

CMP: Rs 56

Outlook: Positive

Technical TP: Rs 75 - 88

Stock Info

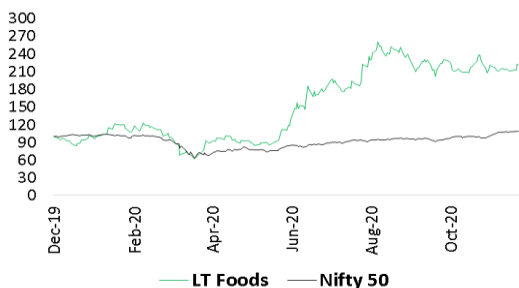
BSE	532783
NSE	DAAWAT
Bloomberg	LTFO.IN
Reuters	LTOL.NS
Sector	Food Processing
Face Value (Rs)	1
Equity Capital (Rs MN)	17670
Mkt Cap (Rs MN)	17,850
52w H/L (Rs)	64 / 13
Avg Yearly Vol (in 000')	1675

Shareholding Pattern %

(As on September, 2020)

Promoters	56.8
FII	1.6
DII	5.7
Public & Others	35.9

LT Foods Vs Nifty



Peer Group Comparison

in MN.	LT Foods	KRBL Ltd.	GRM
Revenue	46183	42887	6071
EBITDA	5546	8706	676
EBITDAM (%)	12%	20%	11%
PAT	2507	5842	472
PATM (%)	5%	14%	8%
EPS (Rs)	7.8	24.8	127.9
PE(x)	7.1	11.2	3
ROE(%)	15.3	17.1	42.6
D/E(x)	0.7	0	1.2

*Valuations on TTM basis

LT Foods Limited is a branded specialty foods company. The Company is engaged in milling, processing and marketing of branded and non-branded basmati rice, and manufacturing of rice food products in the domestic and overseas market. Its geographical segments include India, North America and Rest of the world. The Company's brands include Royal; Ecolife, an organic food brand that includes rice, pulses, oil seeds, cereal grains, spices, nuts and fruits and vegetables; Devaaya, which offers branded Basmati rice, with staples, such as Atta, Suji, Besan, Dalia, Poha and Maida, and Heritage, a basmati rice brand. Its brands also include Daawat, Gold seal Indus Valley, Rozana and 817 Elephant.

Key Highlights of Q2FY21:

Strong growth in financials led by an increase in product demand: LT Foods total revenue increased by 24 per cent YoY to Rs 1,2187 million in Q2FY21, led by an increase in product demand due to the growing 'in-home' consumption. Consumers shifted to packaged & branded food products during the lockdown period as it ensured brand assurance, hygiene & quality, which eventually led to strong product demand. The company's revenue is expected to continue seeing a positive upward trend as many consumers still prefer to purchase branded products.

Margin expansion with change in product portfolio: LT Foods has reported an improved EBITDA margin by 50-100 bps p.a. with a strengthened balance sheet and an improved ROCE and ROE. It has expanded its existing product portfolio and has launched new products leveraging brand and distribution strength i.e. rice based snacks, ready to eat and ready to cook. It has also expanded organic portfolio in value added segments.

Q2FY21 Result Snapshot:

Rs MN.	Q2FY21	Q1FY21	Q2FY20	Q-o-Q	Y-o-Y
Net Revenue	12087	12154	9717	-0.6%	24.4%
EBITDA	1505	1568	1028	-4.0%	46.4%
EBITDAM%	12.5%	12.9%	10.6%	-3.5%	17.7%
PAT	775	827	473	-6.3%	63.6%
PATM%	6.4%	6.8%	4.9%	-5.7%	31.5%
EPS (Rs)	2.27	2.46	1.33	-7.7%	70.7%

Valuation & View: Consumer habits, preferences and spend patterns have witnessed a gradual shift towards being a cautious consumer w.r.t. healthier eating habits. This has benefitted LT Foods Ltd. in terms of its net revenue and henceforth the profits. We believe, company's continuous focus on R&D, new product launches and agricultural growth will aid into the company's growth. At CMP of Rs 56, LT Foods is trading at a PE of 9.1x/7.6x to its FY21/22E Bloomberg consensus estimates. We have a positive outlook on the stock.

Rs MN.	FY19	FY20	FY21E	FY22E
Revenue	38904	41461	45599	51089
EBITDA	3972	4707	5335	6028
EBITDAM (%)	10.2	11.4	12%	12%
PAT	1375	2152	2286	2751
PATM (%)	3.5	5.2	5%	5%
EPS	3.7	5.8	6.1	7.4
PE	15.1	9.7	9.1	7.6

Source: Arihant Research, Company Filings, Bloomberg Consensus

Technical Chart & View



Technical View : The stock on weekly chart has given twelve week consolidation breakdown which suggests upside momentum. The breakdown is with higher volumes which suggests buying interest in the stock. Hence, we expect this stock to test 75-88 levels in a couple of months.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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