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

Sub: Transcript of the Earnings Conference Call held on Friday, February 07, 2025 on Unaudited Financial Results of KRBL Limited for the Third Quarter (Q3) and Nine Months ended December 31, 2024

Dear Sir/Madam,

Pursuant to the provisions of Regulation 30 read with Para A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of the Earnings Conference Call of KRBL Limited held on Friday, February 07, 2025 at 12:00 Noon onwards on the Unaudited Financial Results for the Third Quarter (Q3) and Nine Months ended December 31, 2024.

The same is also available on the Website of the Company at https://krblrice.com/investor-relations/financial-information/

This is for your kind information and record.

Thanking you,

Yours Faithfully,
For KRBL Limited

PIYUSH ASIJA

Digitally signed by PIYUSH ASIJA
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Piyush Asija
Company Secretary & Compliance Officer
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Encl: As above

"KRBL Limited

Q3 FY'25 Earnings Conference Call"

February 07, 2025

MANAGEMENT: **MR. ANIL KUMAR MITTAL – CHAIRPERSON AND MANAGING DIRECTOR – KRBL LIMITED**
MR. ANOOP KUMAR GUPTA – JOINT MANAGING DIRECTOR – KRBL LIMITED
MR. AYUSH GUPTA – HEAD OF DOMESTIC DIVISION – KRBL LIMITED
MR. ASHISH JAIN – CHIEF FINANCIAL OFFICER – KRBL LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to KRBL Limited Q3 FY'25 Earnings 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 now hand the conference over to Mr. Ashish Jain, Chief Financial Officer, KRBL Limited. Thank you, and over to you, Mr. Jain.

Ashish Jain: Good afternoon, all participants. Welcome to the earnings call of KRBL Limited. We have 4speakers today. First, Mr. Anil Kumar Mittal, our Chairman and Managing Director, will give you an update on the industry trend, our strategy and the export segment. After that, Mr. Ayush Gupta, our Business Head for the Domestic Business, will give you an update on the domestic business and I will present a update on the financials of the company. We also have Mr. Anoop Kumar Gupta, Joint Managing Director, on the call with us.

Please note that some of the statements made during the call may contain forward-looking information, and actual results may differ from these statements. For more details, you can refer to KRBL's investor presentation, which is available on the stock exchange websites and our company's website.

I would now hand over to our Chairman, Mr. Anil Kumar Mittal, for his comments.

Anil Kumar Mittal: Good afternoon, everyone. Wish you all a belated happy and prosperous New Year. Thank you for joining us today for KRBL's Limited Q3 FY2025 Investors Call. I'm pleased to provide an update on our recent performance and share insights into our future outlook.

To begin, let's review the global rice market landscape. The USDA's latest forecast for the '2024-'25 marketing year projects global rice production at 534 million metric tons, a considerable increase from522 million metric tons in the preceding year.

Subsequently, global rice consumption is also expected to rise to 530 million metric tons in '2024-'25 compared to 522 million metric tons in '2023-'24. This year, again, global rice production will exceed consumption, reversing the deficit observed in '2021-'22 and '2022-'23. This is a positive sign for global supply stability and trade.

Turning to India's rice outlook. Rice production is estimated to reach a record 145 million metric tons in '2024-'25, up from 138 million metric tons last year. Basmati rice production has also hit an all-time high, exceeding 16 million tons of paddy harvested across the GI region and all varieties. This is a 10% increase over last year's production data on the back of expansion in cultivated area, strong yields and introduction of new seeds and varieties. These varieties have shown higher resistance to pest and diseases, improving productivity and reducing dependence on chemical pesticides. The crop size of these new varieties is still small, but they are expected to be significant in the coming years as adoption by farmer increase year-over-year.

This season, basmati paddy prices have seen a 20% decline compared to last year. Driven by strong production and a stable supply-demand balance, KRBL has procured paddy as per our requirement for the year and still continuing to procure since we were slow due to the quantum jump in production as compared to last year.

The company has been proactively purchasing paddy at competitive prices to maintain quality and ensure cost efficiency. We expect paddy arrival to continue until the end of February, ensuring a steady supply for processing and exports.

Now focusing on India's exports. India continues to maintain its position as the world's largest rice exporter in 2025, with export projected between 20 million to 21 million tons, including basmati rice. This growth is supported by a robust harvest, ample stocks and government's open policy stand for all non-basmati rice exports except for 100% broken rice, which remains restricted.

