

Patanjali Foods Ltd

14 January 2026

MANAGEMENT MEET UPDATE

Sector: FMCG	Rating: BUY
CMP: Rs 544	Target Price: Rs 700

Stock Info

Sensex/Nifty	83,713 / 25,764
Bloomberg	PATANJAL IN
Equity shares (mn)	1087
52-wk High/Low	Rs 670/521
Face value	Rs 2
M-Cap	Rs 600bn/US\$ 6.7bn
3-m Avg volume	US\$ 11.1mn

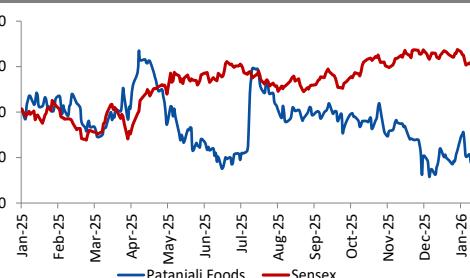
Financial Snapshot (Rs mn)

Y/E Mar	FY26E	FY27E	FY28E
Sales	390,821	419,453	444,463
PAT	14,082	18,922	21,247
EPS (Rs)	13.0	17.4	19.5
PE (x)	42.0	31.3	27.8
EV/EBITDA (x)	27.4	20.5	17.8
P/BV (x)	4.5	3.8	3.3
EV/Sales	1.5	1.4	1.2
RoE (%)	11.5	13.2	12.7
RoCE (%)	16.6	20.9	22.4
NWC (days)	62	67	67
Net gearing (x)	0.1	0.1	0.0

Shareholding pattern (%)

	Sep 25	Jun 25	Mar 25
Promoter	68.8	68.8	69.5
-Pledged	-	-	-
FII	12.2	13.0	13.4
DII	11.9	11.2	8.7
Others	7.1	7.0	8.4

Stock Performance (1-year)



Abhishek Mathur
abhishekmathur@systematixgroup.in
+91 22 6704 8059

Rajat Parab
rajatparab@systematixgroup.in
+91 22 6704 8084

Outlook improving with visibility of demand/ margin pickup

Management of Patanjali Foods (PFL) issued an upbeat outlook – overall and across operating businesses – at a recent meeting. Highlighting a **clear sequential demand uptick in 4Q26** that became visible from December post-GST cuts, management called out faster consumption growth in rural markets, with urban centers also responding positively. **In edible oils** (70%+ of sales, c.40% of EBITDA), while we note most of the pricing growth (taken post-import duty hike in September-2024) would now have anniversarized, PFL flagged a fresh **firming-up of prices by 5-8% across oils** (palm & soya 5-7%, sunflower 7-8%) on global supply constraints (driven by the Russia-Ukraine conflict, weather concerns in South America, Indonesia land reforms).

In foods ex-HPC (20%+/30%+ of revenue/ EBITDA in 1H26), **biscuits are expected to clock topline growth of 12-15%** medium-term driven largely by volume growth, on (1) expanding distribution (biscuits now in 1.1mn outlets) and (2) launch of new premium variants, with good traction seen across milk, coconut, creams and cookies. Being the no. 4 player here, PFL emphasized it is growing faster vs the top 3 and gaining share, with margins also aided by benign input-cost inflation. While we note sales of **staples and ethnic foods** have been sluggish over 1H26, **PFL highlighted a distinct pickup in 4Q26** (we expect staples' volume growth of 4-5%, ethnic foods' sales growth of 7-8% over the medium term).

Growth in the HPC segment (c.7%/ 35% of revenue/ EBITDA in 1H26) is expected to be robust, with oral care likely growing at c.15% in the medium term, where PFL highlighted strong momentum in the new 'sensitive' range and in gels. New variant launches in shampoos, soaps, detergents, creams are also seeing positive response. PFL emphasized a **thrust on distribution expansion** to fill existing gaps – it is adding 250-300k outlets annually, and targets a reach of 5mn outlets (current direct reach at 2mn+). PFL also noted a major focus on e/q-commerce channels, which are growing at 25-30% annually.

