ArihantCapital
Generating Wealth

Result Update
18th Aug 2026

KRBL LIMITED

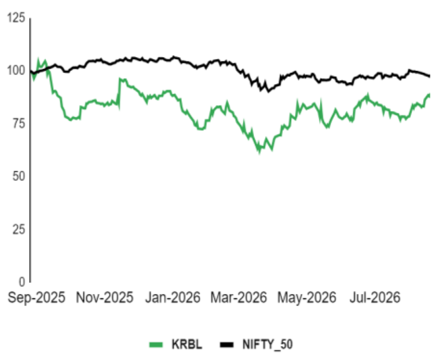
Market Leader in Basmati Segment

CMP: INR 395
Rating: Buy
TP: INR 638

Stock Info	
BSE	530813
NSE	KRBL
Bloomberg	KRB:IN
Reuters	KRBL.NS
Sector	FMCG
Face Value (INR)	1
Equity Capital (INR cr)	22.89
Mkt Cap (INR Bn)	90
52w H/L (INR)	479/275
Avg Yearly Volume (in 000')	650

Shareholding Pattern % *(As on June 2026)*	
Promoter & Promotor Group	60.17
FII	7.29
DII	0.7
Public & Others	31.84

Stock Performance (%)	1m	6m	12m
KRBL	25.9	27.2	(1.24)
Nifty 50	1.22	(4.7)	(1.71)



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KRBL Ltd consolidated performance remained strong despite a 5.6% YoY decline in revenue to INR 1,495.8 Cr. Gross profit increased 31.0% YoY to INR 501.3 Cr, with gross margin expanding 936bps to 33.5%, supported by a 17.2% YoY reduction in raw material costs. EBITDA grew 59.7% YoY to INR 307.6 Cr, with EBITDA margin improving 840bps to 20.6%, PAT surged 73.2% YoY to INR 260.7 Cr, with PAT margin expanding 740bps to 17.4%.This performance was driven by a domestic business that absorbed global shocks, a procurement strategy that protected margins, and a diversified export book. While the company considers these specific margins unsustainable due to one-time price spikes and MTM gains.

Investment Rationale:

Dominant Market Leadership and Brand Equity: The company maintains a command over the Basmati industry, holding approximately 85% of the world's basmati trade. Domestically, the India Gate brand is the market leader in roughly 75% of Indian states. This leadership is supported by a massive distribution network reaching 3.3 lakh retail outlets and 1.2 crore urban Indian households.

Resilient Domestic Growth and Democratized Distribution: Domestic revenue (excluding power) grew by 14% YoY, primarily supported by an 11% increase in rice realization. The company is confident in delivering 10% domestic volume growth for the next 2–3 years. This growth is anchored by their first strategic priority, Democratizing Distribution, which focuses on improving distribution quality through a distributor management system already rolled out to 190 top distributors.

Outlook & Valuation: The company's outlook remains resilient, anchored by strong domestic momentum, with guided volume growth of approximately 10% annually over the next 2 to 3 years, and a progressive recovery in export volumes beginning in Q2 FY27 as Middle East transit routes stabilize. For the full year, the company expects margins to normalize to an EBITDA margin of 17% to 18% and a gross margin of around 30%, though paddy prices are expected to remain firm due to monsoon deficits in the Basmati Belt. We have given TP of INR 638, yielding a 'BUY' rating, and an upside of 94%, arrived at this value using FY29E EV/EBITDA multiple of 8x.