Basmati rice export for the first 8 months of FY '2025 stood at 3.6 million metric tons, making a 22% decrease from 3 million metric tons in the same period last year. This growth is notable as it comes on the back of a record basmati exports of 5.2 million metric tons in FY '2024. However, basmati export realizations have declined by 7%, reflecting price pressure in the international market.

In September 2024, the Government of India removed the minimum export price of $950 per metric ton for basmati rice exports. This move has boosted export volumes as Indian basmati rice is now more competitively priced in global markets. However, India lost some market share to Pakistan during the period of export curbs. We are confident that lost market share will be recovered through strong brand positioning and competitive pricing.

Basmati rice prices in export market have remained stable to slightly lower, making Indian rice highly competitive. As per APEDA data, demand for the Middle East, European and the U.S. remains strong and we expect steady volume growth in exports in the coming months.

But in terms of realizations, we have seen a continuous pressure on price realization since February 2023. From the peak of INR 93,000 per metric ton in February 2023, the average price realization has come down to INR 79,500 per metric ton in November 2024, which is nearly a 15% decline over a period of 18 to 20 months. This pricing pressure is mainly due to increased supply outlook, trade policy and geopolitical factors.

Now moving to KRBL's performance. I'm happy to share that the company recorded the highest ever quarterly revenue. In export segment, KRBL's export revenue in Q3 FY 2025 stood at INR 567 crores compared to INR 275 crores in Q3 FY '2024, reflecting 104% growth year-over-year.

The company's total revenue for Q3 FY2025 was INR1,682 crores, primarily driven by the strong export performance. We expect that company is going to improve the export performance further in Q4. The company reported an EBITDA of INR 203 crores and a PAT of INR 133 crores.

I know that our investors are more interested to know about Saudi. In particular, we have started exporting to Saudi and we hope to reach a good level of business in coming quarters, including Q4.

Looking ahead to 2025, we remain confident in our ability to accelerate growth in our export business while sustaining our positive momentum in the domestic market. If anybody has any further questions, I would be happy to answer them during the Q&A session.

I hereby now pass on to Ayush for the domestic update. Thank you, everybody.

Ayush Gupta: Thank you, and good afternoon, ladies and gentlemen. It is an honor to address you today and share the key highlights of the third quarter of fiscal year 2024,-25 for our India business. At the outset, I want to reaffirm KRBL's unwavering commitment to its long-term growth strategy in the India market. This quarter marked the launch of several strategic initiatives that align with our vision of transforming KRBL into a multi-brand multi-category FMCG player.

For the first 9 months of FY '2024-'25, our revenue in the India market stands at INR 3,009 crores, reflecting a 3% value growth compared to the same period last year. However, orders posted a challenging market environment, resulting in a 4% decline in revenue to INR 1,100 crores. The decline in revenue is primarily driven by 2 factors. First, regional rice portfolio optimization. The regional rice segment saw a decline in value this quarter. Over the past 2 years, KRBL has tested the market with multiple regional rice varieties.

After a thorough evaluation of market potential, value addition capabilities, competitive intensity and gross margin viability, we have strategically consolidated our portfolio to focus on select high-potential varieties. While we continue our growth journey in these chosen varieties, we remain committed to exploring and scaling new varieties selectively.

Our goal remains to achieve 1 lakh metric ton in regional sales within the next 3 years, while ensuring this segment delivers equal or better gross margin compared to our basmati business. Moving on to the second factor, branded basmati performance. Our branded basmati segment demonstrated resilience in a dynamic market environment. While we saw a modest 6% decline, this was largely driven by a temporary softness in bulk pack realizations.

Importantly, our consumer pack realization continued to rise, reflecting sustained consumer trust in our premium offerings. The broader commodity market has faced significant headwinds with basmati rice prices seeing a 15% to 20% correction over the past crop year from November '2023 to October '2024. This trend has extended into the post-harvest period with prices adjusting by another 7% between November '2024 to January' 2025.

Despite these industry-wide pressures, KRBL has outperformed the market with our branded basmati realization holding strong. This reinforces our strategic pricing approach, brand equity and strength of our consumer loyalty.

While internal KPIs reflect stability, KRBL has outperformed expectations in terms of market share growth across all key channels. In general trade, we have gained 360 basis points to reach a 38.2% market share.

