397 | 137 | 10 | 4 | 4 | 42 | 10 | 11 | 4 | 0 | 1 |
| FY20 | 3890 | 471 | 203 | 11 | 5 | 6 | 46 | 12 | 13 | 3 | 0 | 0 |
| FY21 | 4135 | 567 | 293 | 12 | 6 | 9 | 55 | 16 | 15 | 6 | 1 | 8 |
| FY22 | 4742 | 597 | 314 | 11 | 6 | 9 | 62 | 15 | 16 | 5 | 1 | 7 |
| FY23 | 5427 | 701 | 395 | 10 | 6 | 12 | 86 | 15 | 16 | 11 | 2 | 16 |

Source: Ventura Research & Company Financials

key Developments:

India

- India business that contributes 29%, grew by 15%.
- LT Foods Ltd. wins a first-of-its-kind Guinness Record for “The Largest Biryani Tasting Session” celebrates ‘Daawat World Biryani Day’.
- Strengthened our Super Food portfolio by launching ‘Daawat® Quick Cooking Red Rice’.
- Signed a MoU with ICAR - NCIPM, to train 10,000 farmers in the country on Sustainable Farming Practices

Market Share in India %

30.2% ▲ ^{Gr.%} **160 Bps**

Daawat consuming Households in India

48 Lakh ▲ ^{Gr.%} **24%**

America

- USA business that contributes 41%, grew by 27%.
- Strengthened market leadership in Basmati Rice segment, gaining 1.6% market share in Q2 FY24 vs Q2 FY23.
- Launched new Royal RTH variant, White Queso & Jalapeno in Walmart with very positive launch feedback.

New Countries added, taking the total number to 78

Europe

- Europe business contributes 17%, grew by 13% and Rest of the World contributes 8% also witnessed 8% growth.
- LT Foods Europe BV was set up in 2017 as a greenfield operation near Rotterdam, to take advantage of EU's differential tariff regime.

▲ **+5**

Organic Segment

- LT Foods’ Organic Business Arm - Nature Bio Foods (NBF) inaugurates new facility in Uganda, Africa
- The new facility will be involved in the procurement and processing of Soya meal and help in the expansion of product portfolio, including Chia Seeds, Sesame Seeds and Sorghum.
- Production capacity of 10,000 tonnes in the first year and scale up to 18,000 tonnes by 2024.

Convenience & Health Segment

- In the Health Segment, LT Foods launched Daawat Red Rice during the quarter.



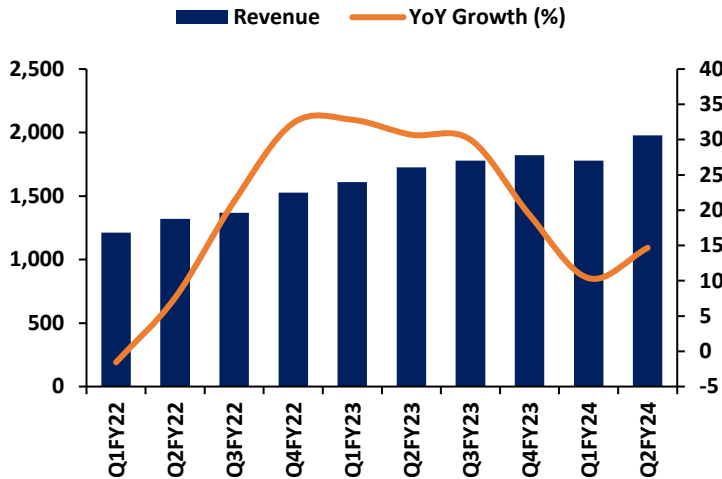
LT Foods Ltd. consolidated Financial Summary

