LT Foods Ltd

25 June 2026

Core holding firm, multiple expansion levers at work

MANAGEMENT MEET UPDATE

Sector: FMCG	**Rating: NR**
CMP: Rs 387	**Target Price: NA**

Stock Info

Sensex/Nifty	77,557/ 24,189
Bloomberg	LTFO IN
Equity shares (mn)	347
52-wk High/Low	Rs 519/ 333
Face value	Rs1
M-Cap	Rs 134bn/USD 1.4bn
3-m Avg volume	USD 2.0mn

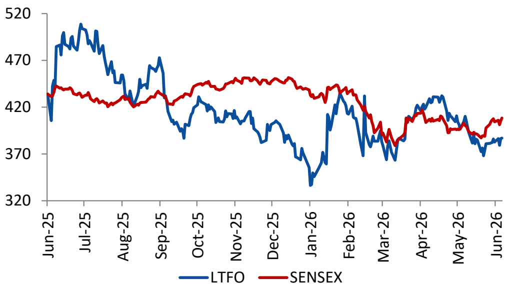
Financial Snapshot (Rs mn)

Y/E Mar	FY24	FY25	FY26
Sales	77,724	86,815	109,456
PAT	5,933	6,053	6,254
EPS (Rs)	17.1	17.4	18.0
PE (x)	22.6	22.2	21.5
EV/EBITDA (x)	14.6	14.1	12.1
P/BV (x)	3.9	3.5	3.0
EV/Sales	1.8	1.6	1.3
RoE (%)	19.1	16.6	14.9
RoCE (%)	18.5	16.3	15.7
NWC (days)	138	140	127
Net gearing (x)	0.1	0.2	0.1

Shareholding pattern (%)

	Mar-26	Dec-25	Sep-25
Promoter	51.0	51.0	51.0
–Pledged	-	-	-
FII	8.7	8.9	10.1
DII	10.3	9.6	8.3
Others	30.0	30.5	30.5

Stock Performance (1-year)



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The management of LT Foods (LTFO) maintained an upbeat outlook and highlighted multiple levers of growth at their analyst meeting yesterday. Management expects **core business revenue growth of 11-12% over the next 2-3 years, ahead of Basmati rice category growth of 8-9%. LTFO sees operating margin (OPM) improvement of 100-150bps over the medium term** (from adj. OPM of c.12% in FY26), supported by margin buildouts in UK and Europe which are currently in investment phase. The company noted freight costs are currently stable in the US while still elevated in Europe and Middle East. **Management sought to assuage concerns over the current monsoon deficit** and its impact on the business, emphasizing that Basmati rice requires less rainfall vs other rice varieties, and the regions where Basmati is cultivated are well-irrigated with a network of canals – adding up to low impact on the category.

In the US (c.48% of sales), LTFO has held on to the market share it gained during the import tariff hikes, and highlighted double-digit growth in *Golden Star* jasmine rice where it is the market leader. **In Europe** (15% of sales), management is looking to increase the share of branded sales from the current 20-23% (vs c.70% private label). **The Middle East** (7-8% of sales) will see a thrust on growth from the company; LTFO has hired a separate CEO for the region, and while it expects double-digit growth here (FY26 sales of Rs 550mn in Saudi Arabia), management acknowledges the region will take time to scale up.

On the smaller business segments, LTFO expects **ready-to-eat/ ready-to-heat (RTE/ RTH)** sales' salience to increase from current c.2% to 5-6% in 3-4 years on growth of 25-30% p.a., aided by a doubling of capacity in the US this year. Management sees the segment breaking even in two years. In the **organic food and ingredients'** segment (c.8% of sales) as well, the company is focusing on improving margins, and expects a pickup from 3Q27 onwards from near-term levels of c.4%.

Views: Notwithstanding recent near-term concerns on events such as US import tariffs, geopolitical conflict-related disruption and deficient monsoon, the medium-term growth prospects for LTFO look solid, with c.70% of Basmati rice sales still in the loose segment, Basmati consumption still making up only c.8% of overall rice consumption, and distribution buildouts happening across India, UK and Middle East (plans to increase domestic reach from current c.170k retail outlets to c.300k over the next 3-4 years). Some of the near-term concerns – US tariffs, geopolitical conflict – have also dissipated. Margin pickup would be aided by better outcomes in organic foods and in UK as the initial investment phase transitions, though this could be a protracted process. The LTFO stock currently trades at a P/E of 17x/13x on consensus FY27E/ FY28E EPS, for FY26-FY28 revenue/ EPS CAGR of 13%/ 26% on consensus estimates.