Views: While costs have again started looking up in edible oils, we note PFL as the no.2 player in edible oils with market leadership in palm oil, has leveraged its pricing power and brand equity in maintaining double-digit sales' growth despite sharp pricing in the earlier cost-upcycle – among key strengths supporting our positive view. The momentum is also turning favorably in biscuits and ethnic foods; we believe growth here is being driven by (1) PFL's expanding distribution network (c.2mn+ direct reach, c.4mn+ total reach) and (2) launch of premium variants. PFL has created a meaningful place in key categories like milk biscuits, oral care, cow ghee and honey. However, staples are monitorable from a growth standpoint. With the revenue contribution of FMCG products estimated to expand from 7% in FY22 to c.31% in FY28E, we expect PFL to garner superior margins over FY26E-FY28E, with c.62% EBITDA contribution coming from those higher-margin businesses by FY28E (resulting in overall FY26E-FY28E OPM expansion of 140bps). We expect PFL's distribution-led growth in core categories and robust margins in new premium categories to drive robust operating earnings' growth over the medium term.

Valuation: We keep our FY26E-FY28E estimates unchanged, and build FY25-FY28E revenue/ EPS CAGR of 9%/ 18%. We maintain our BUY rating with TP of Rs 700, valuing the stock at P/E of 38x (unchanged, at c.20% discount to FMCG peers' FY27E average) on September-2027E EPS.

Management Meet Key takeaways

Demand outlook

- 4QFY26 to be much better than 3QFY26; December saw good demand uptick led by GST-cut.
- Faster & distinct consumption uptick in rural markets. Urban markets also responding positively; Management sees 400-500bps' sales increase here.

Edible oils, oil palm plantations

- Edible oil prices to see uptick of 5-8% in 4QFY26 (sunflower 7-8%, soya & palm 5-7%).
- Prices firming up on global supply constraints due to: 1) Russia-Ukraine war impacting key Sunflower ports, 2) weather concerns in South America impacting Soya oil, 3) the biodiesel policy in the USA and 4) Indonesia government land reforms transferring plantation land from private to public sector, impacting palm oil.
- Edible oil sales' salience of 85% from branded segment, 8-10% from B2B/institutional; 5-6% from bulk sales.
- Not much impact of INR depreciation due to risk/ hedging policy (no Forex exposure, dollar pegging on each booking).
- Plantations reached 108k hectares, with production reaching 115-120k tonnes per annum. Management sees plantations increasing by 40k HA in FY27 (equally in South, North-East).

Foods - Biscuits

- Expected to grow 12-15% over the medium-term (two-thirds driven by volume growth).
- Benign raw material costs are supporting margins. Patanjali is 4th largest player, growing faster than top 3 players and gaining market share.
- Actions taken - premiumization, new variant launches. Seeing good traction in milk, coconut, cream biscuits, cookies.
- Biscuits now reach 1.1mn outlets. South is a bit slower vs other regions. Company working on reach expansion.

Foods – Staples, Ethnic

- Staples, ethnic foods are seeing better traction in 4Q26.
- Neutraceuticals gaining traction (we expect sales' growth of 12-15% over the medium term).
- Nutrela doing well, maintaining 40% market share, especially in West Bengal & North-East. Small category with aggressive competition. Launching new flavors, packs, SKUs.

HPC

- Oral care sales expected to grow by c.15% in the medium term. Management is very positive on the segment.

- New variant launches in shampoo, soaps, detergents, creams – seeing positive response. 'Saundarya' range of products sees good traction.
- Launching new SKUs and product modifications wherever required. Newly launched 'sensitive' range in oral care is picking momentum, gels seeing good traction.

Distribution reach

- Adding 250-300k unique outlets each year (15-20k each month); aim to reach 5mn outlets (time n/a).
- Major focus on e-comm & q-comm, growing at 25-30%.
- Distribution reach strong in the north, followed by west, central, east and south. Working on distribution gaps in the east (West Bengal, Orissa), north-east and south.