| Fig in INR Cr (unless specified) | FY21 | Q1FY22 | Q2FY22 | Q3FY22 | Q4FY22 | FY22 | Q1FY23 | Q2FY23 | Q3FY23 | Q4FY23 | FY23 | Q1FY24 | Q2FY24 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue from operation | 4,742 | 1,213 | 1,320 | 1,368 | 1,526 | 5,427 | 1,611 | 1,725 | 1,778 | 1,821 | 6,936 | 1,778 | 1,977 |
| Growth (YoY) (%) | 14.68 | -1.56 | 7.59 | 21.26 | 32.35 | 14.46 | 32.81 | 30.69 | 29.98 | 19.33 | 27.79 | 10.36 | 14.62 |
| Raw Material Cost | 3,042 | 810 | 869 | 913 | 1,022 | 3,465 | 1,049 | 1,081 | 1,221 | 1,226 | 4,404 | 1,185 | 1,376 |
| Material Cost to Sales (%) | 64.14 | 66.77 | 65.85 | 66.72 | 66.98 | 63.84 | 65.10 | 62.69 | 68.65 | 67.34 | 63.50 | 66.62 | 69.60 |
| Employee Cost | 264 | 71 | 72 | 71 | 75 | 290 | 85 | 87 | 93 | 94 | 360 | 110 | 107 |
| Employee Cost to Sales (%) | 5.57 | 5.82 | 5.48 | 5.21 | 4.94 | 5.34 | 5.30 | 5.04 | 5.23 | 5.18 | 5.19 | 6.16 | 5.41 |
| Other Expenses | 869 | 202 | 224 | 234 | 276 | 1,077 | 310 | 385 | 299 | 304 | 1,472 | 270 | 254 |
| Other Expenses to Sales (%) | 18.33 | 16.63 | 17.00 | 17.07 | 18.09 | 19.84 | 19.25 | 22.32 | 16.80 | 16.70 | 21.22 | 15.20 | 12.85 |
| EBITDA | 567 | 131 | 154 | 151 | 152 | 597 | 167 | 172 | 166 | 196 | 701 | 214 | 240 |
| Margin (%) | 11.95 | 10.78 | 11.67 | 11.00 | 9.99 | 10.99 | 10.36 | 9.95 | 9.32 | 10.78 | 10.10 | 12.02 | 12.14 |
| PAT | 293 | 77 | 82 | 78 | 77 | 314 | 96 | 95 | 92 | 112 | 395 | 123 | 145 |
| Margin (%) | 6.19 | 6.32 | 6.21 | 5.72 | 5.06 | 5.79 | 5.96 | 5.49 | 5.19 | 6.14 | 5.69 | 6.92 | 7.33 |
| Net Profit | 274 | 73 | 77 | 71 | 72 | 292 | 90 | 90 | 95 | 128 | 403 | 137 | 157 |
| Margin (%) | 5.78 | 5.99 | 5.81 | 5.22 | 4.69 | 5.38 | 5.57 | 5.19 | 5.36 | 7.04 | 5.81 | 7.73 | 7.94 |
| Adjusted EPS | 9 | | | | | 9 | | | | | 12 | | |
| P/E Ratio | 8 | | | | | 7 | | | | | 16 | | |
| Adjusted BVPS (Rs) | 55 | | | | | 62 | | | | | 86 | | |
| P/BV Ratio (X) | 1 | | | | | 1 | | | | | 2 | | |
| Enterprise Value | 3,427 | | | | | 2,997 | | | | | 7,391 | | |
| EV/EBITDA Ratio | 6 | | | | | 5 | | | | | 11 | | |
| Networth | 1,755 | | | | | 1,998 | | | | | 2,757 | | |
| Return on Equity | 16 | | | | | 15 | | | | | 15 | | |
| Capital Employed | 3,045 | | | | | 3,059 | | | | | 3,695 | | |
| Return on Capital Employed | 11 | | | | | 11 | | | | | 11 | | |
| Invested Capital | 3,015 | | | | | 3,019 | | | | | 3,656 | | |
| Return on Invested Capital | 15 | | | | | 16 | | | | | 16 | | |
| Cash From Operating Activities | 445 | | | | | 517 | | | | | 258 | | |
| Cash Flow from Investing Activities | -100 | | | | | -145 | | | | | -395 | | |
| Cash from Financing Activities | -346 | | | | | -358 | | | | | 136 | | |
| Net Cash Flow | -1 | | | | | 15 | | | | | 0 | | |
| Free Cahflow | 409 | | | | | 416 | | | | | 175 | | |
| FCFF to sales | 9 | | | | | 8 | | | | | 3 | | |
| FCF to Net Profit | -310 | | | | | -207 | | | | | -180 | | |
| Total debt | 1,290 | | | | | 1,061 | | | | | 938 | | |
| Net Debt | 1,260 | | | | | 1,022 | | | | | 899 | | |
| Net Debt to Equity | 1 | | | | | 1 | | | | | 0 | | |
| Net Debt to EBITDA | 2 | | | | | 2 | | | | | 1 | | |
| Fundamental Scores | | | | | | | | | | | | | |
| Altman Z Score | 3 | | | | | 3 | | | | | 4 | | |
| Piotroski F-score | 8 | | | | | 8 | | | | | 7 | | |
| Beneish M-score | -3 | | | | | -2 | | | | | -2 | | |