Particulars (INR Cr)	FY25	FY26	FY27E	FY28E	FY29E
Revenue from Operations	5593.8	6097.9	6785.9	7641.7	8768.0
YoY	3.88%	9.01%	11.28%	12.61%	14.74%
Gross Profit Margin	24.66%	27.50%	29.00%	28.40%	28.80%
EBITDA Margin	12.06%	14.79%	16.26%	16.62%	17.99%
Adj. Net Profit	476.0	648.0	828.1	954.4	1185.6
YoY	-20.1%	36.1%	27.8%	15.3%	24.2%
Adj EPS (INR)	20.80	28.31	36.18	41.70	51.79
P/E	19.0	14.0	10.9	9.5	7.6
P/B	1.7	1.6	1.4	1.2	1.0
Debt / Equity	0.07	0.02	0.00	0.00	0.00
Net Debt (includes lease liabilities and excludes investments)	222.5	17.9	-789.6	-1348.2	-1991.9
ROE	9.08%	11.18%	12.50%	12.59%	13.53%
ROCE	11.01%	13.65%	15.28%	15.57%	16.96%

INR Cr (Consolidated)	Q1FY27	Q4FY26	Q1FY26	Q-o-Q	*Y-o-Y*
Net Revenue	1495.9	**1525.5**	**1584.4**	***-1.94%***	***-5.59%***
Raw Material Costs	994.6	1080.4	1201.7	*-7.94%*	*-17.24%*
Gross Profit	501.3	445.1	382.6	*12.62%*	*31.02%*
Gross Margin	*33.5%*	*29.2%*	*24.1%*	*433bps*	*936bps*
Employee costs	55.1	52.7	48.1	*4.59%*	*14.52%*
Other Expenses	138.6	163.2	141.8	*-15.10%*	*-2.29%*
EBITDA	**307.6**	**229.2**	**192.7**	***34.22%***	***59.66%***
EBITDA margin	*20.6%*	*15.0%*	*12.2%*	*554bps*	*840bps*
Other Non-Operating Income	64.4	8.3	32.4	*677.29%*	*98.70%*
Depreciation	23.5	23.0	22.1	*2.26%*	*6.44%*
EBIT	**348.5**	**214.5**	**203.0**	***62.47%***	***71.67%***
Finance costs	0.8	4.3	1.4	*-81.82%*	*-45.45%*
PBT	**347.7**	**210.2**	**201.6**	***65.41%***	***72.50%***
Tax Expense	86.9	54.8	51.0	*58.62%*	*70.57%*
Effective tax rate	*25.0%*	*26.1%*	*25.3%*	*-108bps*	*-29bps*
PAT	**260.7**	**155.4**	**150.6**	***67.81%***	***73.16%***
PAT margin	*16.7%*	*10.1%*	*9.3%*	*658bps*	*740bps*
EPS	11.39	6.79	6.58	***67.75%***	***73.10%***

E-commerce Dominance and Quick Commerce Pivot: KRBL has established a formidable lead in the digital space, exiting June with a 41% market share in e-commerce, which is 10 percentage points higher than its nearest competitor. The company is now aggressively pivoting toward Quick Commerce (Blinkit, Zepto) to scale its regional rice varieties, noting that local fragmented brands lack the supply chain and marketing capabilities to compete on these high-growth platforms.

Strategic Diversification Beyond Rice: The company is successfully expanding its portfolio into higher-margin adjacencies like Poha, launched "Light and Fluffy Poha" across 22 cities in North India, leveraging India Gate's brand trust and sourcing capabilities. The masala portfolio grew 74% in value YoY, reaching an annualized revenue run rate of INR 9 crore, with a target of INR 25 crore by the end of FY27.

Global Competitiveness Over Pakistan: India's position in the global market has been reinforced as Pakistani Basmati traded at a premium of around USD 100 per tonne compared to Indian material. Pakistan’s lack of competitiveness led to a 26% decline in its export volume, allowing KRBL to deepen its position with large global buyers.

Export Recovery Outlook: The 50% decline in export revenue during Q1 was a volume shock caused by logistics (the West Asia conflict and Strait of Hormuz disruption) rather than a lack of demand. The company views this as a timing issue; destination inventories are depleted and must be replaced. As shipping conditions stabilize, KRBL expects export volumes to recover progressively starting in Q2.

Sourcing and Aging Discipline as a Moat: KRBL’s sourcing network and aging discipline serve as competitive advantages during difficult crop years. In a season where the Punjab crop saw 20%–25% damage due to floods, KRBL's ability to perform quality segregation allowed it to secure genuine export-grade material while others struggled with high-moisture or discolored lots.

