

E:KRBL/BIBHU/STK_EX_2021/55
28 November 2020



✓	The General Manager Department of Corporate Services BSE Limited Floor 25, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001	National Stock Exchange of India Limited “Exchange Plaza”, C-1, Block-G Bandra-Kurla Complex Bandra (E), Mumbai-400051
	Scrip Code: 530813	Symbol: KRBL Series: Eq.

Dear Sir/Madam,

Sub: Transcript of the Earnings Conference Call held on Monday, 09 November 2020

Pursuant to the provisions of Regulation 30 read with Para A of Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of Earnings Conference Call held on Monday, 09 November 2020.

This is for your information and record.

Thanking you,

Yours Faithfully,
For KRBL Limited

Raman Sapra
Company Secretary

Encl.: As Above.

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KRBL Limited

Q2 & H1 FY21 Earning Conference Call Transcript

November 09, 2020

Moderator: Good day, ladies and gentlemen and welcome to the KRBL Ltd Q2 and H1 FY21 earnings conference call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Nishid Solanki from CDR India. Thank you and over to you, sir.

Nishid Solanki: Thank you. Welcome to KRBL's Q2 & H1 FY21 earnings conference call for analysts and investors. Today, we are joined by senior members of the management team including Mr. Anil Kumar Mittal - Chairman and Managing Director; Mr. Anoop Kumar Gupta - Joint Managing Director and Mr. Rakesh Mehrotra - Chief Financial Officer. We propose to commence with an update from Mr. Anil Kumar Mittal for his thoughts on the global presence and scenario for the company, Mr. Anoop Kumar Gupta with his perspectives on the domestic operations and Mr. Rakesh Mehrotra on the financial performance. After the opening remarks from the management, the forum will be opened for an interactive question-and-answer session.

A cautionary note, certain statements that may be made on today's call could be forward-looking in nature, and actual results could vary from these statements. A detailed statement in this regard is available in KRBL's Q2 and H1 FY21 Investor Presentation, which has been shared with you earlier. I would now like to invite Mr. Mittal. Thank you and over to you, sir.

Anil Kumar Mittal: Good afternoon, everyone and thank you for joining us on the call today. My heartiest Diwali greetings to you and your family members and my best wishes to you for a happy, prosperous & healthiest time ahead. I would like to start by thanking my colleagues at our plants and head office and those who are working on field across the country and worldwide for their un-relenting and dedicated hard work despite such hard times due to the pandemic. It is only because of their continuous efforts over the past few months that we have been able to meet our export and domestic market demands in term of production, supply and availability of our brand across geographies. I thank them all for their earnest efforts and commitments.

I would like to share some updates on the export front now. We have a strong leadership share in the Middle East and North Africa region. The severe logistics and shipment impediments we had faced during the beginning of the pandemic



are almost over. The regular shipments have resumed, and sales have reached closed to normal. The temporary backlog that we had seen in the initial period of the lockdown is getting cleared. We could shift the carry-forward stocks of Q1 during the Q2. Q-o-Q, we have shown 114% increase in rice exports to nearly Rs. 670 crore in Q2 FY21.

Owing to our excellent quality standards and consistent supplies, our brands continue to be well appreciated and command a premium in countries like UAE, Saudi Arabia, Kuwait, Qatar and Oman where we enjoyed the top slot of the basmati arena and these are the most discerning customers in the world and they value good quality and understand the true attributes of Basmati rice. During the slowdown period, our sales in these countries have shown positive signs.

We all know Iran is a major destination for Indian Basmati rice amounting to around 35% share of total Indian Basmati exports. There has been a quite positive news from Iran that the Government has ask the importers to immediately clear the cargo which has been lying at the ports for the last 8-9 months. Moreover, the sentiment between Iran and India has come quite positive due to the recent change in the US leadership. It is expected that there would be a relaxation in the American sanctions against Iran which would pave way for increased rice exports to Iran and crude imports from Iran. We at KRBL have been doing our entire business with government bodies against LC and hence our business with Iran is quite smooth and payments are being received very well in time. Iran has started showing interest in barter deals too we are seeing positive signs and are confident that the picture would be more promising in the coming quarters.

Our growing presence in North America region as well, with forays into club stores which today account for about 65% of the total American market. Whereas we are already leaders in the key trade channels in Canada, our presence continues to build in the United States as well. The potential is good, and we are positive that in the coming years, the segment will emerge bigger with our margin focus strategy. In markets like South Africa, Australia and New Zealand and other countries in the South East Asia, we are the leaders. Everywhere, our brands enjoy a premium status for distinct quality and taste. In addition to our flagship offering of India Gate Basmati, we are steadily seeding our health food portfolio abroad. Very recently, we have launched Rice Bran Oil and Amaranth into international market and the initial response has been very good.

Further, I would also like to mention, we are planning to launch these products in our domestic market as well. If you see our health food segment, it has shown around 40% growth in H1 FY21 as compared to last year, and we see this trend sustaining backed by underlying demand, our strong brands and wide reach. In the current times, consumer habits, preference and spend patterns have changed. The consumption at home of package, health and convenience product have increased globally. We have also witnessed this and have seen good traction across our range of offerings. Our focus on leading supply chains coupled with double stringent quality conscious procurement standards will ensure continuous volume growth in the quarters to come. As we maintain our robust balance sheet, our sale performance going forward will be matched by good growth on the margin front as well.

To be precise, as regard the demand during this quarter from countries such as Iran, Iraq and Saudi Arabia, Iran as we know will take a couple of months to get relaxations from the US sanctions and results of the same may be seen in Q4. Iraq and Saudi Arabia have already imported big quantities during Q1 and Q2. Saudi Arabia as against their normal imports of 900,000 tons to a million tons has

already imported 1.25 million tons which is about 25% in excess of their normal demands. Same is the position with Iraq. These three countries together account for about 60% of the total export demand out of the country. Therefore, the third quarter for the total rice industry will remain subdued, but it will be recovered in Q4.