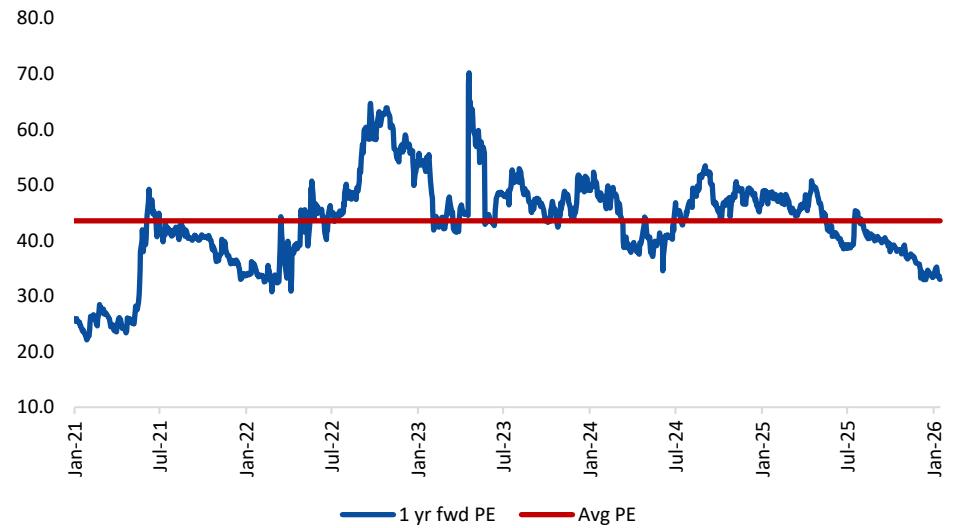
Exhibit 1: Consolidated Segmental Data – Actuals and Estimates

YE March (Rs mn)	FY25	FY26E	FY27E	FY28E
Segment Revenue				
Edible Oil	247,853	280,816	296,371	311,546
YoY %	10.7%	13.3%	5.5%	5.1%
Food & FMCG	85,522	85,127	90,980	97,362
YoY %		-0.5%	6.9%	7.0%
HPC	11,488	28,267	35,582	39,128
YoY %		146.0%	25.9%	10.0%
Total revenue	341,570	390,821	419,453	444,463
YoY %		14.4%	7.3%	6.0%

Segment EBITDA				
Edible Oil	11,511	9,267	11,855	12,462
EBITDA Margins %	4.6%	3.3%	4.0%	4.0%
Food & FMCG	7,145	6,460	9,304	10,914
EBITDA Margins %	8.4%	7.6%	10.2%	11.2%
HPC	1,720	6,544	7,488	8,257
EBITDA Margins %	15.0%	23.1%	21.0%	21.1%
Total EBITDA	19,456	21,354	27,735	30,726
EBITDA Margins %	5.7%	5.5%	6.6%	6.9%

Source: Company, Systematix Research

Exhibit 2: Currently trades at 34x one year forward P/E



Source: Company, Systematix Research

Exhibit 3: Product Portfolio – HPC 'Saundarya' range



Source: Company, Systematix Research

Exhibit 4: Product Portfolio – Oral Care 'Sensitive' range



Source: Company, Systematix Research

FINANCIALS

Profit & Loss Statement

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	3,17,214	3,41,570	3,90,821	4,19,453	4,44,463
Gross profit	39,154	53,158	60,046	69,261	74,728
GP margin (%)	12.3%	15.6%	15.4%	16.5%	16.8%
Operating profit	12,785	19,460	21,354	27,735	30,726
OP margin (%)	4.0%	5.7%	5.5%	6.6%	6.9%
Depreciation	2,688	2,684	2,629	2,659	2,689
EBIT	10,097	16,776	18,725	25,076	28,036
Interest expense	1,899	845	1,280	1,280	1,280
Other income	2,403	1,324	1,457	1,602	1,763
Profit before tax	10,601	17,255	18,902	25,399	28,519
Taxes	2,949	4,431	4,820	6,477	7,272
Tax rate (%)	27.8%	25.7%	25.5%	25.5%	25.5%
Minority/Associates	0	0	0	0	0
Adj. PAT	7,652	12,824	14,082	18,922	21,247
Exceptional loss	-	183.10	-	-	-
Net profit	7,652	12,824	14,082	18,922	21,247
EPS	7.0	11.8	13.0	17.4	19.5

