



E:KRBL/BIBHU/STK\_EX\_2021/08  
06 May 2020

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

**Sub: Transcript of the Conference Call on the business updates as held on Monday, 27 April 2020**

Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of Conference Call on the business updates as held on Monday, 27 April 2020, at 12.00 noon.

This is for your information and record.

Thanking you,

**Yours Faithfully,**  
**For KRBL Limited**

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**Raman Sapra**  
**Company Secretary**

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Encl.: As Above.



## KRBL Limited' Conference Call Transcript April 27, 2020

**Call Duration** : 97 mins 18 secs

**Management Speakers** : Mr. Anil Kumar Mittal, Chairman & Managing Director  
Mr. Mr. Anoop Kumar Gupta, Joint Managing Director  
Mr. Mr. Rakesh Mehrotra, CFO

### Participants who asked questions:

Shailesh Kumar - Sunidhi Securities  
Sarvesh Gupta - Maximal Capital  
Saurabh Gupta - HDFC Mutual Fund  
Rajiv Agarwal - Doordarshi Advisors  
Jagpreet Bhatia - VA Capital  
Amitabh Sonthalia - SKS Capital  
Anshul Sehgal - Kotak PMS  
Varun Goenka - Nippon Mutual Fund  
Amit Doshi - Care PMS  
Dhruv Agarwal - Bharti Axa Life  
Ayush Mittal - Mittal Analytics Pvt. Ltd.  
Ekta Mehta - Capital Advisors  
Rohit Potti - Marshmallow Capital  
Sai Prasad - individual investor

**Moderator:** Ladies and gentlemen, good day and welcome to the KRBL's Conference Call. As a reminder, all participant 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 this conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I would now hand the conference over to Mr. Siddharth Rangnekar from CDR India. Thank you and over to you, sir.

**Siddharth Rangnekar:** Thank you. Welcome to today's call hosted by KRBL, to discuss the measures taken by the company to address the COVID-19 situation. We had cancelled the previous conference call on this subject. So, before we commence today, apologies for that.

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 with Mr. Anoop Kumar Gupta – JMD, and he will be followed by Mr. Anil Kumar Mittal – CMD, who will share his perspectives with you. After the opening remarks from the management, the forum will be open for an interactive question and answer session.

The Company is yet to declare its financial results for Q4 & FY20. Therefore, all analysts and investors are requested to kindly not ask questions pertaining to Q4 & FY20 period, as the same will be unpublished price sensitive information.

As a cautionary note, certain statements that may be made on today's call could be forward-looking in nature and actual statements could vary from these forward-looking statements.

I would now like to invite Mr. Anoop Kumar Gupta to share his initial remarks. Thank you and over to you, sir.

**Anoop Kumar Gupta:** Good afternoon, everyone. And thank you for being with us on the call. I wish to take this opportunity today to present my thoughts on the impact of COVID-19 on the basmati sector, our business, and also share some thoughts and insights on the way ahead.

You would appreciate that as an essential food company we have witnessed a sudden increase in requirement from the retail channel, this was on the back of consumer advancing their purchasing in the light of the lockdown nationwide. We have seen a quantum rise in volume dispatch, especially in the online channels to the extent of 2x than the usual. The modern retail formats have increased their volumes by almost 75% since post-lockdown. And this trend is continuing sharply.

On the other hand, our institutional channel has witnessed a softness. This is the segment that sells to the hotels, restaurants & catering industry and naturally it is a reflection of the momentum in business. So, we believe that this segment will take a bit longer to turn around, but we remain confident that it will because there is really no alternative to the kind of basmati on the menus that branded companies like us can provide.

We have seen similar good trends in our overseas business, and Anil ji, our CMD, will be sharing his views on the same in detail.

We have sufficient quantities of both basmati rice and paddy as we have one of the largest processing and storage facilities in the world. During the recent procurement season, we had been able to buy highest ever paddy as there was a decline in prices. Even with the present trends in demand, we will be in a position to meet the requirement of the markets.

During the first few days of the lockdown we did experience some constraints in transportation and labour, but we have tirelessly worked with the local administration to streamline the process. The Government remains very supportive of the essential foods industry, and thus we expect the situation to progressively improve.

To give you some perspective into how we have responded as a corporate to this pandemic. At the outset, we implemented our business continuity program to ensure a seamless transition to work remotely away from our offices. The IT systems are secure and have been tested for robustness. Except for the very essential staff that is required at the plant level, we do not see a need for not working remotely. Our teams are monitoring the situation on the real-time basis and are geared to meet any challenges.

Although, it is too soon to call definite trend in consumption behavior, I have a few observations to share.

- Customers are broadly recognizing the health, hygiene and safety aspects of branded products domestically
- Export markets will remain strong and diversification across geographies and key export markets will be our strength
- The importance of multi-channel sales approach cannot be emphasized enough
- A strong business model combined with a robust balance sheet gives flexibility required to adapt to any situation

I am confident that when as nation we move towards normalization, we will be able to stand out as a trusted brand within essential foods and emerge even stronger as a Company.

The impact of our financial performance for the prospective quarters cannot be immediately quantified, but I can share that we are placed on a safe wicket and in a few weeks' time when we do share our annual performance, we shall give a broader insight into the outlook of the next fiscal year.

With that, I would like to draw my remarks to close and request Anil ji, our CMD, to share these thoughts with you on our exports, the broader industry, and overall business. Thank you.

**Anil Kumar Mittal:**

Good afternoon to everybody. I thank you all for being on this call. This conference is being organized primarily to share KRBL's working scenario during this current COVID pandemic, and its impact on our operations. Though Anoop ji has already briefed you a little bit, so I would not like to repeat those things, but I would like to add my own thoughts into it.

We had to stop our milling plants in Punjab and Dadri, just for three, four days. Rice being an essential commodity, we got Government's permission to run the plants thereafter. But there were other challenges, such as availability of labour, logistics issues, lack of courier services and transportation restrictions. However, we managed to overcome the obstacle with meticulous coordination with the local bodies, and the Government departments despite of all odds.

As of date, our Dhuri, Punjab, milling plant is running at 60% capacity, whereas our packing unit is running at around 80% capacity. The major challenge we faced in Dhuri is the availability of packing material, whether plastic bag or a carton or a jute bag, because they are connected with jute industry, paper industry and poly industry.

Similarly, our Ghaziabad milling plant is running at around 65% capacity, which I think since yesterday it has come to a 95% capacity and the packaging unit has been running at 75% capacity. Things are improving and I am confident that within next one week, all obstacles will be resolved and both our plants will be running at their full capacity. But it all depends upon what would be the future reaction of the Government on the pandemic front. However, I must say that these 30 days were very hard on us, but the worst is behind us. And I am sure that we are certainly going to get better and stronger with each new day.