Before I conclude, there is a positive development that I wish to share with you. In view of the upcoming harvest season, we needed full and free usage of the warehouses attached by the ED. In view of the pandemic, the appeal bearing number miscellaneous appeal PMLA2/2020 wherein the order dated 17th January filed by PMLA by the Appellate Tribunal granting us physical possession of the above-said warehouses was challenged and could not be taken up. In order to ensure smooth business activities and efficient movement of stocks, we approached the High Court requesting them to take a deposit of Rs.11.13 crore equivalent to the value of the attached warehouse in lieu of the free usage of the attached properties during the pendency of the miscellaneous appeal without prejudice to our contention in the appeal. The High Court was pleased to allow our request order dated in May and allowed us to freely use the warehouse premises. We stand committed to ensure smooth business operations during pendency of this case.

I would like to hand over to Mr. Gupta to share his views and I thank everybody once again. Over to Mr. Gupta.

Anoop Kumar Gupta: Thank you, Chairman. Good afternoon everybody. Thank you for taking time out to join us, hope all of you are safe and well. I will spend some time sharing thoughts on the highlights of our domestic operations. Our business was also impacted due to pandemic restrictions, but being a responsible FMCG company, we have move proactively to take all necessary precautions to safeguard the interest of our customer and our employees. We have had a steady start to the first half of the fiscal year witnessing good volume trends. Coming to the recent quarter's review, our topline in quarter Q2 FY21 grew at a strong 27% year-on-year, strengthened by the growth and demand, especially in our international business. Paddy prices stand sharply lower than long-term averages and partly driven down by reduced shipments to Iran. This has given us an advantage to meet our increased target sale in next 2 to 3 years, through ramped up procurement. We have already the largest and the best storage infrastructure in the industry. This combined with our robust balance sheet will help us.

I would also like to comment the government's path-breaking initiative in the farming space, the Farmer Produce Trade and Commerce Promotion and Facilitation Bill 2020 which permits farmers to sell their produce outside APMC mandis and remove barriers to interstate trade. Similarly, the farmer's empowerment and protection agreement of prices, assurance of Farm Services Bill 2020 will allow farmers to enter into contract for agri business firms or large retailers on pre-agreed price of their produce. We have seen the mandi tax in Punjab reducing by 50% that is from 4% to 2%; in Haryana, it has been lowered by as much as 75% that is from 4% to 1%; in Uttar Pradesh, KRBL continues to have an added advantage of the export policy issued by UP government that any purchase of paddy against export is exempt from mandi fee for a period of 5 years that is from November 2017 to November 2022 and to add on this, just one day or two day back, Chief Minister, Mr.Yogi Adityanath announced that they are reducing the mandi tax. I mean that notification to follow, but statement of Chief Minister has come on a Twitter, they are going to reduce the mandi tax by 50%, it is presently 2% and it will be 1%. So in all the three producing states, our mandi tax is reduced. We anticipate savings on logistic cost to the tune of 50 to 100 basis

points of our revenue. Over and above this, the ease of doing business alone with rice, will drive financial gains to new heights, we are hopeful and see these reforms positively benefiting our industry in the long term with consistent implementation.

Our inventories have steadily evolved to meet our brand's healthy growth in demand. We finance our inventory at reasonable cost which considerably reduces our dependence on external finances. This has enabled us to grow progressively in the context of a sustained turnover.

Coming to some details on the performance, overall performance in India was impacted by the near Nil sales to HoReCa segment in quarter Q1 FY21. These have recovered quite healthily. Bulk pack sales have posted a very smart recovery and we project that given the upcoming festive season; we will surpass pre-COVID levels with the bulk pack segment. To share a statistic, we were at 47% dip during quarter Q1 FY21 in the bulk pack segment, this stands at 12% dip in quarter Q2 FY21. As lockdown norms further ease with theatres, restaurants, train commuting and outdoor facilities opening up across the country, we are hopeful that the demand scenario will pick up in HoReCa overall.

The consumer business remained strong and has infact further strengthened. During quarter Q2 FY21, we witnessed 19% improvement year-on-year in the consumer pack segment. In this quarter, we were able to get significant traction in our e-commerce business based on our existing strong partnership with the online players. Broadly, the organized retail channel has done well and we believe that it will keep pushing growth within our consumer pack business.

Going forward, we would like to engage ourselves into more value-added products category including regional premium rice and health foods. The success of our integrated business model is underscored by the growing demand witnessed an extending reach of our brands across channels. Our superior business model is central to everything we do. It enables us to ensure excellence in execution, strengthen our relationships and improve outcomes. In the coming years, we will continue to fortify our business model to deliver sustained value creation for our stakeholders by delivering on our growth objective and with that I would like to invite Mr. Mehrotra, our CFO to share his views. Thank you.

Rakesh Mehrotra: Thank you Anoopji. Good afternoon ladies and gentlemen. I welcome you to the KRBL's Q2 and H1 FY21 conference call. Trust, all of you are safe and well. Let me provide you a brief overview of the financial performance for the quarter. We delivered a strong quarter and continued to see build up our demand characterized by increase in export volume and healthy growth across segments in India. During Q2 FY21, our standalone revenue from operations came in at Rs. 1,133 crore up by 27% year-on-year. Our EBITDA during the Q2 FY21 stood at Rs. 224 crore up by 29% year-on-year and our company has recorded a consistent EBITDA margin of 19.7%. This was on account of stable gross margins at 30% and changed business mix in favor of the exports with easing of the shipments since July 2020 onwards. PBT for Q2 FY21 stood at Rs. 202 crore up by 38% year-on-year with PBT margin in the period of standing at 18%, owing to cost benefits on inventories and substantially lower finance cost on account of reduced requirement for working capital funding. Our PAT for Q2 FY21 came in at Rs. 150 crore with growth of 32% and PAT margin of 13%.

Our objective remains to reinvest our accruals into building inventory. Given the prevailing low paddy prices, we are taking this as an advantage and stocking up incremental quantity towards our 2 to 3 years objective. This gives us a unique

base to grow volumes at a pace that we are comfortable, within the coming year. We have performed exceedingly well on the cash flow front as well. As on 30th September 2020, our cash generated from operations stood at Rs. 750 crore and a part of which was utilized to repay our borrowing. Consequently, we have net negative debt of Rs. 227 crore. With leading brand and effective range of products, leadership in global operations combined with best-in-class financial management, our return ratios have consistently stood out. Return on capital employed as on 30th September came in at 21.64% on annualized basis, which is higher than the average of the previous few years.