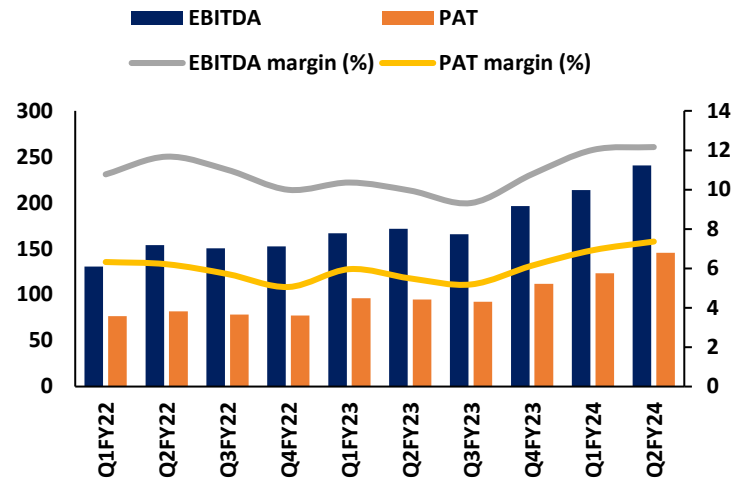
Source: Ventura Research & Company Financials

LT Foods Ltd. Financial Summary in Charts

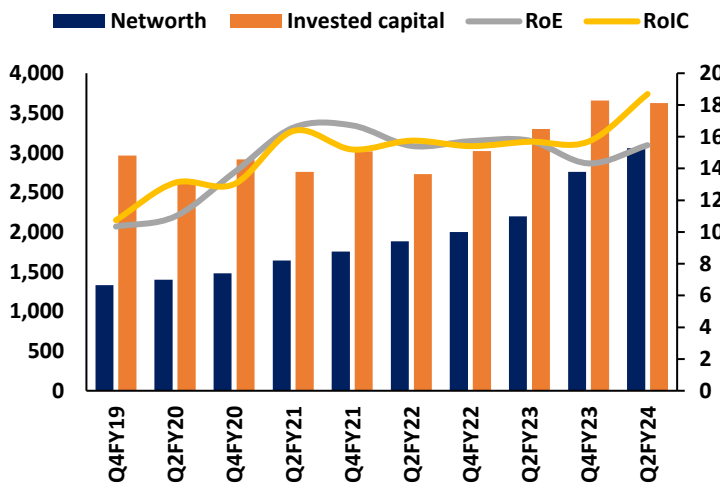
Revenue Growth



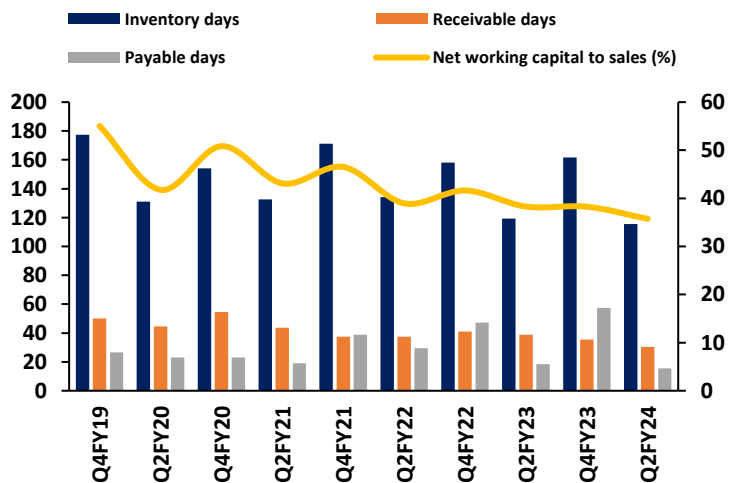
Operating profit and Net Margins



Return Ratios



Working Capital



Source: Ventura Research & Company Financials

LT Foods Ltd. Financial Summary in Charts

| Fig in INR Cr (unless specified) | FY19 | FY20 | FY21 | FY22 | FY23 | Fig in INR Cr (unless specified) | FY19 | FY20 | FY21 | FY22 | FY23 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|----------------------------------|------|------|------|------|------|
| Income Statement | | | | | | Per share data & Yields | | | | | |
| Revenue | 3,890.4 | 4,135.1 | 4,741.9 | 5,427.4 | 6,935.8 | Adjusted EPS (INR) | 3.6 | 5.3 | 7.9 | 8.4 | 11.6 |
| YoY Growth (%) | | 6.3 | 14.7 | 14.5 | 27.8 | Adjusted Cash EPS (INR) | 5.6 | 7.9 | 11.0 | 11.9 | 15.2 |
| Raw Material Cost | 2,796.0 | 2,875.2 | 3,041.7 | 3,464.6 | 4,403.9 | Adjusted BVPS (INR) | 41.3 | 46.0 | 54.4 | 61.9 | 80.5 |
| RM Cost to Sales (%) | 71.9 | 69.5 | 64.1 | 63.8 | 63.5 | Adjusted CFO per share (INR) | 3.0 | 13.7 | 12.8 | 14.9 | 7.4 |
| Employee Cost | 151.9 | 198.6 | 264.3 | 289.6 | 359.6 | CFO Yield (%) | 1.6 | 7.3 | 6.8 | 7.9 | 4.0 |
| Employee Cost to Sales (%) | 3.9 | 4.8 | 5.6 | 5.3 | 5.2 | Adjusted FCF per share (INR) | 2.3 | 14.1 | 11.8 | 12.0 | 5.0 |
| Other Expenses | 545.3 | 590.6 | 869.3 | 1,076.6 | 1,471.5 | FCF Yield (%) | 1.2 | 7.5 | 6.3 | 6.4 | 2.7 |
| Other Exp to Sales (%) | 14.0 | 14.3 | 18.3 | 19.8 | 21.2 | | | | | | |
| EBITDA | 397.2 | 470.7 | 566.7 | 596.6 | 700.7 | Solvency Ratio (X) | | | | | |
| Margin (%) | 10.2 | 11.4 | 11.9 | 11.0 | 10.1 | Total Debt to Equity | 1.2 | 0.9 | 0.7 | 0.5 | 0.3 |
| YoY Growth (%) | | 18.5 | 20.4 | 5.3 | 17.5 | Net Debt to Equity | 1.2 | 0.9 | 0.7 | 0.5 | 0.3 |