In spite of the global lockdown, the demand of rice is picking up. We have sufficient export orders in hand. And the execution of the same did look very difficult on 22nd of March, but it now seems that we will be able to fulfil our obligations without any problem. And we are also in a position to meet the increasing demand for rice, both globally and within the country. Apart from COVID, Indian rice exports are facing hurdles in market such as Iran and Europe. As we all know, Iran has been seriously affected by the pandemic, besides, they are also facing U.S. sanctions. On top of everything, the biggest problem with Iran is, the availability of funds. A year ago, India had an amount of around Rs. 16,000 crore to Rs. 20,000 crore lying in their escrow account against crude supply, and the same as of now has come down to about Rs. 2,000 crore to Rs. 3,000 crore, which is also lying with IDBI Bank. The money lying with UCO Bank has almost finished. Because of this, country has severely cut down subsidies on rice imports. This is important for you to understand that there was subsidized currency in Iran, provided to the importers by the Government for the import of rice that is IRR 4,200 for \$1, and about IRR 15,000 to IRR 16,000 for \$1 for the open market, which is known as NIMA. Now the Government has announced that there will be no subsidized rate for the currency for rice imports, except for US\$ 200 million allocated to GTC Iran for importation of rice from any part of the world, including India.

It's my personal opinion, that GTC Iran will buy only from India against this subsidy, therefore, it will cause 4x the current prices for the private importers in Iran as compared to Government purchases. We at KRBL, we have been doing business only with GTC Iran, and hence we are in an advantageous position. I would also like to mention here that recently the notification had come whereby Iran had allocated around US\$ 4 billion at subsidized rate, and the items for those subsidized rates are around 6 million tonnes of feed, 2.4 million tonnes of soya, 1.5 million tonnes of soya meal, 1.1 million tonnes of oil, 1 million tonne of feed barley. And from this total of US\$ 4 billion, US\$ 200 million is for rice, that is only for the Government departments. So, this is the position of Iran as I mentioned.

If there are any particular questions you want me to answer, that will be addressed during the Q&A session.

In regards to Europe, this was a market of about 400,000 metric tonnes and only for India, which came down to around 200,000 tonnes last year. And this year, up to February 2020, India has exported around 180,000 tonnes, up or down by 5,000 to 10,000 tonnes. Out of which 90,000 metric tonnes has gone to the UK alone. Indian basmati exports to Europe has taken a hit due to the restrictions of pesticide residue levels in the rice. The issue is serious and collective efforts are being made by the farmers, exporters and the Government to reduce pesticide use at farm level. Following Europe, there were other nations like USA and few other countries in the Middle East that have also imposed norms for pesticide residue levels, but their norms were quite lenient. That was one of the reasons that the exports to other parts of the Middle East and the USA, have been taking place without any hurdle. However, major rice importing nations in the Middle East are Saudi Arabia, UAE, Kuwait, Oman, Qatar, Bahrain, which includes Iraq as well, there are no pesticide issues. It should be noted that these nations together account for about 45% of India's total basmati exports. Hence, though the issue of pesticides residue norms is a matter of concern, India's overall basmati export looks quite strong as always. And KRBL continues to range in this arena as it has been so far.

As far as orders are concerned, we have enough orders. There has been a sudden spurt in the demand because of the Covid-19 pandemic and the lockdowns. As the consumers are rushing to the store to buy good quantities of rice in the respective countries. That is one of the things and we are able to cater to the demand whatever is coming in, despite the odds due to this Corona virus.

I have given you a brief glimpse of overall basmati export situation, and KRBL's position. If there are any more questions, I would like the Moderator to open the line for the Q&A session to discuss forward. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is on the line of Shailesh Kumar from Sunidhi Securities. Please go ahead.

**Shailesh Kumar:** Thanks for the opportunity. I have few questions. The Corona pandemic situation in Pakistan, which is competing with India for basmati, is equally bad. So, because of this event, what was the impact on exports and how has it impacted us as a country and KRBL as a company? That is the first question.

Secondly, because of the disruption in global logistics and demand, what was its impact on the prices of basmati rice in the last one month or say 45 days?

**Anil Kumar Mittal:** Firstly, you have to understand that India produces around 6.5 million tonnes to 7 million tonnes, out of which 4.4 million tonnes was for exports and around 2.2 million tonnes is for the domestic market. Whereas Pakistan's total production is around 700,000 tonnes, out of this they have 150,000 tonnes of domestic consumption and 550,000 tonnes of exports.

So, as far as the quantum's are concerned, there is no match between India and Pakistan. But Pakistan got an opportunity from Europe. Europe was our market of 400,000 tonnes and Pakistan was just 30,000 to 40,000 tonnes. Pakistan this year has exported 200,000 tonnes alone to Europe and they have eaten up our market of 200,000 tonnes that is one of the major setbacks that Pakistan has given us. Number one, in Pakistan nobody uses pesticides because their farmers are poor and can't afford, hence their pesticide residue level match with the European demand.

Second, Pakistan in few markets like Indonesia, Malaysia, which are known to be under the category of favored nation, then they have a border of Afghanistan, they have a border of Iran, they have a border of Kazakhstan and many other borders, and they have been already using those borders for smuggling basmati rice not in 10,000 or 20,000 tonnes but hundreds of thousand tonnes. And that hundreds of thousand tonnes was never our market, so it has not affected us. If something has really affected India was the European market, that something was a matter of concern to us.

Answering your second question, as far as pricing is concerned, this year we had good crop. Initially, it was brought to notice of the trade that the mapping reports were not correct, and I have been speaking too in each and every forum. Though we spent big money and the mapping was done by the Government of India body, that is APEDA. But the numbers which came out in the mapping were not correct. And the crop this year was more or less the same, or you can say even 2%, 3% or 4% more than the last year. So, there was no shortage of crop, that's number one.

Secondly, markets have been depressed since beginning, if you compare it to the last year, the paddy prices were 20% higher than this year. Therefore, from the very beginning there was a pressure that export market will not show the same aggressiveness what they showed last year. And the major reason was Iran and Saudi Arabia. But this year Iraq, Saudi Arabia and many other Middle East countries have shown good response towards India. And I believe that at least 30% to 40% shortage which we got from Europe and Iran, that will be covered up by these Middle East countries. Prices are really depressed, no doubt. And after the new notification of Iran has come about the subsidized currency, there has been a further downtrend in basmati rice, because that market is about 35% for India. And looking to the NIMA currency rates, I think so Iran will import very less quantity this year compared to last year. So that is one fear in everybody's mind. So KRBL who is attached only to the Government of Iran will be benefited, otherwise those who are trading through private bodies, they will definitely get a setback, that's number one.