Our net worth today stands very strong at Rs.3,402 crore. Considering all such factors of a dedicated pursuit of consistent growth and good health of our balance sheet historically, I am glad to announce ICRA had made upward revision in the credit rating, where previously it was "watched with negative". For long-term it has added stable rating thereby supporting our strong business process and consistent cash flows. On the whole, the company's financial position is healthy. Over the longer term, we will pursue all our defined strategic initiatives towards being a debt-free company gradually, while always maintaining it from financial discipline.

I would now like to request the moderator to open call for question and answer. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Varun Goenka from Nippon Mutual Fund. Please go ahead.

Varun Goenka: My compliments for a very good H1, despite all the challenges. I think Anilji's comments and Anoopji's comments have answered my questions, but only around the finance strategy, I am bit unclear because we need working capital only for 6 months, so with such large amount of cash flows getting generated, what is the yield that we get on those cash flows for the balance 6 months?

Anoop Kumar Gupta: Varun, you are right, looking at today's scenario where the interest on the deposits are in the range of 2% to 3% or maximum 3.5-4%, especially the deposits in mutual funds or banks in the shape of FDRs, but going forward, I don't foresee that we will be depositing the money in the banks like we have done this year, for 2-3 months. Going forward, I am saying our inventory will be much higher. When I say our inventory will be much higher that means by March, all our internal finance and even the bank finance will be fully utilized.

Varun Goenka: Basically, what I am trying to get is I think we are being a bit over conservative, I think we were right in being conservative for the last 2 years?

Anoop Kumar Gupta: From March to August or March to September, we will be in the process of repaying bank finance and our finances will be in the form of inventory only. When I talk about this year the paddy prices are historically low and we are going to start the regional rice in November-December, especially on the front of procurement. So I think going forward in FY21 and FY22, whatever surplus you see today in the balance sheet will be utilized in the inventory.

Moderator: Thank you. The next question is from Ekta Sanghvi from Vallum Capital. Please go ahead.

Ekta Sanghvi: First of all congratulations on the excellent performance in the quarter. Sir, I just had two questions, firstly, I mean you indicated that our demand from Iran has increased and the results should be seen in the Q4, so could we expect it to be at the same level as FY20 or will it be better than that?

Anil Kumar Mittal: As far as Iran is concerned, I mentioned earlier that the total payment mechanism was under chaos. Just a week back, some positive news has started coming due to the change of guard that has happened in America. Its effect will start coming only after February, it cannot come immediately. Finally Iran is going to start imports from India and they have taken their internal decision in this regard. They are also trying for some barter deals, which is also positive for the imports to regularize as it was before. It will take about 2-3 months which will have an effect on the third quarter, but the exports will be normal during the 4th quarter of FY20-21.

Ekta Sanghvi: And sir, one more thing, basically your consumer packaging segment, in the unity brand specifically, the growth was pretty high in FY19 as compared to FY20, so was it like did we lose any market share or I know that FY21 has been better, but like have we gained back that market share or if you could just give some more clarity on Unity brand?

Anoop Kumar Gupta: The Unity brand consumer pack was placed in the market in the beginning of year, with ongoing promotion into retail market. But due to COVID all are plans got affected from March. So our placement, especially in traditional trade got affected, but now we are very aggressive as far as Unity consumer packs are concerned. In Unity brand we have full range of rice such as Unity Biryani, Unity Premium, Unity Super, Unity Tibar, Unity Dubar, Unity Rozana, Unity Mogra, Unity Mini Mogra just like India Gate -we have taken out a full family for Unity. The results are promising, as of now we are doing Rs. 450 crore, mainly in bulk pack and institutional pack segment, which is expected go upto Rs. 1000 crore by FY23.

Ekta Sanghvi: Sir, just one last question on HoReCa, how much is the demand as a percentage of normal level, now? Have we seen any increasing demand from the HoReCa segment?

Anoop Kumar Gupta: As far as KRBL is concerned, in Q3 I think we will surpass pre-COVID demand of bulk packs.

Moderator: Thank you. The next question is from the line of Ayush Agarwal from Mittal Analytics. Please go ahead.

Ayush Agarwal: Sir, I have two questions, I would like to understand that supply chain in the e-commerce segment which has crossed 10% of our overall sales now, do we directly send through Amazon and big basket and if yes, do we fetch higher margin with respect to our traditional retail and modern trade channel, first is that. And second is, what are our capital allocation plans like you said that you will be buying higher inventory, but apart from that, are there any other plans to utilize surplus cash that we are generating currently?

Anoop Kumar Gupta: Regarding modern trade channel, especially on the e-commerce front wherein you have named Amazon and Flipkart, I will tell you frankly all the e-commerce sites have taken deliveries directly from us in their respective distribution circles, bypassing my distribution channel, which is a clear-cut saving of 4 to 5%. That saving we are passing onto the e-commerce for doing all sorts of promotional activities like spending money on the banners, spending money on the visibility of

the product on the online channel and promotions. The contribution percentage was 0.1, 0.2 till recently which today is around 1 to 1.5%. Even 10% of the total turnover in e-commerce is a dream and that may come after 3-4 years.

Ayush Agarwal: Cash utilization and you said most of that would utilize for inventory, but if we have any other plans since you have been getting a lot of cash now?

Anoop Kumar Gupta: Cash, I have already answered the question of Varun, it is on the same line. Cash generation will be utilized definitely on inventory only. We will be spending some capital in regional rice business, spending money on the warehouses and processing plants and packing plants, but majority of the money will be spend on inventory because we will be going in for an aging process, wherein ever the regional rice will be aged and will have more values in it. Certain regional varieties can be aged up to 2 years also earn a good premium. So according to me 80-90% of my surplus inventory will go definitely into aging.

Ayush Agarwal: So, sir just confirming that like you said that we have 4 to 5% direct savings in the e-commerce segment and once we build that brand and visibility on various platforms, can we expect some of it to spill over to our margins in the years going ahead?

Anoop Kumar Gupta: Definitely, the margins will improve on e-commerce, bypassing distributors and I tell you e-commerce only take direct deliveries from a big basket where the sales happen. If the sales are happening very less, they will never promote direct delivery.

Moderator: Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Sir, first of all, a book-keeping question, what was the quantity in exports and domestic in this quarter?

Rakesh Mehrotra: Can you send a mail; I will share you over an email.

