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Q3FY26 Result Update
20th Feb 2026

KRBL LIMITED

Market Leader in the Basmati Rice Segment

CMP: INR 372

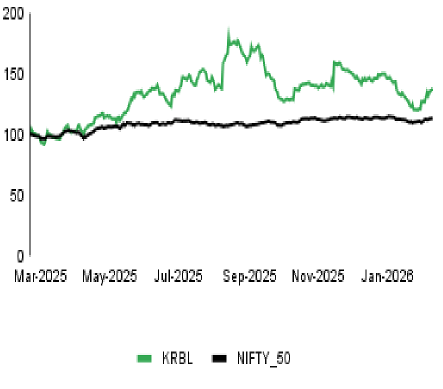
Rating: Buy

TP: INR 660

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 Cr)	8524
52w H/L (INR)	495/226
Avg Yearly Volume (in 000')	930

Shareholding Pattern % *(As on Dec 2025)*	
Promoter & Promotor Group	60.17
FII	7.56
DII	0.67
Public & Others	31.60

Stock Performance (%)	1m	6m	12m
KRBL	9.21	(20.7)	37.92
Nifty 50	(0.5)	1.61	10.9



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KRBL's consolidated net revenue stood at INR 1,477 cr in Q3 FY26 (down -2.26% QoQ, 12% YoY), impacted by lower export volumes, yet gross profit rose to INR 429 cr (up 2.02% QoQ, 8% YoY), driving gross margins to 29.04% from 27.82% QoQ and 23.61% YoY. EBITDA expanded sharply to INR 229 cr (up 1.03% QoQ, 17.45% YoY) with margins at 15.49% (up 50 bps QoQ, up 391 bps YoY). In comparison, PAT grew to INR 170 cr (down 1.24% QoQ, up 28.17% YoY), yielding 11.32% margins (up 15 bps QoQ, up 347 bps YoY), supported by improved sales mix, lower COGS, and operational leverage despite higher employee costs.

Investment Rationale:

Sustained Market Leadership Across Diversified Channels: The company continues to demonstrate a dominant market position, maintaining its status as a clear leader across all retail channels. As of the reporting period, the company holds a 37.8% market share in general trade, 39.3% in modern trade, and a leading 41.2% in the high-growth e-commerce segment. This leadership is underpinned by significant brand investments, such as the high-impact India Gate Classic campaign, which achieved a 60% reach across TV and digital platforms.

Margin Accretion Driven by Favorable Procurement and Inventory Aging: The company is poised for significant margin expansion due to its disciplined procurement of low-moisture, high-recovery paddy and its strategic holding of aged stocks. The company anticipates an EBITDA margin expansion of 200 to 250 bps in the fourth quarter, supported by lower average input costs and recent price increases of 7-8% in the market, which benefit the company's existing inventory.

Outlook & Valuations: The company is poised for a robust growth cycle, anchored by a projected minimum 15% expansion in export volumes for the next fiscal year as India maintains its pricing competitiveness relative to Pakistan. Domestically, the company is targeting mid-single to early double-digit growth, supported by a high-growth branded non-Basmati segment and a strategic focus on expanding distribution into Tier 2 and Tier 3 cities. Profitability is set for a significant near-term uplift, with forecasting a 200 to 250 bps EBITDA margin expansion in the fourth quarter, driven by a 9% decline in average input costs and recent 7-8% price realizations in the market. **We have given TP of INR 660, yielding a 'BUY' rating, and an upside of 80%, arrived at this value using FY28E EV/EBITDA multiple of 11x.**

Particulars (INR Cr)	FY24	FY25	FY26E	FY27E	FY28E
Revenue from Operations	5384.7	5593.8	6085.8	6723.1	7467.1
YoY	0.37%	3.88%	8.80%	10.47%	11.07%
Gross Profit Margin	25.72%	24.66%	28.50%	29.00%	29.00%
EBITDA Margin	14.90%	12.06%	15.75%	16.22%	16.18%
Adj. Net Profit	595.9	476.0	725.8	829.9	923.3
YoY	-15.0%	-20.1%	52.5%	14.3%	11.2%
Adj EPS (INR)	26.03	20.80	31.71	36.26	40.33
P/E	14.1	17.6	11.5	10.1	9.1
P/B	1.7	1.6	1.4	1.2	1.1
Debt / Equity	0.10	0.07	0.04	0.02	0.00
Net Debt (includes lease liabilities and excludes investments)	482.2	222.5	-546.4	-1172.7	-1824.8
ROE	12.26%	9.08%	12.16%	12.21%	11.96%
ROCE	14.44%	11.01%	14.16%	14.43%	14.28%