Robust Balance Sheet and Cash Position: The company maintains a very strong financial position with total cash and investments of INR 18.41 crore (as of June 30, 2026), up from INR 12.81 crore the previous year. This liquidity allows the company to maintain a disciplined procurement strategy and avoid "selling into weakness" during periods of logistics or market disruption.

Operational Transformation and Efficiency: Underlying its growth is an organizational shift toward becoming a process-led, data-driven entity. Key initiatives include remodeling the supply chain to reach 95% fill rates within 72 hours and implementing an order-to-cash transformation to enhance accountability and decision-making speed.

Source: Company Report, Arihant Capital Research

Industry Data

Global Rice Balance and Pricing Outlook

Global rice production for the 2026–2027 marketing year is expected to decline to approximately 537 million metric tonnes, down from 546 million metric tonnes the previous year. Simultaneously, global consumption is projected to rise to 543 million metric tonnes, driven largely by India, where domestic consumption is expected to grow by 3.5 million metric tonnes. This imbalance indicates a meaningfully tighter world balance sheet and suggests that rice markets will remain firm rather than soft as global ending stocks are drawn down.

India’s Production and Export Dominance

India remains the world's largest rice producer and continues to command nearly 40% of the global rice trade. Key projections for the upcoming year include:

Production: Forecasted at approximately 150 million metric tonnes.

Exports: Projected to reach 25 million metric tonnes, roughly 1 million tonnes higher than the previous year despite lower domestic production.

Government Stocks: Remain substantial at three times the buffer norm as of April 2026.

Basmati Share: India currently accounts for approximately 85% of the world's basmati trade.

Basmati Crop Challenges and Quality Segregation

The 2025 (and 2024) crop cycles faced significant difficulties due to floods in Punjab, which destroyed approximately 60,000 acres of basmati. This led to a 20% to 25% decline in Punjab’s basmati output. The resulting crop was not only smaller but sharply segmented; submerged lots suffered from higher moisture and discoloration, creating a wide price spread between genuine export-grade material and lower-quality grains.

Regional Competition and Pakistan's Position

While Pakistan’s rice supply remained intact with a 2.8% production increase, their global competitiveness has eroded. Throughout the quarter, Pakistani Basmati traded at a premium of USD 100 per tonne compared to Indian material. Consequently, Pakistan’s rice exports fell by 26% in volume and 32% in value for the year ended June 2026, reinforcing India's market position.

Logistics and West Asia Conflict Impact

The industry faced a major "volume shock" starting in late February 2026 due to the conflict involving Iran, the U.S., and Israel, which partially closed the Strait of Hormuz. Because the Middle East consumes 75% of Indian basmati exports, the impact was severe:

Stranded Cargo: Between 4–5 lakh tonnes of basmati were stranded at ports or in transit.

Freight Spikes: Container rates from India's West Coast to the Middle East rose tenfold, jumping from $500 to as much as $5,000 per container.

Realizations: Despite volume drops, basmati realizations were 20% higher year-on-year, reflecting price increases passed on to consumers.

Forward-Looking Recovery

As of August 2026, commercial transit through the Strait has begun to resume, marking the most promising reopening since February. Importers in the Gulf, who had been buying "hand-to-mouth," now face depleted inventories that must be replaced. Export volumes are expected to recover progressively starting in the second quarter as order books rebuild and shipping conditions stabilize. However, the upcoming crop size remains a variable due to a deficient monsoon in the Northwest Basmati Belt, which may keep paddy prices firm heading into the new season.