Source: Company, Systematix Research

Balance Sheet

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Equity capital	724	724	2,173	2,173	2,173
Reserves	1,01,329	1,12,985	1,29,150	1,52,484	1,78,104
Debt	10,475	7,813	8,000	8,000	8,000
Deferred tax liab (net)	-	-	-	-	-
Other non current liabilities	287	408	408	408	408
Total liabilities	1,12,815	1,21,930	1,39,730	1,63,065	1,88,684
Fixed Asset	50,642	56,476	55,347	54,188	52,999
Investments	287	206	206	206	206
Other Non-current Assets	3,948	4,456	4,325	4,325	4,325
Inventories	37,678	62,103	67,968	71,957	75,973
Sundry debtors	14,344	15,847	18,203	19,536	20,701
Cash & equivalents	8,336	2,962	15,117	31,087	54,053
Loans and Advances	17,386	13,121	13,121	13,121	13,121
Sundry creditors	15,884	25,872	27,187	23,986	25,324
Other current liabilities	3,922	7,370	7,370	7,370	7,370
Total Assets	1,12,815	1,21,930	1,39,730	1,63,065	1,88,684

Source: Company, Systematix Research

Cash Flow

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBIT	12,500	18,100	20,182	26,679	29,799
Depreciation	2,688	2,684	2,629	2,659	2,689
Tax paid	(3,394)	(4,553)	(4,820)	(6,477)	(7,272)
Working capital Δ	6,789	(15,469)	(6,906)	(8,524)	(3,842)
Other operating items	(1,120)	1,209	-	-	-
Operating cashflow	17,462	1,971	11,086	14,337	21,374
Capital expenditure	(1,001)	(10,793)	(1,500)	(1,500)	(1,500)
Free cash flow	16,461	(8,822)	9,586	12,837	19,874
Equity raised	-	231	7,064	8,825	8,745
Investments					
Debt financing/disposal	(3,280)	(2,662)	187	-	-
Interest Paid					
Dividends paid	(4,326)	(2,910)	(3,532)	(4,413)	(4,373)
Other items	(3,394)	(770)	(1,280)	(1,280)	(1,280)
Net Δ in cash	(2,657)	(4,283)	12,155	15,969	22,966

Source: Company, Systematix Research

Ratios

YE: Mar	FY24	FY25	FY26E	FY27E	FY28E
Revenue growth (%)	0.6	7.7	14.4	7.3	6.0
Op profit growth (%)	-0.2	52.2	9.7	29.9	10.8
Adj Net profit growth (%)	-13.7	67.6	9.8	34.4	12.3
OPM (%)	4.0	5.7	5.5	6.6	6.9
Net profit margin (%)	2.4	3.8	3.6	4.5	4.8
RoCE (%)	12.1	16.3	16.6	20.9	22.4
RoNW (%)	7.6	11.9	11.5	13.2	12.7
EPS Adj (Rs)	7.0	11.8	13.0	17.4	19.5
DPS (Rs)	2.0	2.7	3.2	4.1	4.0
BVPS (Rs)	94.0	104.7	120.8	142.2	165.8
Debtor days	17	17	17	17	17
Inventory days	49	79	75	75	75
Creditor days	21	33	30	25	25
P/E (x)	77.2	46.1	42.0	31.3	27.8
P/B (x)	5.8	5.2	4.5	3.8	3.3
EV/EBITDA (x)	46.4	30.6	27.4	20.5	17.8

Source: Company, Systematix Research

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Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
Tel no. 022-66198000/40358000 Fax no. 022-66198029/40358029 Email id contactus@systematixgroup.in. Visit us at: www.systematixgroup.in

Details of Compliance officer: Ms Nipa Savla, Compliance officer Tel no. 022-66198092/4035808092 Email id compliance@systematixgroup.in

Details of Email id grievance redressal cell : grievance@systematixgroup.in

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