Number two, one thing worrying for the trade was, when the prices had come down. Last year in FY19, there were some exports worth Rs. 2,000 crore which took place in February and March, and even in April, that payment came to the exporters in the month of October as the payments were not released by the Iranians. And whatever we exported as KRBL, each and every payment came within 15 to 20 days in time. After getting such a big hit from Iran again, I understand that from December up to February, people have again exported goods of about Rs. 1,500 crore and payments are held up because they were thinking that Government will allow them subsidized rate. But now the notification has come and that Rs. 1,400 crore to Rs. 1,500 crore has been stuck up. Because of the financial issue, the prices at present in the market have come down by another 4%-5%.

**Shailesh Kumar:** Any thoughts for FY21, the loss of business from HoReCa segment, will we be able to compensate that from our in-house retail sales? Or do you think HoReCa loss is going to hurt us?

**Anoop Kumar Gupta:** With respect to HoReCa, there is a considerable amount of loss. We had around 20% share which contributes to HoReCa market and practically due to COVID, HoReCa market is nearly zero. But I am quite confident that due to COVID, the focus will be on hygiene, preference of packaged basmati rice to the consumer and our accelerated phase sales in modern and online channels, I am quite hopeful that 20% loss will be covered. And during March 2020, there was no loss

at all, the loss was only in April 2020, and maybe for another two-three months, but that will be covered by modern channel and retail channel.

**Shailesh Kumar:** Just one thing, looking at our very strong balance sheet and because of the favorable judgment on income tax, I believe our upward rating is due. And there is weakness in the interest rate scenario, so we believe our interest costs for FY21 will go down as well. And our stock price is also very depressed. So, won't it be prudent to allocate some resource and buy back so as to give further confidence to the market?

**Anoop Kumar Gupta:** Yes, the Company can think of buyback. Let the COVID situation ease and we can sit as a Board and then decide on this.

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

**Sarvesh Gupta:** First question, if I have to look for the full year in which we are in, Middle East appears to be almost like 40% of our sales or something like that. Now, the Middle East the problem is also oil prices and the consequent loss of jobs and all the turmoil which is going on. Given that we are in basmati rice which is sort of a premium offering, there can be a situation of downgrading by the consumers or a reduction in the demand because they may be substituting it for a cheaper brand of rice. And given this oil prices turmoil, it is a major impact on the income levels of our most important countries for exports. So, how do you read that for FY21 and beyond? How do you read this situation, the oil price collapse?

**Anil Kumar Mittal:** It's a good question. We have been talking for last one month with so many customers, distributors, even competitors. And what was your worry or what you think about was the same, we wanted to know what would be the future in such circumstances. And there was a very logical statement to this.

Let us say the economy or the budgets are in trillions of dollars, Saudi Arabia is a very big economy. You know what is the total rice imports? It's just around \$2.2 billion, \$2.3 billion, out of which 90% or 85% is basmati and 15% rice are from America, Guatemala or your glutinous rice from Japonica varieties and from different countries. You have to basically understand that people those who consume a particular type of food, it is very, very difficult to change the food habit till the time there is a tremendous change and the things are not available and there is a chaos in the market. 70% of our market which includes the Middle East, Iraq and the Persian Gulf, they consume 75% of Indian basmati rice, total world's production of basmati rice which is produced in Pakistan and India. Now, these people, let me give you an example, if you go back about 10 years back in 2008 or 2009, the total consumption of Iran of rice was around 6 lakh tonnes, out of which 1 lakh tonnes came from India, maybe 1.5 lakh tonnes from Pakistan, and balance was rice from Thailand, Vietnam, American rice, long grain rice and so on. In the last 10 years, they have changed their habit and they do not want any rice other than 1121 Sella rice Iran. You talk about rich man or a poor man, they all want to consume 1121, that's point number one.

And it is known to be a middle segment food which is the 1121. The rich men food that there is, a local rice basmati called Domsiah, which has been sold to the consumer at around \$4,000 per tonne or \$4,500 per tonne. The top segment of the society in Iran consumes that rice of \$4,500 or whatever is the price. What I want to convey to everybody is, whether it is Dubai, Kuwait, Saudi Arabia or any Middle Eastern countries, they cannot consume, or they will not like any other rice other than basmati. So first of all, basmati consumption will continue, it is not a thing that today it is there and tomorrow it is not there because they have to eat

food, they may not buy a car, they may not buy clothes, they may not buy other luxury items, but food is such a thing, they are going to continue to buy it. And we don't have any intention as far as consumption is concerned. Yes, I do agree, it will be too premature to say anything. We still do not know that what will be the final impact of Corona, which path Corona will take this world to be, and what will be the impact on the pocket money and everything, it is too premature. But as on date, let me give you one more example. About 15 days back, Saudi Arabia came out with a proposal to give about \$1 billion or \$1.5 billion to their importers, telling that you must build up a strategic reserve. Out of which 60% said no, we don't want the money, we have plenty of stock, we do not want Government money. There are 15-20 people who have opted for \$200 million to \$300 million. So, what I am saying is, in such circumstances where oil prices have crashed, even all the Government whether it is Iraq Government or Abu Dhabi Government or Saudi Arabia Government, they are ready to fund the importers to have a strategic reserves of basmati rice.

**Sarvesh Gupta:** Understood. So, what percentage of our revenues comes from Iran? And I think GTC you said \$200 million is allowed and all of that is going to come to us mostly. So, will that cover the existing revenues that we were getting from Iran?

**Anil Kumar Mittal:** Let me tell you, I am expecting that 70% of that business will come to India, and 30% it will go to other nations. So, when I say Rs. 200 million, out of that Rs. 140 million is equal to about Rs. 1,000 crore. Now, when I tell you as a concessional duty it's a very big difference, 15,000 versus 4,200. I do not know this money will be given to them in piecemeal or at one time, because GTC imports about 300,000 tonnes of basmati rice every year from India. And 300,000 tonnes today is about Rs. 2,100 crore. So, whatever that amount is, that will be given to GTC, but the question is will they import only 300,000 tonnes. There is a huge question mark, since private import is worried as there will be no private import. I guess that GTC Iran might import 500,000 tonnes instead of 300,000 tonnes, that is my apprehension.

**Sarvesh Gupta:** So, GTC has a budget of Rs. 1,000 crore for India and you are saying that they used to earlier be Rs. 2,100 crore.

**Anil Kumar Mittal:** It is 200 million multiplied by Rs. 75 that is Rs. 1,500 crore.

**Sarvesh Gupta:** Yes. So, that business will come down by 33%, is that the right assumption?

**Anil Kumar Mittal:** I said the GTC imports every year is around 350,000 tonnes. If they have money up to 350,000 tonnes than they will import 350,000, if they have a shortage of money, than they might go to the Government again, because I believe that the private import should come down by 25% to 30%. Because to them the currency will be allotted at the rate of IRR 15,000 per dollar whereas GTC will be getting around IRR 4,200 per dollar. This is what I am telling you.