Detailed takeaways from the management meeting

Outlook and guidance

- Company expects revenue growth of 11-12% over the next 2-3 yrs, ahead of Basmati rice category growth of 8-9%.

- Operating margin to improve by 100-150bps over the medium term (from adj. c.12% in FY26), with buildouts in UK and Europe (currently in investment phase).
- On monsoon deficit – Basmati rice requires less rainfall than other rice varieties (not quantified). Also, regions where Basmati rice is cultivated are well-irrigated with a network of canals. So Basmati rice category would be least-impacted by current rain deficit. Excess rains are a problem.
- LTFO will continue to invest behind brand building.
- Company also remains open for any inorganic opportunities.

RTC/ RTH (c.2% of sales)

- Sales salience expected to increase from 2% (FY26) to 5-6% in 3-4 years, with growth of 25-30%. Segment to breakeven in 2 yrs.
- Company is doubling capacity in US for RTC/ RTH business in the current year. Land acquisition is already in place, waiting for government approvals.
- No plans as of now for introduction of RTH in India.
- Kari Kari doing well and is operationally positive. On Cuppa rice re-working on recipes, had some product recalls.

Organic business (c.8% of sales)

- Focus is on improving margins. Near-term margin of c.4% should pick up from 3Q27 onwards.

North America (48% of sales)

- Company has retained the market share it gained during the tariff hikes, with *Daawat* brand garnering 60% market share in the US market (like Basmati rice).
- Jasmine rice category is 3x of Basmati category in US market. Company is currently leader in the jasmine rice category.
- *Golden Star* is growing in double-digits. *817 Elephant* is the market leader in Canada.
- Employee count of nearly 270, mostly local.

Indian Business (29% of sales)

- Management reiterated growth potential for basmati category in domestic. Going ahead it will focus on improving penetration across domestic territories.
- Management noted rice consumption is slightly tapering (domestic), but basmati rice consumption is on rise. Factors like customers upscaling to high price packs, shift to branded players will drive business growth.
- For Basmati rice category, non-branded contributes 70% vs branded contribution of 30%.

Europe (15% of sales)

- 70% of business is private label. Company looking to increase the smaller 20-25% branded component.
- Europe business is currently at break-even; UK being relatively new is at EBITDA-loss.

- Team of 200+ and 100+ people in Europe and UK region.

Middle East region (7-8% of sales)

- Company is expanding its business in the region and expects double-digit growth.
- Hired a separate CEO for the region. Delivered sales of Rs 550mn in FY26 in Saudi region.
- Management noted that the region will take time to scale up.
- Currently 80% of Middle East business is distributor-driven, while the rest 20% is Horeca. Inventory now normalizing from 4-5 months during the conflict.

Premiumization

- Company continues to expand its folio into premium space.
- Past introductions like Black rice, Red rice, Saffron Basmati rice, expanding organic range.
- In RTC added Kari Kari Hopu (salted snack),etc.

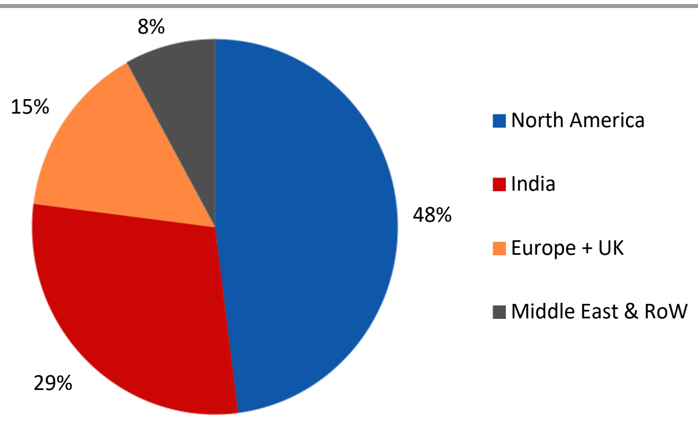
Geographic expansion

- Management remains optimistic on international business owing to increasing popularity of Indian cuisine, global rice adoption across regions & cultures and changes in food choices, like in certain geographies switching to rice for carb source due to relatively low GI Index.
- In FY26, 5-7 new countries were added. Company will add more regions to its count with criteria being regions with rising Basmati rice consumption.