In modern trade, our market share grew by 140 basis points to reach 42.3% levels. And in e-commerce, we gained a dominant 470 basis points to achieve 42.8%. Additionally, our household penetration in India has increased by 400 basis points compared to the same quarter last year, further cementing our leadership in the market.

Progressing on our 4-pillar growth strategy. The first pillar, democratizing our distribution network. Our retail reach has now expanded to an all-time high of 4.15 lakh outlets, reflecting a net increase of 40,000 stores over last year.

Our distribution expansion, coupled with the 15% increase in direct reach has resulted in a 570 basis points improvement in weighted distribution, a key driver behind our strong market share gains. In e-commerce, our focus on enhancing share of voice, driving meaningful brand presence and forging deeper partnerships with platforms continues to yield results. We have gained 280 basis points in market share even on a sequential quarter-on-quarter basis.

The second pillar, remodeling of supply chain. Our supply chain transformation is progressing well as we move closer to key markets to enhance service levels and sales velocity. We are also investing in a technology-enabled ecosystem, paving the way for improved service quality and cost efficiencies.

Our third growth pillar is investing in the brand. This quarter marked a historic milestone for India Gate as we unveiled its new packaging, the first revamp in nearly 2 decades. This transformation developed over 2 years in collaboration with Landor is not just a design change, but a game changer in how consumers interact with the category.

The new packaging simplifies the buying experience and redefines basmati rice category codes in India. However, this is not just a onetime event, but the beginning of an exciting new journey for India Gate.

In our relentless drive to accelerate the shift from loose to packaged rice, we have onboarded the legendary Mr. Amitabh Bachchan as our brand ambassador. His values deeply resonate with India Gate's legacy and trust and we believe his association will play a pivotal role in strengthening consumer loyalty and driving category conversation.

Finally, our fourth pillar, foraying into new products and categories. Our ready-to-cook Biryani Masala launch has been met with overwhelming consumer appreciation. Following its success in modern trade and e-commerce platforms, we are expanding distribution in general trade while developing new innovations within the spices category.

A landmark development this quarter has been the launch of our new health-focused brand, Uplife. Uplife embodies the philosophy of Live Life Unbound and serves as our entry into the rapidly growing health and wellness space.

Our first foray is into the healthy edible oils category launched in 2 variants: Uplife Lite for weight management and Uplife Gut Pro for gut health. These products have a shared brand architecture with India Gate, reinforcing their credibility in the market.

Healthy edible oil market size is around INR 1,800 crores per annum and is growing at more than 20% year-over-year. We are targeting INR 300 crores revenue milestone in this segment, while simultaneously working on expanding Uplife into a comprehensive health and wellness platform over the next 3 to 5 years.

While this quarter post challenges, our performance underscores KRBL's resilience, adaptability and unwavering focus on long-term value creation. The steps we are taking today, optimizing our portfolio, strengthening distribution, investing in our brand, transforming our supply chain and expanding into new categories will serve as the foundation for sustainable growth in years to come.

As we look ahead, our focus remains on deepening our consumer connections, driving innovation and setting new benchmarks in the industry. I'm confident that with our strategic clarity, execution excellence and strong leadership, KRBL will emerge as the future leader of packaged food in India.

Thank you. I'll now hand over to Ashish for comments on the financial segment.

Ashish Jain: Thank you, Ayush. I will now take you through the performance for the quarter and 9 months ended 31st December 2024. All figures mentioned by me would refer to consolidated financials of KRBL Limited. First, we are pleased to report our highest ever quarterly revenue from operations, a testament to our brand strength and market leadership.

Coming to the quarter's numbers, total income for the quarter stood at INR 1,690 crores, higher by 15% over the corresponding quarter last year. Export revenue grew by 104% on account of growth in branded and private label business, while domestic revenue declined by 4% against the corresponding quarter due to the factors mentioned by Ayush.

Despite the short-term headwinds highlighted by Anil ji and Ayush, our strong operational efficiency and disciplined cost management have enabled us to maintain stable margins. Our gross margin for the quarter stood at 24% compared to 24.8% in Q3 FY 2024, with the decline primarily attributed to lower other income.