**Sarvesh Gupta:** And how much are we getting from Iran, what is the percentage contribution to revenues?

**Anil Kumar Mittal:** That I have not yet calculated. But Mr. Mehrotra will take this question offline.

**Rakesh Mehrotra:** Yes. You send a mail and we will reply to you.

- Sarvesh Gupta:** Sure. And finally a question on the retail in India, what is the pricing trend on the ecommerce site and modern retail? As you said that it is compensating through other retail. So, what is the pricing trend in India as such? Exports I understand that prices are depressed because of variety of reasons that you alluded.
- Anoop Kumar Gupta:** Pricing trend in domestic markets after the COVID and before COVID there is no change. We are selling at the same price what we were selling at pre-COVID. So as of now there is no change in the pricing trend, the prices we were having in November, December, January, February, the prices are same, it is unimpacted.
- Sarvesh Gupta:** Okay. So, unlike exports where initially you had mentioned, that prices are a bit depressed and they fell further by 4% or 5% after Iran implication, but in Indian market there is no impact?
- Anoop Kumar Gupta:** No, there is no impact on basmati rice prices in the domestic market.
- Moderator:** Thank you. Next question is from the line of Saurabh Gupta from HDFC Mutual Fund. Please go ahead.
- Saurabh Gupta:** As you mentioned that the current pulses and paddy prices which you are procuring is down, but what you will be selling in export market will be something which you have procured maybe one to two years back. So, how does this pricing work out?
- Anil Kumar Mittal:** Let me tell you, many a times we have told this thing to our investors and in many forums that our strategy and our position is entirely different than rest of the trade. There are certain SKUs which we sell two years aged, and there are certain SKUs which are one, one and a half year aged. When we say ageing, we do not sell steamed rice. In rice, there are two qualities, one is white raw rice and one is steamed rice. The taste between the raw white rice and the steamed rice is of a big difference. And we get premiums out of that. And I will give you an example. Today my position is that about 15 days back when all our members of the management were sitting and we found the way the export orders are coming to us. We could never estimate that the export order due to pandemic will come in such enormous quantities. So, we feel that we will be short by 200,000 to 300,000 tonnes of India Gate Classic. So, we thought let us buy from the market, let us see how it happens. You will be surprised to know, there is not a single kilo rice two years old available in the market which we are selling in India Gate Classic. I am just giving you these examples. Similarly, if you look at the prices today in Saudi Arabia, many things are to be discussed. I don't want to discuss on this, we have got a huge premium, you cannot even understand the premium at which our brands are being sold into the Middle East. And they are higher by 15% over the competitors.
- Saurabh Gupta:** So, is it fair to assume that our positions will actually get more strengthened because of current issue, even in export market?
- Anil Kumar Mittal:** It has been already strengthened, we are worried of only one thing, to be very frank, that as you rightly said, that today there is a hue and cry in the market, people think what will happen after two months, whether exports will be banned, imports will be banned, what will happen, what is the position of India, that is just a horror in the mind and people are taking the goods. We do not know the further impact of Corona after two months. And if it continues, if there are lockdowns or anything, definitely then the businesses are bound to get impacted. We will not be the only person who are not impacted and the rest of the world will be impacted. If such thing arises after two months or one month, and it continues definitely then our market will also be impacted.

- Moderator:** Thank you. The next question is from the line of Rajiv Agarwal from Doodarshi Advisors. Please go ahead.
- Rajiv Agarwal:** My first question is, as you mentioned that you have too many orders that at some point you were worried whether you will be able to service them. Given that, is it reasonable to expect that the total volume that we will see in FY21 will be similar to what we have seen in FY20?
- Anil Kumar Mittal:** FY21 is too far, corona effect started coming in the month of March, and we are just on 27th of April. Full one year is there for FY21. As I said previously also, we do not know, it is difficult for us to anticipate that weather after 3rd of May or maximum end of May it will finish, it will clear and things will come to normal way of working or will it continue. And not only in India, will it continue in other parts of the world, it totally depends on how this current pandemic is going to behave.
- Rajiv Agarwal:** And assuming that the pandemic sort of continues, which is the worst-case scenario for any business, what levers do we have to reduce cost on our side? Like, could you talk about some of the things that we will do or the measures that we will take, if we have to, to sort of address and keep the business on our side?
- Anil Kumar Mittal:** Connect to us on mail and we'll take this question offline.
- Rajiv Agarwal:** Sure, no problem. My next question is, in Q3 we were getting paddy at a price of Rs. 28.4 per kg, and rice at Rs. 48.7 per kg. And in Q3 we had taking some write down on the inventory, given the market size. Do we expect another write-down for Q4 given how the prices have moved?
- Anoop Kumar Gupta:** No, we have not given any write-down. Today also the market price is more than the stock price. Say, the paddy was at Rs. 28 per kg, today the paddy price is more than Rs. 30 per kg, rice was at Rs. 48 per kg, today the rice price is more than Rs. 55 per kg.
- Rajiv Agarwal:** Okay. So, we don't expect for Q4 any write-downs? Because from Q4 to Q3 we just take some write-down in the inventory.
- Anoop Kumar Gupta:** No.
- Rajiv Agarwal:** That's very heartening to hear. And then we talked about Iran, and I think there was this question about what percentage of our business comes from Iran. So for that response, I will send you an email.
- Rakesh Mehrotra:** Yes, please send the mail, we will reply.
- Moderator:** Thank you. The next question is from the line of Jagpreet Bhatia from VA Capital. Please go ahead.
- Jagpreet Bhatia:** Anil ji, the goods which are going to Iran, I believe they are not of the same value to the Company as it is going to Saudi Arabia, Kuwait and any other places. Is it correct that the margins on that goods in Iran is much lesser?
- Anil Kumar Mittal:** See, it has been known to everybody that there are two types of businesses with KRBL, one is the branding business which comes under FMCG, which is our majority business. And one is this tender business which we do with Government of Iran. There are businesses in private sector also in Iran, but we don't want to touch that because of the payment problem. And as far as my knowledge goes, people are into big, big trouble, not trouble but they are into big trouble, and how

they are managing that I do not know. Yes, definitely, the business what is being done and what has been quoted, it is with a fairly good margin, which is reflected in our top line and bottom line both.

**Jagpreet Bhatia:** Okay. Anil ji, because of this pandemic, I believe you are exporting higher target volumes than you were initially exporting. So, are you getting some new customers, new territories which are sustainable kind of business which you are building up?

**Anil Kumar Mittal:** Let me tell you, as far as rice is concerned, the biggest problem is, if 70% of the trade are giving credits, they are doing businesses where payment is at a very high risk. We at KRBL ensure before doing any business that what is the position of the payment and that is one of the primary things that KRBL should take credit for, that is in the last 30 to 40 years whatever years we have been doing exports, we have never had a bad debt as far as exports or domestic is concerned. But you have to ensure one thing in business that payment is of prime importance to us. Otherwise, today if KRBL goes the way the other trade is doing, I can definitely sell at least 150,000 tonnes more with the lower margins.