Balance Sheet (INR Cr)	FY25	FY26	FY27E	FY28E	FY29E
Sources of Funds					
Equity Share Capital	23	23	23	23	23
Reserves & Surplus/ Other Equity	5217	5773	6601	7555	8741
Networth	**5240**	**5796**	**6624**	**7578**	**8764**
Current Borrowings	387	148	18	18	18
Non-Current Borrowings	38	41	41	41	41
Borrowings	424	189	59	59	59
Total Funds Employed	**5665**	**5985**	**6683**	**7637**	**8823**
Application of Funds					
Gross block	1851	1933	1934	1984	2034
Less: accumulated depreciation	976	1068	1088	1156	1223
Net Fixed Assets	**875**	**865**	**846**	**828**	**811**
Capital WIP	21	14	14	14	14
Investments	13	11	11	11	11
Goodwill	2	3	2	2	2
Other non-current assets	31	21	21	21	21
Current assets	**4888**	**4360**	**5568**	**6569**	**7808**
Inventory	3885	3714	4224	4647	5217
Days	300	300	300	300	300
Debtors	468	463	483	502	528
Days	31	28	26	24	22
Other Current Assets	73	60	60	60	60
Bank	308	12	12	12	12
Cash	154	112	790	1348	1992
Current Liabilities	**811**	**627**	**582**	**610**	**647**
Creditors	151	139	223	251	288
Days	321	320	318	316	314
Other current liabilities	273	340	340	340	340
Provisions	111	102	102	102	102
Net Working Capital	**4077**	**3733**	**4987**	**5959**	**7162**
Total Liabilities and Capital	**6089**	**6464**	**7246**	**8229**	**9451**
Total Assets	**5830**	**5274**	**6463**	**7445**	**8668**

Source: Company Filings & Arihant Capital Research

Income Statement INR (Cr)	FY25	FY26	FY27E	FY28E	FY29E
Revenue from Operations	**5,593.8**	**6,097.9**	**6,785.9**	**7,641.7**	**8,768.0**
YoY	**3.9%**	**9.0%**	**11.3%**	**12.6%**	**14.7%**
COGS	4,214.4	4,421.0	4,818.0	5,471.5	6,242.8
YoY	5.4%	4.9%	9.0%	13.6%	14.1%
Personnel/ Employee benefit expenses	174.5	215.4	242.1	275.3	319.0
YoY	17.2%	23.4%	12.4%	13.7%	15.9%
Manufacturing & Other Expenses	530.6	559.4	622.5	624.6	629.0
YoY	22%	5%	11%	0%	1%
EBITDA	**674.4**	**902.1**	**1,103.3**	**1,270.3**	**1,577.1**
YoY	**-15.9%**	**33.8%**	**22.3%**	**15.1%**	**24.2%**
EBITDA Margin (%)	**12.1%**	**14.8%**	**16.3%**	**16.6%**	**18.0%**
Depreciation	81.1	91.2	69.6	68.1	66.7
EBIT	**593.3**	**810.9**	**1,033.7**	**1,202.2**	**1,510.4**
EBIT Margin (%)	**10.6%**	**13.3%**	**15.2%**	**15.7%**	**17.2%**
Interest Expenses	14.6	8.3	0.0	0.0	0.0
Non-operating/ Other income	61.3	70.4	70.4	70.4	70.4
Extraordinary expense	0.0	0.0	0.0	0.0	0.0
PBT	**640.0**	**872.9**	**1,104.1**	**1,272.6**	**1,580.7**
Tax-Total	164.0	224.9	276.0	318.1	395.2
PAT	476.0	648.0	828.1	954.4	1,185.6
Adj. Net Profit	**476.0**	**648.0**	**828.1**	**954.4**	**1,185.6**
YoY	**-20.1%**	**36.1%**	**27.8%**	**15.3%**	**24.2%**
PAT Margin	**8.5%**	**10.6%**	**12.2%**	**12.5%**	**13.5%**
Shares o/s paid up equity sh capital	22.9	22.9	22.9	22.9	22.9
Adj EPS (INR)	20.8	28.3	36.2	41.7	51.8