INR Cr (Consolidated)	Q3FY26	Q2FY26	Q3FY25	Q-o-Q	Y-o-Y
Net Revenue	**1476.93**	**1511.08**	**1681.90**	***-2.26%***	***-12.19%***
Raw Material Costs	1048.10	1090.73	1284.72	*-3.91%*	*-18.42%*
Gross Profit	428.83	420.35	397.18	*2.02%*	*7.97%*
Gross Margin	*29.04%*	*27.82%*	*23.61%*	*122bps*	*542bps*
Employee costs	59.98	54.55	43.79	*9.95%*	*36.97%*
Other Expenses	140.06	139.35	158.59	*0.51%*	*-11.68%*
EBITDA	**228.79**	**226.45**	**194.80**	***1.03%***	***17.45%***
EBITDA margin	*15.49%*	*14.99%*	*11.58%*	*50bps*	*391bps*
Other Non Operating Income	24.62	30.14	8.46	*-18.31%*	*191.02%*
Depreciation	23.27	22.95	20.35	*1.39%*	*14.35%*
EBIT	**230.14**	**233.64**	**182.91**	***-1.50%***	***25.82%***
Finance costs	1.45	1.12	1.15	*29.46%*	*26.09%*
PBT	**228.69**	**232.52**	**181.76**	***-1.65%***	***25.82%***
Tax Expense	58.72	60.41	49.15	*-2.80%*	*19.47%*
Effective tax rate	*25.68%*	*25.98%*	*27.04%*	*-30bps*	*-136bps*
PAT	**169.97**	**172.11**	**132.61**	***-1.24%***	***28.17%***
PAT margin	*11.32%*	*11.17%*	*7.85%*	*15bps*	*347bps*
EPS	7.43	7.52	5.79	***-1.20%***	***28.32%***

Favorable Global Arbitrage and Enhanced Export Competitiveness: India has regained a competitive edge over Pakistan, its primary rival in the Basmati segment. Since October 2025, Pakistan's Super Basmati has traded at a premium ($1,180 to $1,220/MT) compared to Indian 1121 quotes, allowing Indian exporters like KRBL to deepen relationships with global buyers and capture higher volumes. Consequently, the company projects a minimum 15% growth in export volumes for the upcoming financial year.

Strategic Distribution Democratization and Tier 2/3 Expansion: The company is aggressively democratizing distribution, reaching approximately 3.2 lakh retail outlets and 1.2 crore urban Indian households. While facing saturation in metros, the company is successfully shifting focus to Tier 2 and Tier 3 cities, where increasing purchasing power is driving new Basmati consumption. This granular expansion strategy ensures a first-mover advantage in underpenetrated regional markets.

High-Growth Trajectory in Branded Non-Basmati and Health Adjacencies: The company's diversification strategy is yielding robust results, particularly in the branded non-basmati segment, which grew by 35% in the first nine months of the fiscal year. Furthermore, the expansion of the Aayush brand into value-added categories such as Basmati brown rice for gut health and low-GI rice opens new growth vectors in the proactive health and wellness space.

Improved Policy Predictability and Geopolitical Resilience: The recently concluded US-India trade understanding has established an 18% duty on Indian rice exports, providing much-needed long-term predictability and stability compared to previous reciprocal tariff uncertainties. Additionally, while the company remains cautious regarding geopolitical tensions in the Middle East (specifically Iran), the easing of Red Sea corridor volatility has stabilized freight markets and supported the overall export trajectory.

Optimized Capital Allocation and Asset Value Unlocking: The company is actively evaluating opportunities to enhance shareholder value through potential buybacks, incentivized by recent budget announcements. Furthermore, the company is moving toward monetizing non-core land parcels, such as the 125-acre Panipat site, while retaining essential space for future capacity expansion, thereby balancing capital efficiency with long-term scalability.