Excluding other income, our core gross margin actually improved, rising to 23.6% from 23.3% in Q3 FY '2024. This demonstrates our ability to sustain profitability despite external pressures. EBITDA margin for the quarter was 12% versus 14.1% in the same period last year, impacted primarily by the gross margin trend and a higher proportion of freight on sales, which had a 2% EBITDA margin impact.

Freight on sale was higher on account of higher export volume, higher freight rates and higher share of CIF sale on the domestic side. That said, we continue to optimize cost structures and enhance operational efficiencies to strengthen margins moving forward.

Finance cost for the quarter was lower at INR 1.2 crores as against INR 7.5 crores due to lower borrowings. PAT for the quarter was at INR 133 crores or 7.8% as against INR 134 crores or 9.1% in the corresponding quarter.

Let me now share a comparative analysis of Q3 versus Q2. We delivered a strong sequential performance with revenue from operations rising 32% quarter-on-quarter, driven by 12% increase in domestic sales and 125% increase in export sales. The growth in domestic revenue was fueled by higher branded rice volumes, while exports saw a robust expansion in both branded and private label categories.

Importantly, when excluding other income, our core gross and EBITDA margins improved by around 200 basis points quarter-on-quarter, highlighting our disciplined approach even amidst market fluctuations.

Turning to 9-month FY '2025 performance. We delivered a steady growth trajectory with total income reaching INR 4,218 crores, up 2% year-on-year. This was driven by a 3% growth in domestic revenue and 1% growth in export revenue, reflecting sustained demand and market resilience.

Our gross margin stood at 24%, while EBITDA and PAT margins were at 12% and 8% respectively. Margin moderation was primarily due to higher input basmati costs, lower other income and increased freight and employee costs.

Moving on to balance sheet highlights. Our total inventory as of December 31, 2024, stood at INR 4,278 crores, reflecting an optimization of stock levels. This included INR 1,241 crores of paddy inventory, which was at INR 2,156 crores in December '2023 and INR 2,877 crores in rice inventory, which was at INR 2,554 crores in December '2023.

On a volume basis, as of December 31, 2024, paddy and rice inventory stood at 341,000 tons and 458,000 tons, respectively, compared to 491,000 tons of paddy and 395,000 tons of rice in December '2023. Lower inventory is primarily due to lower per unit cost, reflecting the industry-wide price trend mentioned by Anil ji and Ayush.

One of the standard highlights in the quarter is a sharp reduction in net debt, which now stands at INR 92 crores as of December 31, '2024, down from INR 901 crores last year. As we look ahead, we remain focused on driving sustainable growth, enhancing operational efficiencies and delivering long-term value creation.

With that, I come to an end of my prepared remarks. I would now like to hand over to the moderator for opening the Q&A session. I would just like to mention that the ED matter is sub judice, so we will not be in a position to respond to queries on that matter.

So over to the moderator now.

Moderator: Thank you very much. The first question is from the line of Amit Aggarwal from Leeway Investments. Please go ahead.

Amit Aggarwal: My question is regarding Saudi Arabia market. Sir, it's good that we have started exports to Saudi Arabia. But just wanted to know whether it's through our own channel or we are doing it through distributor or wholesaler? And what is the situation of our own office being open there in Saudi Arabia?

Anil Kumar Mittal: See as far as our own office is concerned, it will take a little more time, maybe another month or 2 months because certain permissions are awaited and we are waiting for their positive answer so that we proceed. As our exports are concerned, it is through distributing channels. And we are doing good in those channels which we have recently signed and started making our exp ort.

Amit Aggarwal: Just wanted to be more clear about it. Is these consignments temporary or these consignment are supposed to grow and will be still there in the coming quarters?

Anil Kumar Mittal: Yes, yes. It will come in the coming quarters also. It is not a onetime business. It will be coming and it will be continuing also, but it is mostly to the wholesalers.

Amit Aggarwal: And are we not in the position to still appoint distributors exclusively or something like this?

Anil Kumar Mittal: Distributors will take a little more time as far as the modern trade distributors are concerned. But as far as wholesale is concerned, we are doing exceptionally very good.

Amit Aggarwal: Okay. And my last question is regarding the gross margins. Though our gross margin increased compared to last quarter, but if you see 4-5 years, then our gross margin is still very low. Any particular reason? Is it because the basmati prices are low worldwide? Or is there some other reason? And how do you expect our gross margins to do next 1 year?