| Depreciation & Amortization | 69.0 | 91.4 | 108.5 | 122.6 | 126.9 | Net Debt to EBITDA | 4.2 | 3.1 | 2.2 | 1.7 | 1.3 |
| EBIT | 328.2 | 379.3 | 458.2 | 474.0 | 573.8 | | | | | | |
| Margin (%) | 8.4 | 9.2 | 9.7 | 8.7 | 8.3 | Return Ratios (%) | | | | | |
| YoY Growth (%) | | 15.6 | 20.8 | 3.4 | 21.1 | Return on Equity | 9.5 | 12.5 | 15.6 | 14.6 | 14.6 |
| Other Income | 24.1 | 37.9 | 31.5 | 23.2 | 43.0 | Return on Capital Employed | 7.0 | 9.2 | 11.0 | 11.4 | 11.5 |
| Bill discounting & other charges | 138.7 | 132.3 | 87.4 | 68.7 | 82.1 | Return on Invested Capital | 11.0 | 12.9 | 15.2 | 15.7 | 15.7 |
| Fin Charges Coverage (X) | 2.4 | 2.9 | 5.2 | 6.9 | 7.0 | | | | | | |
| Exceptional Item | 0.0 | (4.2) | 0.0 | 0.0 | 0.0 | Working Capital Ratios | | | | | |
| PBT | 213.6 | 280.7 | 402.3 | 428.4 | 534.7 | Payable Days (Nos) | 27 | 23 | 39 | 47 | 58 |
| Margin (%) | 5.5 | 6.8 | 8.5 | 7.9 | 7.7 | Inventory Days (Nos) | 177 | 154 | 171 | 158 | 162 |
| YoY Growth (%) | | 31.4 | 43.3 | 6.5 | 24.8 | Receivable Days (Nos) | 50 | 55 | 37 | 41 | 35 |
| Tax Expense | 76.2 | 77.6 | 108.9 | 114.4 | 139.8 | Net Working Capital Days (Nos) | 201 | 186 | 170 | 152 | 140 |
| Tax Rate (%) | 35.6 | 27.7 | 27.1 | 26.7 | 26.1 | Net Working Capital to Sales (%) | 55.1 | 51.0 | 46.5 | 41.6 | 38.3 |
| PAT | 137.5 | 203.1 | 293.4 | 314.1 | 394.9 | | | | | | |
| Margin (%) | 3.5 | 4.9 | 6.2 | 5.8 | 5.7 | Valuation (X) | | | | | |
| YoY Growth (%) | | 47.7 | 44.5 | 7.0 | 25.7 | P/E | 51.6 | 35.4 | 23.8 | 22.3 | 16.2 |
| Min Int/Sh of Assoc | (10.9) | (18.6) | (19.3) | (21.9) | 7.8 | P/BV | 4.5 | 4.1 | 3.5 | 3.0 | 2.3 |
| Net Profit | 126.5 | 184.5 | 274.0 | 292.2 | 402.7 | EV/EBITDA | 20.6 | 17.0 | 13.7 | 12.6 | 10.6 |
| Margin (%) | 3.3 | 4.5 | 5.8 | 5.4 | 5.8 | EV/Sales | 2.1 | 1.9 | 1.6 | 1.4 | 1.1 |
| YoY Growth (%) | | 45.8 | 48.5 | 6.6 | 37.8 | | | | | | |

Source: Ventura Research & Company Financials

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