Other updates

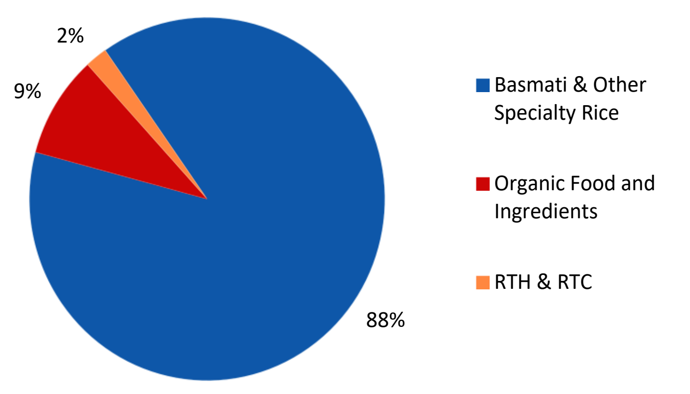
- Freight costs are currently stable in US, while still up in EU and Middle East.
- Company to take term loan of Rs 600-650mn in FY27 towards greenfield capex in Bhopal for organic segment. Remaining debt continues to be for working capital.

Exhibit 1: Geographical Revenue Mix FY26



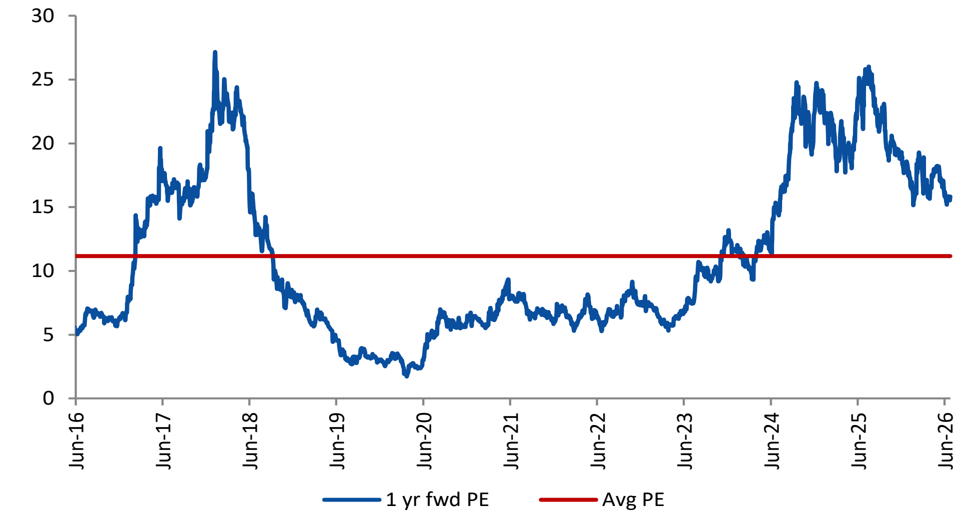
Source: Company, Systematix Research

Exhibit 2: Segmental Revenue Mix FY26



Source: Company, Systematix Research

Exhibit 3: Currently trades at 16x one year forward P/E (on consensus EPS)



Source: Company, Bloomberg consensus

FINANCIALS

Profit & Loss Statement

YE: Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26
Revenue	**54,274**	**69,358**	**77,724**	**86,815**	**1,09,456**
Raw Material Costs	34,646	45,775	52,781	57,403	73,305
Gross Profit	**19,628**	**23,583**	**24,943**	**29,412**	**36,151**
GP margin (%)	36.2%	34.0%	32.1%	33.9%	33.0%
Employee Costs	2,896	3,596	4,301	4,908	6,226
Other Expenses	10,766	12,980	11,263	14,722	18,338
Operating Profit	**5,966**	**7,007**	**9,379**	**9,783**	**11,587**
OP margin (%)	11.0%	10.1%	12.1%	11.3%	10.6%
Depreciation	1,226	1,269	1,529	1,857	2,449
EBIT	**4,740**	**5,738**	**7,850**	**7,926**	**9,138**
Interest expense	687	821	830	877	1,309
Other income	232	430	496	885	775
Profit before tax	**4,284**	**5,347**	**7,517**	**7,934**	**8,604**
Taxes	1,144	1,398	2,029	2,102	2,410
Tax rate (%)	26.7%	26.1%	27.0%	26.5%	28.0%
Profit from JV & Associates	(49)	279	489	286	59
Minority Interest	170	201	43	65	-
Adj. PAT	**2,922**	**4,027**	**5,933**	**6,053**	**6,254**
Exceptional loss	-	-	-	-	-
Net profit	2,922	4,027	5,933	6,053	6,254
Adj. EPS	**9.1**	**11.6**	**17.1**	**17.4**	**18.0**