Supply Chain Transformation and Operational Efficiency: The company is remodeling its Go-To-Market structure by moving toward a stronger "Feet-on-Street" model with enhanced governance to prevent channel infiltration. This transformation, combined with the consolidation of operations to enhance cost optimization, is expected to progressively improve service discipline and operating margins over time.

Source: Company Report, Arihant Capital Research

Balance Sheet (INR Cr)	FY24	FY25	FY26E	FY27E	FY28E
Sources of Funds					
Equity Share Capital	23	23	23	23	23
Reserves & Surplus/ Other Equity	4835	5217	5943	6773	7696
Networth	**4858**	**5240**	**5966**	**6796**	**7719**
Current Borrowings	520	387	256	126	11
Non-Current Borrowings	38	38	38	38	38
Borrowings	558	424	294	163	48
Total Funds Employed	**5416**	**5665**	**6260**	**6960**	**7768**
Application of Funds					
Gross block	1743	1851	1872	1922	1972
Less: accumulated depreciation	895	976	1039	1128	1212
Net Fixed Assets	**848**	**875**	**832**	**794**	**760**
Capital WIP	13	21	21	21	21
Investments	12	13	13	13	13
Goodwill	3	2	2	2	2
Other non-current assets	38	31	31	31	31
Current assets	**4846**	**4888**	**5575**	**6334**	**7201**
Inventory	4451	3885	3934	4185	4503
Days	302	300	300	300	300
Debtors	303	468	467	479	491
Days	21	31	28	26	24
Other Current Assets	62	73	73	73	73
Bank	5	308	308	308	308
Cash	25	154	793	1288	1825
Current Liabilities	**919**	**811**	**729**	**619**	**529**
Creditors	110	151	200	221	245
Days	315	321	320	318	316
Other current liabilities	289	273	273	273	273
Provisions	111	111	111	111	111
Net Working Capital	**3927**	**4077**	**4846**	**5714**	**6672**
Total Liabilities and Capital	**5815**	**6089**	**6733**	**7453**	**8286**
Total Assets	**5760**	**5830**	**6474**	**7194**	**8027**

Source: Company Filings & Arihant Capital Research

Income Statement INR (Cr)	FY24	FY25	FY26E	FY27E	FY28E
Revenue from Operations	**5,384.7**	**5,593.8**	**6,085.8**	**6,723.1**	**7,467.1**
YoY	**0.4%**	**3.9%**	**8.8%**	**10.5%**	**11.1%**
COGS	3,999.9	4,214.4	4,351.3	4,773.4	5,301.6
YoY	5.7%	5.4%	3.2%	9.7%	11.1%
Personnel/ Employee benefit expenses	148.9	174.5	213.0	237.7	266.6
YoY	26.6%	17.2%	22.1%	11.6%	12.2%
Manufacturing & Other Expenses	433.6	530.6	562.9	621.9	690.7
YoY	-17%	22%	6%	10%	11%
EBITDA	**802.3**	**674.4**	**958.5**	**1,090.1**	**1,208.2**
YoY	**-14.5%**	**-15.9%**	**42.1%**	**13.7%**	**10.8%**
EBITDA Margin (%)	**14.9%**	**12.1%**	**15.8%**	**16.2%**	**16.2%**
Depreciation	79.4	81.1	92.5	88.2	84.4
EBIT	**722.9**	**593.3**	**866.0**	**1,001.9**	**1,123.8**
EBIT Margin (%)	**13.4%**	**10.6%**	**14.2%**	**14.9%**	**15.0%**
Interest Expenses	24.1	14.6	5.5	2.6	0.0
Non-operating/ Other income	97.0	61.3	107.3	107.3	107.3
Extraordinary expense	0.0	0.0	0.0	0.0	0.0
PBT	**795.8**	**640.0**	**967.8**	**1,106.6**	**1,231.0**
Tax-Total	199.9	164.0	241.9	276.6	307.8
PAT	595.9	476.0	725.8	829.9	923.3
Adj. Net Profit	**595.9**	**476.0**	**725.8**	**829.9**	**923.3**
YoY	**-15.0%**	**-20.1%**	**52.5%**	**14.3%**	**11.2%**
PAT Margin	**11.1%**	**8.5%**	**11.9%**	**12.3%**	**12.4%**
Shares o/s paid up equity sh capital	22.9	22.9	22.9	22.9	22.9
Adj EPS (INR)	26.0	20.8	31.7	36.3	40.3