Sarvesh Gupta: And secondly sir, on your domestic business, now if I look at your de-growth versus your competitor's de-growth, it seems that we have fallen by almost 20% in H1 compared to may be 10% by the competitor, so have we ceded some market share or is it because we had a higher market share on the bulk pack which is why we have fallen more in terms of our H1 performance compared to our competitor?

Anoop Kumar Gupta: As far as domestic sales in concerned, we have analyzed the numbers, when you say competitors clearly you are comparing with LT food i.e. Daawat and we have analyzed the numbers and I tell you one thing that our share has fallen mainly due to bulk packs. Our growth on consumer pack and everything is very good. As far as value realizations are also concerned we find that the delta of difference what it used to be between KRBL and LT and what we saw in Q2 it was quite less, and the main reason for that being that our bulk pack sales are at a very high price compared to Daawat. Suppose the average realization today of the company is Rs. 54-53 per kg, whatever and our average realization for bulk sales because it is always a premium category, it is always Rs. 65-70 per kg, and that took a very big hit in H1. If you compare our H2-FY21 results, wherein our bulk bag sales have come to the normal you will notice a growth in the volume, you will see growth in value realization. As far as consumer pack is concerned, we are satisfied, our growth post-COVID is better than pre-COVID. I hope I answered your question.

Sarvesh Gupta: I was able to make out the difference now. Secondly, now with this Unity brand coming into picture and you posting the Rs. 1000 crore sort of a topline figure in next 2-3 years, so is it that we are finding that within the packaged food category, we are finding more traction in the economy segment and hence we are sort of working more towards it, while it can grow our sales faster can have some sort of a negative impact on the margins?

Anoop Kumar Gupta: We have studied the Indian market. Many of the consumers are very price conscious. Let me give you an example that I came across, that of Louis Vuitton's, I think 35% of their topline is from the Louis Vuitton brand and the balance 65% come from less premium variants of purses and everything wherein there is a bulk sale. Similarly, in India Gate Basmati rice, if you compare with an automobile industry or anything, we are considered as Rolls-Royce level. I want to have a level wherein C-class Mercedes or BMW going on for a very less value, I mean their main models, premium models are Rs. 1 crore plus, they are looking at 20 lakh, 30 lakh models to have a bulk sales. The main reason for Unity is to attract the consumer which we are not able to attract through India Gate because of our premium pricing, we want in our kitty that consumer to also come in.

Sarvesh Gupta: I understand that intent behind that strategy. My question is, on India Gate Classic, the value proposition is very clear to the customer that this is the best which is there in the market. Now, there are so many brands these days which are vying with each other on e-commerce, in modern trade and then there are so many private labels also, so what is the unique value proposition for a brand like Unity which will help customers to buy that over so many other options when he is price conscious?

Anoop Kumar Gupta: The price is quite comparable, but if you compare the quality it will be far better in terms of cooking, in terms of what we are offering. The bulk pack which is also today what Kirana/general trade is selling; for which the share is around 60% of the Indian Basmati market. We want to hit that segment also. We want Kirana/general trade people to buy our bulk packs from 25 kg and if they want to sell loose, please do so. You see all our products, India Gate, Unity attracts 5% GST. Then also, we are able to penetrate to the retail level, to the consumer route and to start with, we are giving hefty schemes to the retailers like Kitchen Sajavo offer. We are giving just a small offer like, buy 160 kg of Unity any bulk pack, get one electric kettle free. I mean these are some, I am just giving you an example, we are giving these promotions to the retailer to promote our bulk pack also.

Moderator: Thank you. The next question is from the line of Resham Jain from DSP Investment. Please go ahead.

Resham Jain: Sir, I have a question on the paddy overall production and the price levels currently versus last year and also with lot of export opportunity being lost on the Iran side, how do you see the demand supply situation panning out in the market and the final and the last question is given that the new procurement prices are at a slightly lower level, do you expect any impact on the final product prices?

Anil Kumar Mittal: Let me explain you in any commodity trade, the cost of the final product is always correlated with the cost of raw material. You can compare this with any agri product. The prices this year for the basmati paddy are 25% low compared to the previous year, besides the interest rates have come down and there is also a money shortage with the competitors since huge money got stuck up in Iran. It will now come back to India in about 1 ½ months as per government decision. We feel there is an opportunity for KRBL to buy paddy and rice which will cost us cheaper. As soon as Iran opens up along with other two countries i.e. Saudi & Iraq which I

mentioned in my initial presentation, there will be an increased demand for basmati. Since Saudi, Iraq and Iran together account for about 74% of the total India's exports of basmati rice, the prices of basmati will definitely shoot up and we are certainly going to get the advantage as we are regularly buying rice and paddy and these prices will not come again. With our experience of last three decades in this trade we had not witnessed such prices in the last so many years, therefore, this is an advantage for KRBL both in exports and domestic as well as to our stock level since our buying is at low prices. Due to our balance sheet, we have reserves and also have good bank limits besides interest rates are quite low. we are going to buy at these prices minimum 20-25% extra over last year looking to the current prices.

Resham Jain: And sir, what is the current procurement price in the absolute number versus last year?

Anil Kumar Mittal: There are primarily four variants of basmati rice out of which Traditional Basmati has not yet come which will start from somewhere by end of November. Second variant is 1509 with the current price range of Rs. 20- 21 per kg. compared to Rs. 27–28 per kg last year. Then we have Pusa Basmati, the prices of which have come down only by 10%, since the supply is less and demand is quite good. Lastly, we have the largest crop of 1121, out of which 70% is exported out of India. Last year, the prices went up to Rs. 33-34 per kg, whereas this year it has opened this year at Rs. 26-27 per kg with a gap of 30%.

Resham Jain: And sir, this 1121 is largely exported to these Middle Eastern countries or across the globe including US, Europe, South Africa?

Anil Kumar Mittal: Europe does not buy 1121 since they are importing around 400,000 MT of Brown rice out of India out of which 20,000 MT is White Rice and the balance 380,000 is Brown Rice. There is a very high percentage of broken rice while polishing 1121, therefore Europe imports 90% of Pusa Basmati and 10% Traditional Basmati. Rest the whole world imports 1121 White Rice and the demand is much more for 1121 in the whole globe other than Europe compared to other varieties.

Moderator: Thank you. The next question is from the line of Dushyant Mishra from SageOne Investments. Please go ahead.