Anil Kumar Mittal: See, the gross margins are low due to the paddy prices were low this year in the opening during the month of October and that has reflected in the price. That is why the gross margins are low, but they are going to improve in the first quarter of '2025-'26.

Amit Aggarwal: And sir, my last question is regarding the turnover. So the prices are low. So do you expect the turnover to be flat in the coming quarters or the turnover will be higher?

Ashish Jain: I think we are expecting the revenue to be slightly grow over the previous year. That's the view as of now.

Moderator: Next question is from the line of Himanshu Upadhyay from BugleRock PMS.

Himanshu Upadhyay: Ayush, we were investing in regional rice as a growth area, okay, in last few years, okay? Can you update on that?

And secondly, why not one venture what we have started, let us make it a sizable business beyond INR 500 crores and then go into other businesses like oils and all that things. Any thoughts on that will be helpful.

Ayush Gupta: Can you please repeat your second question? I did not get that properly.

Himanshu Upadhyay: So we entered edible oil business, So my question is why not first let the regional rice become a large part of business and focus on that particular business where a large opportunity was there or we still believe is there and we have invested to make it large and then we enter other businesses. Just some thoughts on that.

Ayush Gupta: Yes, yes. Thank you for the question. See, the regional rice business came about to us as an opportunity because the South and East markets, which are primarily the rice growing and eating regions of India, our market shares were extremely high in the basmati space.

We are enjoying market shares of upwards of 65% at an aggregate level in the South and East. And given that strong equity that India Gate enjoyed in the market and given the households who are primarily rice eating, Basmati obviously has a restriction because it's a biryani kind of a consumption, right?

Regional rice is where we thought it was an untapped opportunity for KRBL because the brand India Gate was synonymous to quality and trust. We thought it will be a good opportunity for us to enter.

In the 2.5 years now that we've entered, we've gained significant ground. We've done, I would say, a revenue of about INR 200 crores in the last financial year and we are close to about INR 250 crores in this financial year. What we've evaluated and realized regional rice is vastly an unorganized market with lot of regional unbranded players. And a lot of varieties are available in the market.

So what we've realized as we've entered that a lot of the varieties that are available in the market, the margin potential for the company is very less. We've experimented, we've tested a lot of varieties in the past 2 years. And now we've consolidated our focus on 2- 3 varieties where we've seen that margin potential and value creation for the brand is possible.

So Gobindobhog from Burdwan region, also called jeera rice or kaima rice in the South, Wada Kolam and Sona Masoori in the Gangavathi area are a few of the varieties that we've seen good traction, and we've seen a healthy gross margin profile as well.

So these are some varieties that we've consolidated our efforts to right now and we are expanding its presence in regions and putting more focus here.

While we continue to grow this segment, we are also evaluating more regional rice varieties along the way because it's a huge diverse market and understanding many of these varieties takes a lot of insights from the field and from the ground.

So it's a journey. So we're doing that. But as I mentioned in my comments as well that we are committed to delivering a 1 lakh metric ton kind of a business in the next 3 years with this. But our main objective is that any business that we deliver in regional rice, we don't want it to dilute our gross margins. We want to have at least the equal gross margin of basmati rice, if not better. So with that cautious consideration, we are expanding this business of regional rice.

On the front of launching edible oils, it's not just a launch of edible oils, but it's a creation of a health platform that India Gate sees as an opportunity in the Indian market. The health and wellness platform in India is at a rapidly growing pace.

And with quick commerce and modern trade increasing in saliency, at least in urban and metro towns, we see that as a brand, India Gate, we are missing that segment of consumers.

India Gate, because it doesn't stand for health. So we plan to launch another brand Uplife, which will resonate to the health and wellness segment. So healthy edible oils because of its penetration, because of its association with commodity as well as health and wellness seem like the first probable option for us.

As we've entered healthy edible oils, our focus is to enter many other categories in the health and wellness space along with edible oils in the coming years.

Also, healthy edible oil or Rice Bran Oil came as a natural fitment for us because we were making it as a byproduct in our facility already. So our know-how with the product and the pricing and commodity trends, we were more comfortable with this launch. And it hence made a very suitable extension for us.

Himanshu Upadhyay: Okay. And second question was on the inventory. And you said that the price of paddy has come down this year versus last year. But what do you expect? So Jan, Feb, we have been buying and we expect to continue to buy further in this year. So are the prices still low at the low level of what were there in November, December or price for paddy has started increasing? Some thoughts on that will be helpful.