So, first is the margin of profit which we ensure that we will not work less than this whether we get the business or not. And second is the payment. Now, when you talk about the new market or new buyer, if I go to a new buyer that means there is something wrong with the old one, this is not the time during this pandemic that I go and search for a new buyer. First it is more important to let the market settle down, because nobody knows what is going to happen after three months.

**Jagpreet Bhatia:** Okay. And are you buying the crop from the market, paddy or rice which is existing since last October, November, December 2019?

**Anoop Kumar Gupta:** We have bought the paddy till January last and I think we have covered around more than 700,000 tonnes of paddy, and we were buying rice also. But from last 20 to 25 days or one month, we are not buying much.

**Jagpreet Bhatia:** Anoop ji, how much is your debt, long-term plus short-term?

**Rakesh Mehrotra:** Total debt as on date is around Rs. 300 crore, long-term and short-term.

**Anoop Kumar Gupta:** During COVID also, we paid Rs. 100 crore to the banks.

**Jagpreet Bhatia:** Wonderful. And Anoop ji, the new crop sowing that will happen, because harvesting is also delayed and the harvest is also not being properly sold out in the markets, in the mandis, and labour is also not there in Punjab, Haryana fields. So, do you see a probability of the new sowing season coming up for rice?

**Anoop Kumar Gupta:** See, basmati harvesting I think happens in June, July, so I don't think there should be any problem. But I feel that the problem is of farmers, if some field is empty then basmati harvesting can increase, because normal harvesting is done sooner than that of basmati.

**Anil Kumar Mittal:** Let me add over here. If you look at the news and Ministry of Food, Ministry of Agriculture, this year 25% sowing has been done more in eastern part of India, especially up to Bihar, Bengal and Orissa for paddy. So, everybody is saying that anyhow by that time when the sowing time comes, there should not be any problem. Farmer by any way is not going to sit idle and let his farm be empty. Whatever he does, he is going to grow something.

**Jagpreet Bhatia:** Okay. I think still we have one and a half months for that, so let's hope and see. And Anoop ji, are you finding that unorganized market would get converted into packaged market for sure going forward?

**Anoop Kumar Gupta:** See, I will tell you frankly, due to this COVID, the advantages are also there. Advantage one should not say because it is not good for the human life, but as far as business is concerned, people are preferring packaged rice. And set of new consumers I think in the secondary market, what I heard from distributor, daily new consumer basket is coming. If you talk of Delhi, in last 20 days I sold about 1,200 tonnes, which is a record sale in Delhi. Because in Delhi you go to any shelf, India Gate is available, even in those shelves where never India Gate was sold. And one more information I should give you is that last year AC Nelson we have received the data, in modern trade we had a 41% market share and we were number one.

In modern trade and ecommerce, there is a 50% increase in modern trade orders post Corona, and 100% increase in ecommerce orders post Corona. And if I compare April 2019 sales to April 2020 sales, till date in domestic alone, I have covered 60% of last year's April 2019 sales. So, looking at such a disastrous situation, I think we as KRBL team has done a very good job.

**Jagpreet Bhatia:** And Anoop ji, how is your volume and sales divided across traditional, modern, ecommerce and HoReCa?

**Anil Kumar Mittal:** It is very good, it is excellent. I will tell you, I couldn't imagine, there was a fear two months back that what will happen to the export orders and how they will be executed and whether orders will come or not. But Priyanka has done a lovely job, she really booked us out, I couldn't imagine the order she booked in the last two months, it has been a phenomenal rise in orders. And also even there it is lockout, but our sales are taking place through ecommerce.

**Jagpreet Bhatia:** Okay. And the other rice that were initiated last year, like the Rajbhog rice and Kolam rice, how are they doing?

**Anoop Kumar Gupta:** Yes, yes, those rice are okay, not very good, but I am okay as the stocks are selling regularly. Because I am selling at a premium in 1 kg rice only, so there is no question of great volumes. But I am able to do the shelf with India Gate Jeera Rice with 1 kg rice. I am not doing bulk sales.

**Moderator:** Thank you. The next question is from the line of Amitabh Sonthalia from SKS Capital. Please go ahead.

**Amitabh Sonthalia:** I had a couple of questions, as you mentioned several times that how KRBL fetches a premium in the overseas market. Of course, basmati is a food product but at the same time it is not an essential item, it is sort of a high-end food product. What is your view, do you consider it as a staple or do you consider it as a premium, perhaps a premium product which in times of distress and low income, where income levels globally are hit, whether people will down trade to cheaper basmati rice in the market? or to a lower graded rice, maybe not basmati, since basmati is at a premium? What is your past experience of recessions and global crisis, has that happened?

**Anil Kumar Mittal:** See, as far as global market is concerned, as I told you, 75% of the total exports of basmati rice from India is to Middle East, which includes Iraq and Persian Gulf, so majority is Middle East. And all these places which I have named to you, including Middle East, Iraq, Iran, Kuwait, Saudi Arabia, whichever country they are, seven or eight countries, it is a staple food over there, it is not a luxury food.

So, whatever may happen, they are going to continue buying basmati rice. The other non-basmati rice or long grain rice which either goes from Thailand or other places, they are primarily sold for the expats who are working as a labour class in different projects. So, it has been more or less consumed not into the household or not into the other markets or local markets. Locals never eat non-basmati rice, 99% locals they eat only basmati rice. So, one thing should be clear that it is a staple food over there, as far as globe is concerned. In India, I think Anoop ji will be able to tell you more.

**Anoop Kumar Gupta:** Yes, as far as India is concerned, you have a price range right from Rs. 40 per kg to Rs. 200 per kg. And during COVID also, I think majority sales were in the range of Rs. 70 to Rs. 75. If you talk of India, if I sell around 300,000-350,000 tonnes, the average selling price of 350,000 tonnes is around Rs. 60 to Rs. 62. So, Rs. 200 per kg rice is quite less than Rs. 70 to Rs. 80 per kg rice. It is always like a prism wherein the top only or the premium segment is there and the bottom is the low-price segment is there, so average is around Rs. 60 to Rs. 70 per kg. So, you can't say that eating Rs. 60 to Rs. 70 per kg rice is a luxury item. Even today's basmati varieties, good non-basmati varieties are more than Rs. 70 crore a kg.

**Amitabh Sonthalia:** And you may have shared some volume data in the past, so, what has been our sales volume impact in the last one or two months due to COVID?

**Anoop Kumar Gupta:** You see, I can tell you, in April 2019 we sold 23,000 tonnes, and till date in April 2020 we have sold 16,000 tonnes. So, I don't foresee much loss, and I think whatever the loss would be in the domestic market will be taken up by the export, because export is doing better than pre-COVID.