Dushyant Mishra: I just wanted to ask how the procurement for pesticide-free rice for Europe because I understand that Europe's problem was that they wanted pesticide-free rice, is that coming along well? How are things looking on ground for that?

Anil Kumar Mittal: No doubt, the quantities of MRL Basmati Rice are available much more compared to previous year and we are concentrating on buying maximum of MRL paddy. The problem in MRL paddy is the difference in pricing between MRL & non MRL which is around Rs. 2 - 3 per kilo which is on a higher side, even then we are in the market to buy. We believe the prices are going to streamline because Rs. 3 per kg on paddy will cost Rs. 5 per kilo dearer on rice which makes a difference of export price by about \$70 to \$80 PMT. Still we are going to buy MRL paddy since we don't have any alternative.

Dushyant Mishra: Second question was, any idea when we stop seeing the ED in our shareholding pattern and I know, I am sure you don't have much of it but any sense you are getting from our interactions with them when they stop appearing in our shareholding lists?

Anoop Kumar Gupta: You see a matter of shareholding pattern where ED is there is not related to promoters, not related to the company KRBL Limited. It is related 100% to Balsharaf who is our distributor for Saudi Arabia and we had a long 25-30 years association with them and I told you several times and informed everybody that we are assisting Balsharaf in their day-to-day legal matters since he is in Saudi Arabia and we are in India. We are just assisting him in legal matters, he is taking the decisions, but as per the results for over last 1, 1-1/2 years, Balsharaf have won in appellate authority, in High Court, and even won in double bench, even for the certain question Balsharaf have won in Supreme Court also. Now due to COVID situation, the lawyers of Balsharaf don't want to argue the matter on virtual, they want to argue it in person, so they are waiting for the COVID issues to get cleared. So I hope I have answered your question in a very detailed manner.

Moderator: Thank you. The next question is from Ashish Kacholia from Lucky Investments. Please go ahead.

Ashish Kacholia: My question is basically, sir, when you say that the prices of the paddy had fallen from Rs. 34 to Rs. 27 or Rs. 28 per kg, what is the impact on the inventory that we are holding of the aged rice, that also fall in value or the two are independent of each other?

Anoop Kumar Gupta: Ashishji, I have been answering this question from last 15 years and our investors are really confused every time that if the new crop prices fall, then what is the exposure of KRBL on the old inventory. I had made it very clear today also, crop 1121, 2019; crop 1121, 2020; crop 1121, 2018, these are different commodity prices whether the market goes to any level are not comparable at all. It is according to me, the commodity is different, number one. Number two, KRBL is marketing all their consumer packs worldwide, not only in domestic, even in international which has certain SKUs that are 2 years old, certain SKUs are 1, 1.5 year old and there are certain SKUs which are minimum 9 to 10 months old, majority of them. I mean if you talk of the consumer pack, I would say 80% of them except par boiled rice and we don't have any stock of parboiled rice. We don't have any stock of paddy which will be converted into parboiled rice. So any variation of valuation of inventory on the basis of the new crop prices, thinking of that is also not correct.

Ashish Kochalia: And I have one more question sir, which is, you have some plans of introducing some additional varieties of other fragrant rices in the domestic market, so how is that particular effort on our part going along?

Anoop Kumar Gupta: The season has come; these new regional varieties will start coming by end of November or first week of December. We have decided to purchase the quantities because it requires a minimum aging of one year, we will purchase the quantities and store it in rented warehouses of government or whatever we get, but within that one year, we will be adding infrastructure of warehousing, packing, getting staff, all these things and the time is one year and we will do everything in that one year, so that by November 2021, we are able to start it in marketing in a very vigorous manner.

Moderator: Thank you. The next question is from Rohith Potti from Marshmellow Capital. Please go ahead.

Rohith Potti: Sir, my question is sort of a follow-up of previous participant's question on a comparison with Daawat, sir just wanted some more clarification there. So I was just looking at purely the quarter 2 numbers, last year, Daawat, the quarter 2

number was Rs. 266 crore only for the India business, I am talking only about the India business, while KRBL India business for last year quarter 2 was Rs. 532 crore, so we were double Daawat at that time, but in this quarter, Daawat revenue is around Rs. 310 crore, they were grown 20% while we have de-grown around 20%, so the difference from being 2x last year it has come down to 30% this year. So the question is, with the lockdown ending Q2 was more normalized than Q1, why is the difference reduced to this extent, is it because of the bulk pack itself and do you see the difference going back to normal levels in future or what exactly is happening here?

Anoop Kumar Gupta: I told you the major reason is the bulk pack sale, the bulk pack sale in the previous quarter y-o-y was quite high and the pricing was also good, even the bulk pack sale of Daawat was also good, but in quarter 2 of FY21, what happened, the bulk pack sale of Daawat has increased tremendously and my bulk pack sale which is the premium segment which is from Rs. 65 to Rs. 70 realization level, it has not picked up to that level in quarter 2, but way forward, in quarter 3, I am expecting my bulk pack sale to surpass the pre-COVID scenario of quarter 3 FY20 to quarter 3 FY21. So that is the main reason of the difference of domestic sale between Daawat and me and still I am talking, we are working, our staff is working, our think tanks in the organization are working very hard to know what are the other facts and maybe we have some more clarity.

Rohith Potti: One follow-up sir, the question was, what changed you this quarter, what did we do differently this quarter that we are seeing such a strong growth in bulk pack? Is it normalization of the restaurants and other outlets or is it something as that we did at our end?

Anoop Kumar Gupta: You are talking quarter 3, definitely there is a normalization and frankly because of the prices, you see when I talk of a bulk pack sale it is not a aged rice, it is basically steamed rice which doesn't require aging. So the paddy price is so low and comparatively we have offered a good price in the channel, so the distributors, whole sellers, the whole chain is of the opinion that we should be in a stocking mode. So in that mode, they think if we want to stock why not KRBL, why should we go for other. It is a tested product, Re. 1 or Rs. 2 here and there, KRBL product will sell, we should not stock other people. So KRBL has an advantage and due to the stocking spree, I think our sales in Q3 will see a record.

Rohith Potti: Sir, my second question is on Saudi Arabia, so just curious to know, so over let us say the last 4-5 years, let us say from 2015 to now how has our sales of Saudi moved, because I did not get the number correctly, I was part of the AGM, but I remember it has fallen down by around I think 50-60%, so if you could confirm or give us more clarity on that? And the second question here is, is it difficult for us to find a new distributor, given as mentioned Balsharaf seems to be in a little bit of trouble in distributing products, is it difficult for us to find a new distributor to distribute a product in Saudi?