Cashflow Statement (INR Cr)	FY24	FY25	FY26E	FY27E	FY28E
Profit Before Tax	795.8	640.0	967.8	1106.6	1231.0
Depreciation & Amortization	79.4	81.1	92.5	88.2	84.4
Interest Expense	24.1	14.6	5.5	2.6	0.0
Interest Income	97.0	61.3	107.3	107.3	107.3
Tax	199.9	164.0	241.9	276.6	307.8
Extra-ordinary and Other items	0.0	0.0	0.0	0.0	0.0
OCF before WC changes	602.4	510.4	716.6	813.5	900.4
WC changes	144.3	231.2	130.1	372.4	420.5
OCF	458.1	279.2	586.5	441.1	479.9
Capex	97.8	107.5	50.0	50.0	50.0
FCF	360.3	171.7	536.5	391.1	429.9
Change in other Assets	-12.7	-5.1	-0.2	0.0	0.0
Change in Equity	-430.6	-93.7	0.0	0.0	0.0
Change in Debt & other financing activities	53.7	46.1	101.7	104.7	107.2
Net change in cash	-4	129	638	496	537
Opening Cash Balance	29	25	154	793	1288
Ending Cash balance	25	154	793	1288	1825

Source: Company Filings & Arihant Capital Research

Key Ratios

Solvency Ratios (X)	FY24	FY25	FY26E	FY27E	FY28E
Debt / Equity	0.10	0.07	0.04	0.02	0.00
Net Debt / Equity	0.10	0.04	-0.09	-0.17	-0.24
Debt / EBITDA	0.63	0.56	0.26	0.11	0.00
Net Debt / EBITDA	0.60	0.33	-0.57	-1.08	-1.51
Debt/ Asset	0.09	0.06	0.04	0.02	0.00
Liquidity Ratios (x)					
Current Ratio	5.40	6.26	7.85	10.36	13.61
Quick Ratio	4.62	5.16	5.68	6.80	8.15
Important Metrics					
Net Debt (includes lease liabilities and excludes investments)	482	222	-546	-1173	-1824.84
FCF	360	172	536	391	429.91
EV	8860	0	0	0	0.00
DuPont Analysis					
Sales/Assets (Asset Turnover)	0.91	0.90	0.89	0.89	0.89
Assets/Equity (Equity Multiplier)	1.22	1.19	1.15	1.12	1.09
Net Profit Margin	0.11	0.09	0.12	0.12	0.12
RoE	0.12	0.09	0.12	0.12	0.12
Per share ratios (INR)					
Reported EPS	26.03	20.80	31.71	36.26	40.33
Adjusted EPS	26.03	20.80	31.71	36.26	40.33
Dividend	0.00	0.00	0.00	0.00	0.00
BV	212.27	228.97	260.68	296.94	337.27
Cash & Bank	25.05	168	806	1302	1838.91
Revenue	235.24	244.38	265.87	293.71	326.22
Profitability ratios					
Gross Profit Margin	26%	25%	29%	29%	0.29
EBITDA Margin	15%	12%	16%	16%	0.16
EBIT Margin	13%	11%	14%	15%	0.15
PAT Margin	11%	9%	12%	12%	0.12
ROE	12%	9%	12%	12%	0.12
ROCE	14%	11%	14%	14%	0.14
ROIC	8%	7%	11%	12%	0.13
ROA	10%	8%	11%	11%	0.11
Activity ratios					
Inventory Days	406	336	330	320	310.00
Debtor Days	21	31	28	26	24.00
Creditor Days	10	13	12	12	12.00
Days(Cash Cycle)WC Cycle	417	354	346	334	322.00
Valuation ratios (X)					
EV / EBITDA	11.04	0.00	0.00	0.00	0.00
EV / EBIT	12.26	0.00	0.00	0.00	0.00
EV / Net Sales	1.65	0.00	0.00	0.00	0.00
EPS (INR)	26.03	20.80	31.71	36.26	40.33
Adj EPS (INR)	26.03	20.80	31.71	36.26	40.33
CMP	366.00	366.00	366.00	366.00	366.00
P/E	14.06	17.60	11.54	10.09	9.07
P/B	1.72	1.60	1.40	1.23	1.09

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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