Cashflow Statement (INR Cr)	FY25	FY26	FY27E	FY28E	FY29E
Profit Before Tax	640.0	873.0	1104.1	1272.6	1580.7
Depreciation & Amortization	81.1	91.2	69.6	68.1	66.7
Interest Expense	14.6	8.3	0.0	0.0	0.0
Interest Income	61.3	70.4	70.4	70.4	70.4
Tax	164.0	224.9	276.0	318.1	395.2
Extra-ordinary and Other items	0.0	0.0	0.0	0.0	0.0
OCF before WC changes	510.4	677.2	827.3	952.2	1181.9
WC changes	231.2	212.6	576.7	414.0	558.6
OCF	279.2	464.6	250.6	538.2	623.4
Capex	107.5	82.0	50.0	50.0	50.0
FCF	171.7	382.6	200.6	488.2	573.4
Change in other Assets	-5.1	388.1	-406.6	0.0	0.0
Change in Equity	-93.7	-93.5	0.0	0.0	0.0
Change in Debt & other financing activities	46.1	56.9	70.4	70.4	70.4
Net change in cash	129	-42	677	559	644
Opening Cash Balance	25	154	112	790	1348
Ending Cash balance	154	112	790	1348	1992

Source: Company Filings & Arihant Capital Research

Key Ratios

Solvency Ratios (X)	FY25	FY26	FY27E	FY28E	FY29E
Debt / Equity	0.07	0.02	0.00	0.00	0.00
Net Debt / Equity	0.04	0.00	-0.12	-0.18	-0.23
Debt / EBITDA	0.56	0.14	0.00	0.00	0.00
Net Debt / EBITDA	0.33	0.02	-0.72	-1.06	-1.26
Debt/ Asset	0.06	0.02	0.00	0.00	0.00
Liquidity Ratios (x)					
Current Ratio	6.26	8.07	10.69	11.81	13.01
Quick Ratio	5.16	6.47	7.58	7.88	8.25
Important Metrics					
Net Debt (includes lease liabilities and excludes investments)	222	18	-790	-1348.17	-1991.91
FCF	172	383	201	488.20	573.38
EV	9264	9059	8252	7693.38	7049.64
DuPont Analysis					
Sales/Assets (Asset Turnover)	0.90	0.93	0.92	0.92	0.92
Assets/Equity (Equity Multiplier)	1.19	1.14	1.11	1.10	1.09
Net Profit Margin	0.09	0.11	0.12	0.12	0.14
RoE	0.09	0.11	0.13	0.13	0.14
Per share ratios (INR)					
Reported EPS	20.80	28.31	36.18	41.70	51.79
Adjusted EPS	20.80	28.31	36.18	41.70	51.79
Dividend	0.00	0.00	0.00	0.00	0.00
BV	228.97	253.20	289.38	331.07	382.87
Cash & Bank	168	113	790	1348.69	1992.43
Revenue	244.38	266.40	296.46	333.84	383.05
Profitability ratios					
Gross Profit Margin	25%	27%	29%	0.28	0.29
EBITDA Margin	12%	15%	16%	0.17	0.18
EBIT Margin	11%	13%	15%	0.16	0.17
PAT Margin	9%	11%	12%	0.12	0.14
ROE	9%	11%	13%	0.13	0.14
ROCE	11%	14%	15%	0.16	0.17
ROIC	7%	9%	12%	0.13	0.15
ROA	8%	10%	11%	0.11	0.12
Activity ratios					
Inventory Days	336	307	320	310.00	305.00
Debtor Days	31	28	26	24.00	22.00
Creditor Days	13	11	12	12.00	12.00
Days(Cash Cycle)WC Cycle	354	323	334	322.00	315.00
Valuation ratios (X)					
EV / EBITDA	13.74	10.04	7.48	6.06	4.47
EV / EBIT	15.62	11.17	7.98	6.40	4.67
EV / Net Sales	1.66	1.49	1.22	1.01	0.80
EPS (INR)	20.80	28.31	36.18	41.70	51.79
Adj EPS (INR)	20.80	28.31	36.18	41.70	51.79
CMP	395.00	395.00	395.00	395.00	395.00
P/E	18.99	13.95	10.92	9.47	7.63
P/B	1.73	1.56	1.37	1.19	1.03

Source: Company Filings & Arihant Capital Research

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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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