**Anil Kumar Mittal:** And let me add over here to all the participants in the conference, that today KRBL is in a position to sell one of the premium brands which we are selling at a very good price, even at \$3,000 provided these other exporters they sell the prices which are 30% cheaper or 25% cheaper. The competition on pricing is such a price war which should not be there in basmati rice, but people do not have that vision how to take price of basmati rice. It's really surprising. I do not know, all my distributors and many people say price is not a problem provided we get offers daily at 30% to 40% cheaper than what you are selling in the premium segment. When people are selling at 30% cheaper, of course, ultimately, it's a commodity, though we have formed it as an FMCG company or a FMCG product, but ultimately, it's a commodity.

**Amitabh Sonthalia:** Right. So, then what is our response? You had mentioned earlier that we will not sell below a certain margin. Which means that we are willing to take a short-term volume hit in this price war scenario?

**Anil Kumar Mittal:** Let me tell you that the day KRBL in the export market, we come down with very heavy discounts or sale and this and that, then whatever we are today we will not remain. It's not a question of only profit, we sell our rice because people, consumer feel it's a premium rice. There is no other rice in the market available what is there in India Gate brand abroad, that is the concept. And if you go to any of the stores in Dubai or Kuwait, you will find people going only to the shelf of KRBL, that is India Gate brand in that segment.

**Amitabh Sonthalia:** Right. My second question was, in March there was a lot of creeping acquisition happening and then SEBI of course stopped companies from buying in the new financial year before you declare results. Can you just throw some light on the current situation? And what if the promoter intends to increase further stake in the current financial year?

- Anoop Kumar Gupta:** At present, the window is closed at this prices we wanted to buy but as of now the window is closed. Mr. Sonthalia, I will tell you a very crude example. What is happening in the share market today, a Louis Vuitton bag selling at a price of Rs. 4 lakh, if it sells for Rs. 1 lakh then people will say that it might be fake or its stolen, this and that. This is what is happening with KRBL shares, nothing else.
- Amitabh Sonthalia:** So, my question is, once this silent period ends after the declaration of your Q4 results, after that you are allowed to go forward?
- Anil Kumar Mittal:** We will discuss in the Board regarding about buyback as a Company not as the promoters. We will discuss in the Board regarding the buyback of shares in the company.
- Amitabh Sonthalia:** Right. So far there is no proposal for any buyback, right?
- Anil Kumar Mittal:** No. Till the financial results are announced, there is no proposal.
- Moderator:** Thank you. The next question from the line of Anshul Sehgal from Kotak PMS. Please go ahead.
- Anshul Sehgal:** My questions are a carry forward from the previous question, where a participant asked that will the company become stronger after this? And in many of your comments you have said that there are a lot of companies in the market who have significant debt on their balance sheets. You are selling at a 15% premium to the market, even in these times you are at 60% of volumes of April 2019, and in the export market you have in fact grown volumes. All of this gives us an impression that not immediately, but definitely in the long term KRBL will come out much stronger than what they were earlier in terms of competitive intensity. How would you react to that? What is your view on this? And there are things which are not in your control, which is how long Coronavirus lasts, etc. Let that be aside, if you look at the long term, say, two to three years, how do you perceive KRBL to come out as a company in context of competition?
- Anoop Kumar Gupta:** Mr. Sehgal, what is the position today, definitely I have been telling you constantly that we are looking at rice and our market share, whether in export market or domestic market, it is going to increase. Your question is, the money will come and where your growth is? Definitely, today our Dhuri plant is running at 50% to 55%, we want to run it at 90% to 95%. Today, we are buying 700,000 tonnes of paddy, wherein we will buy 1.2-1.4 million tonnes of paddy and you need finances for that. And whatever profit of Rs. 500 crore or Rs. 600 crore, it maybe for basmati, it depends, if any opportunity for takeover or anything, we can look at that time within a period of two years, three years. So definitely, our industry and our brands are doing extremely well and we are going to show good results in the next two to three years.
- Anshul Sehgal:** Okay, great. And there was another question earlier about full year volume, that given as things are today, where do we see in comparison to last year this year's volumes? Will we be somewhere in the same region of last year's volumes or do you see some impact on volumes this year? Of course, as we see things today, they can change going forward, but what is your assessment today?
- Anil Kumar Mittal:** When you are comparing it is 2020 versus 2021 or it is 2019 versus 2020?
- Anshul Sehgal:** I mean FY20 versus FY21, the point being that because of Coronavirus everybody estimates some demand to get lowered, but this being a staple food item will the impact be marginal or will it be substantial?

- Anoop Kumar Gupta:** Mr. Sehgal, what I feel, it will be higher by minimum 15% to 20% this year. The reason being consumer choice for a packaged food, consumer choice for oil and even for export that we had with last year. So, I think it will be better by 10% to 15% than last year.
- Anshul Sehgal:** So, FY21 volumes can be up by 10% to 15% as compared to FY20?
- Anil Kumar Mittal:** Yes.
- Moderator:** Thank you. The next question is from the line of Varun Goenka from Nippon Mutual Fund. Please go ahead.
- Varun Goenka:** To begin with, let me first appreciate, I think all of us were pushing for a buyback last year but I think the management took a very wise decision of first repaying the debt then going for a buyback. I think in hindsight, we all agree that that has worked very well. Just two more questions. I think most of the questions have been very comprehensively answered, is non-basmati or branded rice now also will become a focus for us? Because of India being surplus, food export demand being high, or any thoughts around that? Because India Gate brand can be used today to extend beyond basmati.
- Anoop Kumar Gupta:** Yes, definitely we were in the process, and due to COVID, I will tell you sales can happen, everything can happen, but acquisition and logistics problem in different state cannot happen. So, we were in the process of acquiring or building some packaging plants in West Bengal and Karnataka. That at the moment has become a little slow, maybe in two to three months we will go aggressive on that.
- Varun Goenka:** Absolutely. Fantastic. Second question is, the ecommerce and modern trade, today it might be very good for volumes, but eventually what happens is the pricing or the working capital goes in their favor. So how are we planning to balance that or control that?
- Anoop Kumar Gupta:** You see, in the modern trade and even in the ecommerce we have strict memorandum of understanding with every one of them. They have to take that PTC, price to the consumer has to be in the knowledge of KRBL, it cannot be less than a certain point. That is very, very important if so, supplies are immediately stopped.
- Varun Goenka:** Okay. But I just want to understand this, so in ecommerce our margins are the same as company level, because I have been myself buying a Classic or other India Gate brands from Amazon or Big Basket for the last 10 years, but the prices seem much lower versus MRP. So, is that the dealers that are discounting?
- Anoop Kumar Gupta:** It is a trade practice, if you talk of any basmati rice, 80% of the shops are selling product less than MRP. It is a strategy of the industry, it is not a question of KRBL, they want to write 30% less, 20% less, 25% less. So, we are just adding 55% on our estimate prices which include distributor margin, retailer margin or freight cost, which gives 25% to the retailer, but retailers have shown as 5%.
- Varun Goenka:** Right, thirdly, our receivables on the power side, so how was that doing for the power business?
- Anoop Kumar Gupta:** Varun, power is very simple, you give a letter of interest waiver, the payments come. 15 days back Maharashtra Government gave us a letter, they cleared our six months' debt. We said we will not demand any interest on it if they pay our six months' debt.