Source: Company, Systematix Research

Balance Sheet

YE: Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26
Equity capital	320	347	347	347	347
Reserves & Others	21,169	27,623	33,920	38,189	44,857
Debt	10,609	9,377	5,262	7,434	9,732
Deferred tax liab (net)	(182)	(186)	(256)	(324)	(323)
Other non current liabilities	2,726	2,974	5,427	6,823	9,291
Total liabilities	**34,642**	**40,135**	**44,699**	**52,470**	**63,905**
Fixed Assets	5,803	6,453	7,094	8,289	10,335
ROU Assets	2,413	2,646	3,626	4,865	5,989
CWIP	350	266	412	447	672
Goodwill & Intangibles	837	853	877	886	2,197
Investments	249	1,270	1,834	2,234	477
Other Non-current Assets	2,085	2,033	2,373	2,445	5,321
Inventories	**23,518**	**30,724**	**34,981**	**43,603**	**49,906**
Sundry debtors	6,113	6,744	6,758	7,520	8,602
Cash & equivalents	**391**	**390**	**503**	**1,442**	**3,371**
Loans and Advances	1,649	1,624	1,702	2,076	2,986
Sundry creditors	7,031	10,928	12,300	17,726	20,303
Other current liabilities	1,735	1,939	3,163	3,610	5,648
Total Assets	**34,642**	**40,135**	**44,699**	**52,470**	**63,905**

Source: Company, Systematix Research

Cash Flow

YE: Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26
PBIT	4,236	5,626	8,005	8,220	8,664
Depreciation	1,226	1,269	1,529	1,857	2,449
Tax paid	(1,074)	(1,293)	(1,522)	(2,332)	(2,311)
Working capital Δ	(14)	(3,390)	(805)	(3,745)	(584)
Other operating items	800	372	361	625	887
Operating cashflow	**5,175**	**2,584**	**7,569**	**4,625**	**9,105**
Capital expenditure	(1,576)	(1,542)	(2,028)	(2,391)	(3,596)
Free cash flow	**3,598**	**1,042**	**5,541**	**2,234**	**5,509**
Equity raised	-	3,824	-	-	-
Investments & Others	129	(2,404)	13	(113)	(4,852)
Debt financing/disposal	(2,347)	(1,119)	(3,741)	2,173	2,298
Interest Paid	(475)	(734)	(724)	(704)	(1,303)
Dividends paid	(320)	(160)	(347)	(1,040)	(1,040)
Other items	(434)	(448)	(567)	(1,934)	(1,229)
Net Δ in cash	**152**	**1**	**175**	**617**	**(617)**

Source: Company, Systematix Research

Ratios

YE: Mar	FY22	FY23	FY24	FY25	FY26
Revenue growth (%)	14.5	27.8	12.1	11.7	26.1
Op profit growth (%)	5.3	17.5	33.8	4.3	18.4
Net profit growth (%)	6.6	37.8	47.4	2.0	3.3
OPM (%)	11.0	10.1	12.1	11.3	10.6
Net Profit Margin (%)	5.4	5.8	7.6	7.0	5.7
RoCE (%)	13.7	15.3	18.5	16.3	15.7
RoNW (%)	14.5	16.3	19.1	16.6	14.9
EPS (Rs)	9.1	11.6	17.1	17.4	18.0
DPS (Rs)	1.0	1.0	1.5	3.0	2.0
BVPS (Rs)	67.2	80.5	98.7	111.0	130.2
Debtor days	41	35	32	32	29
Inventory days	158	162	164	183	166
Creditor days	47	58	58	75	68
P/E (x)	42.4	33.4	22.6	22.2	21.5
P/B (x)	5.8	4.8	3.9	3.5	3.0
EV/EBITDA (x)	22.4	20.3	14.6	14.1	12.1
NetDebt/Equity (x)	0.5	0.3	0.1	0.2	0.1

Source: Company, Systematix Research

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