Anil Kumar Mittal: Saudi Arabia is the second largest market and we were the leaders about 5 - 6 years back. Our distributor came into financial problems and we had also to suffer along with them. Our share both quantum wise and value wise got tremendously effected. Still, as regards the share of India Gate Classic and India Gate Super which is called Bab Al Hind over there, they are still doing good which are high value SKUs. The real effect came on other 6 - 7 brands such as Golden Sella, Cream Color Sella, etc. the sales of which came tremendously down. For example, we used to export 25000-30000 tons of Golden Sella, which came down to 6000 tons and same way cream colour sella and other varieties. Because of the setback, the sale of India Gate Classic also came down from 10 - 12000 MT to

about 7000 tons. Just about 2 months back, they settled with the banks. They are restructuring themselves and are coming back on track and will take about 6 – 7 months to come to their original business position as they were about 5 years back. In the meantime, because of whatever setbacks we had with Balsharaf, we are already in a search of good distributor, and divide the SKUs. It is taking time since we do not want to give our distributorship in wrong hands. There are many distributors from Saudi who are contacting us on a weekly basis for India Gate agency, which we cannot part with since we have agreements with Balsharaf, but we are finding reasons to divide the business area wise within Saudi Arabia. To change a distributor in abroad is not so easy. Just now, we changed the distributor in Dubai and the new distributor is doing a good job. You will be surprised, how hard we had to fight the legal battle in last 6 – 7 months and finally came out of the old distributor just 2 months back. It is not that easy to change a distributor, but we have some plans and we have already located a good distributor, we had a very good communication with the new distributor and rather giving our old brands, we will provide them the brands which we are not shipping to Saudi Arabia, such as, Nur Jahan, Unity, etc. We are working hard on this & Saudi problem according to me will finish by third quarter and you will see good results in quarter 4.

Moderator: Thank you. The next question is from Govindlal Gilada who is an Individual Investor. Please go ahead.

Govindlal Gilada: I have got only one question, versus immediate last quarter and last year last quarter, comparing this quarter and last year quarter, how prices of our consumer packs variation, anything can you highlight, sir?

Anoop Kumar Gupta: There is no change as far as realization of consumer pack is concerned, but I tell you, 2-3% there may be promotions given to the retailers. That could be there, otherwise not much change in the realization.

Govindlal Gilada: I am not sure sir, I am right or wrong, somebody is tracking he told that almost 10% drop that is why I am asking?

Anoop Kumar Gupta: Not at all and it is not reflected in the numbers, don't go on rumors, study the balance sheet, study our presentation, the consumer prices, realization is not affected at all.

Moderator: Thank you. The next question is from the Dhruv Kashyap from Edelweiss. Please go ahead.

Dhruv Kashyap: Mr. Mittal on the export part, if you listened to the Prime Minister in the global call the other day when he had mentioned that he wants to make India an agricultural export hub, how would that statement pan out for us in KRBL in terms of geographies, categories, products and sectors, if you could share some color on what are your thoughts on if India actually becomes an agricultural hub, what all do we need to do or benefit in that sense?

Anil Kumar Mittal: Basmati rice is the only agro product which falls under negative list. There are absolutely no incentives of any sort being provided by the government. For last 7-8 years, we have been demanding along with 2-3 other exporters to provide us slotting charges especially for shipments to Europe, America, Canada and other countries since slotting charges are quite high in these countries, and it is very difficult to place your brands as it becomes uncompetitive,

The slotting charges are provided by the Government to other exporters for other items. So, we requested the government to at least provide us the same to market our own brands. About 80% of rice exported out of India under private label is brown rice. If you look at the basmati global brands, we are the only company selling globally under one brand, India Gate and the other company is Daawat, but they are manufacturing and reprocessing outside India in Amsterdam and have a distribution office in America. In America they are not doing everything in Daawat Brand, and so is the case in Amsterdam. I am not trying to criticize since we are all friends and they are also doing fine, and we should salute them for their efforts.

First thing which is required to really boost branded exports to different parts of the world from India is to take out Rice from negative list. Under MSME, they are providing 5% interest subvention. As an MSME, you can put up a packaging plant and start exporting to Iran with a turnover of Rs. 500 - Rs.600 crore. These packaging plants cost Rs. 20-30 crore, and you can easily get MSME status and start availing the subvention. On the contrary, the corporates do not get the MSME status besides rice being declared under negative list do not get any sort of subvention or subsidies. I think the investors should appreciate KRBL and Daawat and whatsoever companies are exporting branded products. Corporates are paying 5% GST in the domestic market due to brands. We are also not being provided any reprieve in slotting charges nor any subsidies whatever. Still worldwide, we are able to place our product at a premium price. To sell Basmati rice in this hard competition at US\$ 2400 compared to our second rival not above \$1500, which is a difference of US\$ 900-1000, should be appreciated, since we have not reduced the share of our premium products in spite of COVID.

Dhruv Kashyap: Sir, this is a follow-up to this question, before I come to second question, like in other industries like steel for example or auto ancillaries sector, they have an industry body that keeps making representation to the government, is it that we don't have one for the rice industry or is the government is not kind towards us to look into us?

Anil Kumar Mittal: We have dual problems. Our association is not very effective. We do not have any think-tank in our Association as we had 4 – 5 years back when the members of the companies like KRBL, Tilda, Satnam Overseas, Daawat and others really used to represent the industry and its problems in a more persuasive manner. Many of them have left the industry and few of them have become NPAs. Today our association does not have any capable persons right from A to Z who can represent the industry in a right manner. It is hard to believe, we gave at least dozens of representations to PHD, FICCI, etc. with no results. Government wants follow-up from the association and not from an individual. Many a times when we go with our presentation, the concerned officials expect us to come through the association.

Moderator: Thank you. The next question is from Alok Singh from AXA Mutual Fund. Please go ahead.

Alok Singh: Most of my questions have been answered. Just one clarity. The chairman mentioned about some warehousing issue, that was not very clear to me. Can you just put it more light on that, please? Thank you.

Anoop Kumar Gupta: Warehousing issue in respect of ED?

Alok Singh: You mentioned that there was some deposit which you are making because of which, the warehouses...