- Varun Goenka:** Okay. So today do we have any receivables pending, March 2020?
- Anoop Kumar Gupta:** As of now I don't know
- Varun Goenka:** So, just my humble suggestion, as I mentioned earlier, that today we are all talking about a buyback or something, that apart, maybe this power business can be demerged.
- Anoop Kumar Gupta:** Yes, we are working on that. KRBL will discuss in the Board whether it is buyback of shares in the company or demerger.
- Varun Goenka:** Right. Because for example, today only Shapoorji Pallonji has sold to KKR at Rs. 4.9 crore, 4 megawatts plant. So, this Rs. 400 crore to Rs. 500 crore can give us additional liquidity to invest in our core business or to buyback KRBL. And just final request, if may be once a year or six-monthly even Priyanka ji can come on the call, help us on the brand, we can hear her thoughts on the brand, what we are doing maybe on different segments of the brand creation, pushing the brand.
- Anoop ji, your thoughts on the institutional segment also will help, even because trade is low today and might take a while, are we helping in any way that side of the business today to get loyalty with us?
- Anoop Kumar Gupta:** Today the institutional sale is at a standstill, because today there is no restaurants, no catering, nothing is working because in South India my clients and institutions in South India are ample but unfortunately due to COVID nothing is happening.
- Moderator:** Thank you. The next question is from the line of Amit Doshi from Care PMS. Please go ahead.
- Amit Doshi:** Last year, we announced a vision of reaching to approximately Rs. 8,000 crore in next four to five years. So, considering this, and if you see our history, till 2012 our export component has been always on a larger side compared to the domestic. Whereas after 2012, domestic became a major part of our sales, or major contributory. In FY2019-20 if we see last three quarters and as you are again giving a bit of an idea about that exports orders are robust and were going very strong. So, going forward, what do you think that out of that Rs. 8,000 crore plan that we have, how that share is going to be, considering that this COVID situation and otherwise? Any comments on that would be useful.
- Anoop Kumar Gupta:** This Rs. 8,000 crore we have given last year is in the next five years, and at that time also we have shared that the amount or ratio would be 50:50.
- Amit Doshi:** Okay. Ratio would be 50:50. On the second question, first of all, congratulations on winning that income tax pending appeal. But one small question on that, there is some pending demand of Rs. 180 crore matter which is still pending and which you have taken at the higher appellate authorities. So, what is that, because I presume that the cash payments to the farmers was the only issue? So, if that Rs. 2,200 crore entire amount was there, then how is it that part amount is allowed, and part ground is rejected?
- Anoop Kumar Gupta:** Total addition was for Rs. 2,500 crore, out of which around Rs. 1,900 crore was due to farmer purchase. And around Rs. 180 crore was certain parties they found that these purchases are not up to the mark or they are fictitious purchase, they were 7 years about Rs. 180 crore. Investments have been credited for this period so out of this we have received about Rs. 1,980 crore. About Rs. 220 crore they

have moved to the tribunal. And for this I tell you, we have deposited Rs. 200 crore tax, of which Rs. 100 crore we will get the refund, we have already applied for the refund of Rs. 100 crore, and Rs. 100 crore we will get the refund after we win that tribunal order.

- Amit Doshi:** Okay. And just last question, while our export market and there is a bit of pricing pressure on that side, as Anil ji mentioned earlier. Do you see your earlier guided margins of that approximately 18% is what you had indicated, seem to continue? I mean, I know it could be a bit of a premature question at this level, but just a broad thought on that front.
- Rakesh Mehrotra:** This is UPSI, so we can't guide on that. This is price sensitive information, but we will be on target, that is only thing we can say.
- Anoop Kumar Gupta:** We will try to maintain the EBITDA, whatever we maintain in-house we will try to maintain that EBITDA.
- Moderator:** Thank you. The next question is from the line of Dhruv Agarwal from Bharti Axa Life. Please go ahead.
- Dhruv Agarwal:** My question is regarding the volume numbers for FY19. If you can give it to me, as I don't have the split.
- Rakesh Mehrotra:** You can write an email to us, we will reply.
- Moderator:** Thank you. The next question is from the line of Ayush Mittal from Mittal Analytics Pvt. Ltd. Please go ahead.
- Ayush Mittal:** One question that I have is, when we look at the international articles about the price increase in rice, this is about the general rice that the price increase has been happening which has increased by more than 15% to 17%, or in basmati also are we seeing such a similar change in pricing when it comes to export orders?
- Anil Kumar Mittal:** No, it is for non-basmati rice for one or two reasons. That India was not able to offer much of the rice because India was second largest in non-basmati rice after Thailand to export to Far East and to the African continent. So, because of that the prices of non-basmati got jumped up and I think so it will now be equalized and after Corona effect a lot of non-basmati will start going after May. So, after May again the importers will come back to India to import rice from India. They had all shifted to Vietnam, Thailand, Pakistan and all because the prices were not meeting. As prices went a little higher, now India has come back to parity. So, I think from May onwards the non-basmati export will start taking place.
- Ayush Mittal:** Okay. And how has been the change in Basmati prices in the spot market as of now versus three months back?
- Anil Kumar Mittal:** Prices are more or less same, there is no change. As far as KRBL is concerned, absolutely there is no change.
- Moderator:** Thank you. The next question is from the line of Ekta Mehta from Capital Advisors. Please go ahead.
- Ekta Mehta:** I had a few questions. Firstly about the Middle East, so in 2014 our levels of export were quite high, and then we suffered because of distribution challenges. So now post corona do we have the potential to come back to those levels?