Anoop Kumar Gupta: Prices have come down drastically. From November also, the prices in the season have come down by at least 10% to 12%. So we are buying now the crop 90%, 95% of the crop has already come, but the remaining 5% crop will come till February end, but we are buying in the market at the current prices, which is lesser by 10% to 12% of the season.

Himanshu Upadhyay: So you are saying that what the price of the product is in the market or the remaining paddy, which is coming is lower by 10% from November what the price was for the paddy?

Anoop Kumar Gupta: Yes.

Moderator: Next question is from the line of Dhwanil Desai from Turtle Capital.

Dhwanil Desai: Sir, my first question is on export. I think you mentioned that in Q4 and going beyond, we will continue this run rate and build on to that. So should we assume this INR 500 crores as a base run rate from here on? That is one. And especially on export, you said that a large part of Saudi Arabia market that we are currently tapping is on the wholesale side of it. So how should we think about the margin profile? Because I think retail was yielding much better margin for us. So how should we think about that?

Anil Kumar Mittal: See, as far as Saudi is concerned, we are satisfied looking at our results on the Q3 turnover and the margins. As far as exports is concerned and even in domestic also, India Gate brand, we have been aging the rice for more than 1 year and certain varieties for 2 years. So up to June-July, this old crop will be supplied in the export market to Saudi and other places. And the margins of profits are intact.

They are not gone because old-aged rice is hardly seldom available in the market. They are with 1 or 2 players, only those who are in export market, but primarily it is with KRBL Limited.

So therefore, if you ask for the demand, the demand is for aged rice, not for the current crop. So we are getting a premium prices as far as exports are concerned.

As far as our turnovers are concerned, I'm quite sure that as far as Saudi is concerned, we are going to further improve what we have done in quarter 3. And overall, also, we expect now our thrust will be to ensure that our revenues doesn't go down. They are improved on a quarter-over-quarter basis. This is our expectation.

Dhwanil Desai: Got it, sir. And sir, second question on margin. I think, Ashish, you mentioned that a couple of percentage points impact because of the freight part of it., we expect some improvement in gross margin. So going into FY '2026, are we looking at kind of mid-teens, 14%, 15% kind of a margin? Is this the expectation with which we should work with?

Anil Kumar Mittal: Definitely. you are right. We will be having better margins.

Dhwanil Desai: Got it. And one question on the domestic side of it. We are entering into this edible oil category. Now one thing that we have observed is that whenever any company wants to create a new category, it requires a long gestation period. A lot of money needs to be invested upfront in terms of building distribution, brand, etcetera?

We already have the distribution channel open. But how do you see the amount of money that you need to invest before we start making profit in some of the new categories? Do you see there a gestation period of 2-3 years? And is there a number that we are looking at which we are willing to put in, in terms of investment or loss for the new categories?

Ayush Gupta: See, as I mentioned that we are looking at a INR 300 crores top line by the end of 3 years. And as per our current plans of investments to build this category for us, we see that we will start making profit by end of second year. On exactly how much we plan to spend, I would not like to disclose that on the call here.

But given that the competition on this category is quite fierce and it's also it's a health kind of a platform as a product, we will be investing significantly in advertising and communication because that will become the foundation and bedrock for creating this brand. So significant money will go in creating brand value and communicating with our targeted consumers. And by second year, we start looking at positive P&L on this product.

Moderator: Next question is from the line of Yash from Dante Equity.

Yash: So I think you posted a great set of numbers, but I just wanted clarity on the domestic volume year-on-year. Have your domestic volumes de-grown year-on-year?

Ashish Jain: Yes. So I think I should have touched on it. But from a branded business point of view, our basmati volume was lower by 1% on a year-on-year basis. Non-basmati volume was lower by a larger number.

Yash: Right. And you just said that the margins are going to kind of trend upwards, right? One thing I just want some clarity on is year-on-year, your exports went up by almost 100% and your domestic business was a little lower year-on-year. but your margins are almost flat year-on-year, right? So going forward, what I'm able to understand the numbers is exports are not as profitable as they were. Is that trend a short-term trend? And is that going to change?

Anil Kumar Mittal: No, I think so it's a misconception. Exports have got higher profit or margin compared to domestic. And there is a good difference between the pricing between exports and domestic market, a big difference.