Anil Kumar Mittal: We had filed an appeal in the tribunal, and we got a good order which says there is no need of freezing the warehouses of KRBL. This order was received on 17th January 2020 for restoring our godowns.

ED never followed the instructions of the tribunal. We had two thought processes. Should we go for contempt of court against ED or should we file an application to the High Court for getting the order implemented? The lawyer suggested we better fight softly and advised us to file an application to the court for releasing our warehouses.

We filed the application before the double bench of High Court with a request that our godowns should be released and we need our godowns urgently since the new crop season is commencing very soon. Our stocks are already lying over there. We wanted to remove our goods and to be allowed to keep new goods. The court against our first application allowed us to remove the goods, since they are perishable in nature and the ED should not hold any goods. The Court however showed their reservation and ordered that we cannot use the premises till the time the main appeal which has been filed by the ED is not heard, finalized and disposed off. That appeal is coming on somewhere on December 25th or so, I do not remember the exact date, but we filed another application requesting to release our godowns to keep the new goods and submitted that we are ready to pay to ED an equivalent amount for which they have freed our lands.

The court was happy and ordered us to deposit Rs. 11 crores for releasing the godowns for using them for our new crop since the season was there. Court said, "we do not want to hamper your business, you deposit the amount and you can use the godowns".

Anoop Kumar Gupta: To add on to more clarity, sir, this is only limited to a 15 crore question and this warehouses limit to a portion of warehouse which is just adjacent to our Dhuri factory. Nothing to do with our regular and the 2 million square foot of warehouse, it is a very limited warehouse of value of Rs. 10-11 crore what we are talking. Thank you.

Moderator: Thank you. The next question is from the line of Anshul Saigal from Kotak Portfolio Management. Please go ahead.

Anshul Saigal: Great numbers, congratulations. I have 2 or 3 questions. One is you mentioned that this year, you will be deploying cash to buy 20-25% more inventory. Is that over a number of 7 lakh tons last year which means that we will be about 8.5 lakh tons this year?

Anoop Kumar Gupta: Yes.

Anshul Saigal: Could be surpassed that, Anoopji?

Anoop Kumar Gupta: Depending upon the price, it can surpass also.

Anshul Saigal: Second, there was a question which was asked about the price declines of 10%. What we have heard and checked is that in fact in India Gate Classic, we have raised prices. Is that a correct understanding? And raised prices are 4 to 5%?

Anoop Kumar Gupta: Who said the prices have declined by 10%?

- Anshul Saigal:** Someone in the call suggested that which you had refuted. What I am saying is that we have been given to believe that in fact, your raised prices in India Gate Classic by about 4-5%, is that correct?
- Anoop Kumar Gupta:** In the domestic market, yes, we have raised, but simultaneously, there was a mind behind raising. In the festival season, we wanted to give a push to the retailer wherein we have given a very big scheme to the retailer that buy 20 kg Classic, you will get 1 kg within the box that means 5%. So what we raised 1 month back 5%, we are passing out that 5% to the retailer for this festival two months.
- Moderator:** Thank you. The next question is from Anish Jobalia from Banyan Capital Advisors. Please go ahead.
- Anish Jobalia:** So looking at Q2, we had some trickling down impact of revenues from Q1 to the tune of around Rs. 350 odd crore that we were expecting in Q2. So after we adjust for that, the revenues are lower than the Q2 of FY20, which itself was an abnormal quarter last year because some of our shipments were delayed to October 2019. So there have been some comments that the reason is because the bulk pack segment not doing well in the HoReCa. But now going forward in H2, also we have some understanding that in FY21, we are looking to do similar revenues as FY20, so we need to grow by 20% plus around 24% in H2, over the last year. So do you think will we be able to achieve this and why or else? What is our revised guidance around, the entire year numbers?
- Anoop Kumar Gupta:** I do not understand your logic what you are talking about Q2, but anyway what you are talking that we have to grow 24% to match FY20 in FY21, yes, you are right. And I am quite hopeful, my management is quite hopeful that we will reach that number, but in the forward looking statements we said that there can be a deficit of 2-3% because of the pricing of the new crop 4%, but if you talk of quantitative analysis, we will surpass FY20 numbers in FY21. Thank you.
- Anish Jobalia:** Sir, my second question is what is your thinking around our Rs. 8000 crore revenue target, have we had any change in the expectation around the timeline and considering all the positives and negatives that had happened in the last few months, what are the top 3 drivers which are working in our favour?
- Anoop Kumar Gupta:** Revenue target of Rs. 8000 crore is very much in line, the time line may get extended by one year due to COVID. We have also mentioned earlier our main aim is to increase our presence in regional rice, introduction of more SKU and newer varieties of basmati rice in the international as well as domestic market like Unity brand. Further we are also opening up in health segment. We are also looking for opportunity for any good merger and acquisition, which can boost our topline.
- Moderator:** Thank you. The next question is from the line of Manish Bhandari from Vallum Capital. Please go ahead.
- Manish Bhandari:** I have a question. So all the money which we were supposed to receive from the Income Tax Department has been received?
- Anoop Kumar Gupta:** Manish, we have made the representation. We have made the application. The money has not received yet. Thank you.
- Manish Bhandari:** I made to believe may be Rs.100 crore to Rs.200 crore.

Anoop Kumar Gupta: It is Rs.130 crore.

Manish Bhandari: Sir, my second question is regarding the Idli. Is there any update about the foray what we have made a year back?

Anoop Kumar Gupta: Yes. Idli market is very encouraging and the sales are good in Karnataka in the radius of 300-400 kms and we have started with 10-15 tons per month. Today, it is 250-300 tons per month. And I am talking consumer pack of only 1 kg wherein the margins are good, it is (+10%). But Manish I tell you my experiences of last one year that we need to have our own processing and manufacturing unit in Karnataka which we are doing already for regional rice. In next one year when we will have processing and packing plant for regional rice, especially for Sonachur, Sona Masoori, then definitely a small plant of Idli rice, rice atta, and so many other products will also be done. So ultimately, I think the success story will come when will have our own manufacturing plant. Thank you.

Moderator: Thank you. The next question is from Shailesh Kumar from Insight Edge. Please go ahead.