- Anil Kumar Mittal:** See, as far as the current orders and the current behavior of the market shows that is on its peak and everybody's happy, orders are coming, they are being implemented. And in spite of impediments, logistic, labour and all, still the Government has really helped up the exporting community and shipments are taking place that is number one.
- Looking to the current order, which we saw in March and which we saw in April, it seems that exports is going to do exceptionally well. But we do not know what will happen after May, June, at least first quarter of FY21 will show a good remarkable growth, but we do not know thereafter. So, it will be impossible to guess or share that we are going to do excellently well. We do not know, it's a very big question mark due to the corona virus pandemic which has taken place, it is uncertain what shape it will take place after two months or one month or three months.
- Ekta Mehta:** Okay. But specifically, on the distribution challenges that we were facing earlier, like have we taken any steps to ease out those distributions' challenges?
- Anil Kumar Mittal:** Definitely. This is one good part in KRBL, if any distributor is misbehaving or he is not up to the mark, so our agreement and our contracts are such that we change, we change them and recently we have changed our distributor in Dubai. After we changed, we are really getting a boost in our sales.
- Ekta Mehta:** My next question is on ecommerce. So, like you said that the ecommerce sales have increased by 100%, what period were you referring to?
- Anoop Kumar Gupta:** I am referring from 15th March, 2020 to date. During the COVID period, the sales have increased by 100%.
- Ekta Mehta:** Okay. Also, have we tied up specifically with any platforms?
- Anoop Kumar Gupta:** Yes, we are in process of tying up with Zomato. Zomato is active in 31 cities across 11 states. We are also in process of tying up with Swiggy which is active in Bangalore, Mumbai, Delhi, Gurgaon, and we are we are in discussion with Domino's also. So, we are working towards that in every possible channel.
- Ekta Mehta:** Okay. So is our next approach going to be on communication of how hygienically our rice is processed and everything, because now that has become a very big concern.
- Anoop Kumar Gupta:** Within one week you will receive a video.
- Ekta Mehta:** Okay. Also, what step for now, like in the rural areas the demand has not been affected as much as urban. So how are we trying to educate those customers on hygiene and from shifting to unpackaged to packaged, like is that a possibility? Like are you seeing that happening already in rural areas also?
- Anoop Kumar Gupta:** You see, I can advertise these things only on social media. I cannot afford to tell them hygiene on a national media, but we are active on social media definitely.
- Ekta Mehta:** Okay. But are you seeing a shift like in Tier 3 or in rural also from unpackaged to packaged rice?
- Anoop Kumar Gupta:** Yes, as we are always active on social media, we do see a shift.

- Ekta Mehta:** Okay. My last question is on Quinoa, are we focusing more on Quinoa right now on social media also?
- Anoop Kumar Gupta:** Quinoa sales are not that lucrative, we hardly recorded Rs. 150 crore domestically but in exports we are doing well. Mr. Mittal will tell you, regarding exports.
- Anil Kumar Mittal:** Let me tell you, Quinoa we were at the very initial stage, because very vital roles have been played by the quality. The quality produced in South America is much better over India, up to two years, one and a half years back. But one and a half years back, we improvised the quality to an extent that there is hardly any difference between the South American Quinoa and the Indian Quinoa. And since then, we are getting very good orders in exports. Now there is one big problem in exports with India, that is pesticide residue. Now in America alone I can sell very big quantities under India Gate brand, we are so strong. Same way in Europe, I can sell big quantities of Quinoa, but there the issue comes up of pesticide residues. And we have tried in our contract farming or our contractors which are supposed to grow Quinoa on our behalf, they say it is difficult for the farmers that they will not grow without spraying the medicines and pesticides. So that is one issue which is coming in our way. I think it might take another one year or two years and we are working with various scientists how to grow organic Quinoa. The day India produces organic Quinoa, our sales will become 3x.
- Moderator:** Thank you. The next question is from the line of Rohit Potti from Marshmallow Capital. Please go ahead.
- Rohit Potti:** My first question is, if you could repeat what you were talking about your initiative, you are doing some acquisition in West Bengal and Karnataka you said, could you explain that a little more.
- Anoop Kumar Gupta:** The acquisition is to have packaging within the plant where we can pack 1 kg, 5 kg, India Gate brand and buy rice from different millers aging them in our warehouse and then packaging and distributing it. So, we were thinking of doing that thing in West Bengal and Karnataka. West Bengal for Gobindhog rice and in Karnataka for Sona Masuri rice. So, procure Gobindobhog rice and Sona Masuri rice from local millers, age it there, then pack and then distribute it. But now we are doing the same thing here in North India, but there is a lot of logistic costs, so we thought why not we package and distribute from there only. So, we may be doing it after three, four months after this COVID becomes normal.
- Rohit Potti:** Understood, that was helpful. The next question is, it was quite clear that KRBL is strengthening assets quite well in this downturn. But how is the competition doing, can you give us any insight into how the rest of the competition in the basmati rice industry is doing? Are they able to function to the extent that you are able to function, both unorganized and organized? And do you think there could be more players who will shut shop because of this issue?
- Anoop Kumar Gupta:** You see, even branded players like Daawat, Kohinoor, are also doing because it is an essential commodity and everyone is allowed to do it. But there are hundreds of small players, they are at risk. So due to that the sale of packaged food is only growing, and due to hygiene also sale of packaged food is enormous in last 40 to 45 days.
- Rohit Potti:** Understood, that was helpful. And again, this is an unprecedented time and we don't know how this will evolve. But given our balance sheet strength and given the fact that we understand branding and FMCG in the company, I was curious to know if over the next one, two years if a good brand comes for sale in the food

industry, maybe in the basmati industry or some other related food industry, will the management be open to acquiring a company or a brand like that?

**Anoop Kumar Gupta :** Yes, management is open. We will discuss within ourselves if we think its profitable and beneficial for the company, we will definitely go for it.

**Rohit Potti:** Okay, understood that is it from me. Once again, thanks a lot for such an informative conference call.

**Moderator:** Thank you. The next question is from the line of Sai Prasad, an individual investor. Please go ahead.

**Sai Prasad:** Very good afternoon. My question is on the ultra-premium category which we are currently working on, the Classic India Gate, the super category. I would like to just know, what is the percentage of this top rice on an overall basis, comparing domestic and international markets?

**Anoop Kumar Gupta:** I won't be able to give you the percentage, maybe Mr. Mehrotra can take that question offline.

**Sai Prasad:** Okay. And second question, what is the projected growth you are looking for in this category of business, the premium, ultra-premium category over the next two, three years? Year on year what is the projected growth you are expecting?

**Anil Kumar Mittal:** See, let me tell you, as far as premium category is concerned, definitely we are going to improvise much, much more what we are today. But it's a normal phenomenon that people like the middle-class brand and that they have a better performance but the sales could be much more over the premium class. So if we compare the two classes, our sale of super or Bab Al Hind Brand it will be definitely be much more over the most premium brand which we are selling above \$2,000 a tonnes.

**Sai Prasad:** So, I am talking in terms of the volumes, not in terms of rice. Volume, what do you think in terms of growth will be in the next two to three years?

**Anil Kumar Mittal:** See, on premium quality we are expecting growth should come at, atleast 7% to 8% every year.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for closing comments.

**Rakesh Mehrotra:** Thank you very much for participating in the conference. We will see you soon after the annual results are announced. Thank you once again.

**Moderator:** Thank you very much, sir. Ladies and gentlemen, on behalf of KRBL Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.

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