

KRBL to expand non-basmati rice and bran oil portfolios: Jt MD Anoop Gupta

Basmati rice prices up 10-15% this year; may rise further as crop is 7-8% down

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Last Updated at November 13, 2022 19:34 IST



Anoop Kumar Gupta, Joint Managing Director of KRBL Ltd

KRBL Limited, the maker of the flagship India Gate brand of rice, is looking to expand the domestic and export footprint of its premium regional non-basmati varieties of Kolam, Sona Masuri and Gobindobhog under the India Gate label.

The company is also planning to raise the production of healthy rice bran oil and market it under the India Gate brand in the next few years, for which

it might put up a refining unit, Anoop Kumar Gupta, Joint Managing Director, KRBL Ltd, told Business Standard.

At present the company makes about 50 tonnes of rice bran oil a day.

KRBL, which had revenues of about Rs 4,200 crore in FY22, making it one of the largest players in the basmati market, is eyeing a 20 per cent growth in turnover in FY23, on the back of good realisations from basmati sales.

According to the latest results released last week, the company's net profit rose 56.44 per cent to Rs 213.10 crore in the quarter ended September 2022, from Rs 136.22 crore during the quarter ended September 2021.

India produces 6-7 million tonnes of basmati rice a year, of which 4-4.2 million tonnes is exported. Gupta said in FY23, basmati exports this year will be 7-10 per cent higher by value than last year for the whole industry.

"In regional rice varieties we are selling sona masuri, which is minimum one-and-a-half-year aged, Gobindobhog which is also aged for one to one and a half years, and also Kollam rice. To expand this, we are putting up a plant in Karnataka. We are also setting up a unit in Gujarat, as there is a lot of Kolam rice in that state. Sona masuri is grown in Karnataka. We are thinking of putting up a plant in Madhya Pradesh too, for basmati and non-basmati both. Such regional non-basmati rice varieties can be sold to consumers at a price point of Rs 100 plus, which is very good and top quality," Gupta said.

Gupta said the ban on rice exports hasn't impacted KRBL much as basmati rice, which comprises almost 90 per cent of their business, has been kept out of its purview. But the ban has had some impact on the firm's broken rice and non-basmati businesses which make up just 3-4 percent of the revenues.

"We do non-basmati rice exports, but that is all very expensive, value added non-basmati. There, we are facing some issues due to the 20 per cent duty," Gupta said.

He said at present the normal price of non-basmati rice in the global markets is \$340-400 per tonne but the ones KRBL is shipping are priced at over \$550 a tonne, as they are all aged premium varieties.

"My personal thinking is that imposing duties is better than an outright ban. The government banned 100 per cent broken because it is required to make ethanol," Gupta said.

On the broader rice market, for both basmati and non-basmati rice, Gupta said that basmati paddy arrivals have started to peak and the prices are already 10-15 per cent higher than last year across all varieties.

Going forward, he said there could be further escalation as the basmati paddy crop, which is usually about 12 million tonnes per annum, is 7-8 per cent less this year as compared to 2021.

"So I don't think this year anything (paddy) will be sold below MSP, especially in Punjab and Haryana. This is because in UP and Bihar, the government is not that active. So maybe some rice will go below MSP in these two states, not anywhere else," Gupta said.

On the recent move by FSSAI to cap blending of non-basmati rice with basmati at 15 per cent, Gupta said from the standpoint of a large player in the basmati market it is a welcome move.

"Our main aim is to see that around 55-60 percent of the basmati rice which is sold loose gets converted into any brand and as KRBL has a ratio of around 40 per cent in the branded basmati rice market we will be natural winners of this," Gupta said.