Shailesh Kumar: Sir, I have the slight observation. If you look at our competitors' export revenue, they have done almost 40% higher than us, they have done around 1,43,000 MT of volume and Rs. 102 per kg of average realization. How do you see your company vis-à-vis your performance for the quarter? And is it a sustainable one or it is flash in the pan?

Anoop Kumar Gupta: I would like to answer this question regarding export revenue difference in the price realization there. If you study the balance sheet of the competitor, the realization of revenue is on the basis of what price he is getting in Amsterdam and what price he is getting in USA. The PTRs of USA and Amsterdam are being shown because those are their subsidiaries and ultimately in consolidated balance sheet, everything, the revenue, everything comes and if you are intelligent enough to compare to reach to that revenue, maybe some amounts would get lesser in the topline, but certain expenses like employee cost, interest and there are many more expenses if you go in the details, that difference between the expenses of KRBL and them maybe more than Rs. 100 crore, may be more, we have to study more. If you divide the quantity of 100 crore with the quantity of exported quantity, the difference may be Rs. 10 – Rs. 15 a kg.

Anil Kumar Mittal: Anoop, I do not know whether it is in public domain or not, and investors should know that there is a huge quantity of private label being marketed which is not being done by KRBL.

Anoop Kumar Gupta: And I do not understand how can you have such margins in private label? People are doing private label or a bulk cargo of brown rice at even 1% or 2% margins.

Shailesh Kumar: Sir, the very purpose of putting this question was that I was really puzzled to understand this particular equation, that is why I requested you to put some light on that, nothing else.

Anoop Kumar Gupta: Yes. You see, I told previously also these are like only broad observations after seeing their numbers. But we are going into the details. Thank you.

Moderator: Thank you. The next question is from the line of Chetan Doshi from Tulsi Financial Services. Please go ahead.

- Chetan Doshi:** As a kind gesture from the company, like most of the textile company what they do to for the shareholders, do we have any proposal to offer some special discounts to the shareholders for our Classic, India Gate basmati?
- Anoop Kumar Gupta:** We can think of your proposal, Mr. Mehrotra write it down and discuss. Thank you.
- Moderator:** Thank you. The next question is from Sarvesh Gupta from Maximal Capital. Please go ahead.
- Sarvesh Gupta:** Just two questions. One is while we are seeing like 25-30% decline in the paddy prices and given that we are more on the branded segment, I think the prices of the final products would be stable resulting in some increase in the margins for us. So given this very good situation in the last several years that your final product prices, your margins will expand because of lower RM prices, and then we are also saying that by Q4, Iran demand should come back which would again increase the prices of both your inventory as well as final goods. So these look like very unique situation that we are in where we can buy cheap because of Iran in Q3 and then prices will firm up by Q4 if Iran starts buying again. So that is number one. And second is I saw a sharp increase in the other expenses in this quarter. Can you just comment on that?
- Anoop Kumar Gupta:** We have previously seen about 8-9 years back numbers of our inventory compared to the industry compared to the market values were very cheap and we are seeing this big opportunity, for KRBL as far as our inventory management as well as our realizations in the finished product segment is concerned. Thank you. I hope I answered your first question.
- Sarvesh Gupta:** Other expenses like in the quarter 2 results?
- Anoop Kumar Gupta:** I do not agree, can you be little specific which...
- Sarvesh Gupta:** The other expenses have gone up to Rs. 93 crore if I am not wrong compared to...
- Anoop Kumar Gupta:** Other expenditure are directly related to quantum. If the quantum increased 5 times expenses like freight, fumigation, clearing forwarding charges, Railway, and CONCOR railway freight etc. also increased by 5 times. They are not directly linked with the marketing or anything else.
- Rakesh Mehrotra:** The other expense includes lot of variable expenses.
- Sarvesh Gupta:** Sir any guidance on the gross margin for FY21 given the prices that we are seeing? So in FY20, we were at 28% gross margin and in FY19, we were in 30%. So any guidance on the margin in the FY22, so in the next year?
- Anoop Kumar Gupta:** FY22 comments, I would not like to comment, but FY21, we will be in the same range what we were in FY20 or so and I do not know what you talk about gross margins. I am talking of EBITDA. EBITDA, we are working around 20% and we should be around 20-21%.
- Sarvesh Gupta:** So for next year given the fall in the RM prices?
- Anoop Kumar Gupta:** Yes, we will expect the increase, definitely. We will expect an increase, but it is way into the future and I would not comment on the number, but definitely it is encouraging, I should say.

Moderator: Thank you. We take the last question from the line of Dhruv Kashyap from Edelweiss. Please go ahead.

Dhruv Kashyap: Sir, my second question which got cut off earlier was that this is whole thing about the GI tags for the European Union? Could you just tell us as to the progress and what is the likely implication outcome etc.?

Anil Kumar Mittal: As far as GI is concerned, already APEDA has won from most of the places and now there is an appeal pending with the High Court and in IPAB. They have filed fresh evidences and contentions, meaning the case is going to be heard again in IPAB where it has been decided in APEDA's favour. Nothing is going to be changed either in IPAB or in High Court. Presently an appeal has been filed by MP Government in the Supreme Court. But in my understanding, the appeal is not tenable since the matter is still pending at the Chennai High Court. We believe it is not possible for the MP government to get the GI tag. If they get GI tag, Indian Basmati exports will come into trouble because other rice-growing like China, Thailand, Vietnam, will also claim for growing basmati rice. This fight started back in 1998 when America tried to patent basmati rice and from there, we have been winning the cases one by one. Today as a country, we have got 96 cases won worldwide whereby no country can keep the word per se bas and mati. There is only one country, America that too in an area of Texas, where they grow about 2,000 tons of Texamati because there is a trademark law that if a country is growing basmati continuously for 3-4 years and marketing in the market without any opposition (the word I am using without any opposition), then it has got a right to grow and market it. USA is selling their own Texamati at throwaway prices, but to retain the brand, they are growing every year only 2,000 tons and marketing under the brand name of Texamati.

Moderator: Thank you. We will take that as the last question. I would now like to hand the conference back to the management team for closing comments.

Rakesh Mehrotra: Thank you once again for your interest and support. We will continue to stay engaged. Please be in touch with our Investors Relations team for any further details or discussion. Look forward to interacting with you soon. Happy Diwali to all. Thank you very much.

Moderator: Thank you very much. On behalf of KRBL Limited, that concludes this conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.