Ashish Jain: Yes. And just to add to what Anil ji said, I think 2-3 things will play out. See, I think Anoop ji had mentioned and Anil ji also, that we should see our old inventory, which has been purchased in earlier years coming to a reasonable level by July. So that's the time our average cost will start reflecting the paddy cost declines that have been mentioned. That's number one.

Number two, also the domestic, the whole price decline, I think that should also settle down hopefully over the next 1 or 2 quarters. So both these things combined, along with improving export revenue should lead to margin improvement, which is why we had said that next year should be far better from a margin point of view.

Yash: But on whatever you said, I'm not sure if that is going to play out if next monsoon is again very good, right? If we have a very good monsoon next year also and if the prices fall further, then your this year inventory will again become more expensive than next year, right? So I mean, we are playing the inventory game, right? And it will mostly depend on the monsoon next year, if I'm not mistaken. like is that a good assumption or not?

Anil Kumar Mittal: Let me add something. First of all, this year, the carry-forward stocks will be too much because the crop size is bigger and the production of rice , we are expecting to be not more by about 1 million tons over last year. So the carry-forward stock would be there. The farmers are not getting the right price what they are supposed to get.

So next year, the production according to our estimate, would be lesser by 10% over this year. So this is the right price. We feel that this price in basmati rice will not come again. This is our feeling. But we say always the man proposes, God disposes, we can't say anything.

Yash: But does the price depend on the farmers' inventory? Or does it depend on the monsoon? Because I I assume it depended on the monsoon. So next year, if the monsoon is again great, like how it was this year, right, then the prices should not come down substantially because like you said, they're already sitting on inventory that they're not able to sell, right? As you said that by June or July, our inventory should narrow down quite a bit, right, last year's high-cost inventory. But then your next monsoon starts playing in, right?

So let's assume even if your high-cost inventory is run down by June, July. And then if this calendar year's monsoon is great again, like last year and the production again is high, then what do we see with the sort of inventory that you're sitting on? Will your margins be able to go up as you are sort of commenting? Or will they sort of stay right here?

Anil Kumar Mittal: See, if the monsoon is good, then the farmer is going to grow more of parmal rice than the basmati rice. He has to look ultimately what are the returns on his farming. That is the main object.

This year, the total rice production will be around 9 million tons. And we do not see these 9 million tons, the exporters or the millers would be able to consume. That is not the demand. If you look at the demand, the total demand today is around 8 million tons, 5 million in exports and 3 million tons domestically. So there is a surplus of 1 million ton, and that is why the prices are coming down.

Next year, if you say the monsoon is good, definitely, then the farmer is going to grow PR106, PR12, PR14, which is parmal rice because government, MSP is also increasing year-over-year. So he has to see that whether they make more money in cultivating parmal or in basmati rice.

Moderator: Next question is from the line of Kaushal Sharma from Equinox Capital.

Kaushal Sharma: Yes, sir. As you said that we are sitting a very good inventory like INR 4,027 crores and INR 1,000 crores for paddy and the paddy price has significantly dropped. So are we expecting any inventory loss in Q4 or going forward?

Anoop Kumar Gupta: No, there is no inventory loss. We are regularly buying. there's no question, 95% of paddy has already come. And we are selling on the basis of our inventory valuation only. There's no question of any inventory loss.

Moderator: Next question is from the line of Naitik from NV Alpha Fund.

Naitik: Sir, my first question is I wanted to know if you could give the breakup of the export sales, how much of it has come from private label or bulk sales and how much is branded? And also what has led to this increase year-over-year, which region has led to this increase?

Anil Kumar Mittal: See, as far as export figures are concerned, that we can get in touch with us later to discuss on how much is bulk and how much is branded.

Naitik: Okay. Sir, can you share the reason which has led to this growth?

Anil Kumar Mittal: Reason of growth is that we have started exporting to -- Saudi Arabia Then other destinations have showed a promising demand. And third is that even our private label also, we got a good business out of the private label. So all 3 together gave us this growth.

Naitik: Okay, sir. Got it. Also next question is what was the impact of freight rate exactly? And what percentage of margin

Ashish Jain: Yes, a total of 2 percentage point impact on the EBITDA margin. So which I had explained is for 3 reasons actually. One is higher export volume. Second is higher freight rates. And on the domestic side, we've shifted some quantum of the sale on CIF basis, which is why there is a higher freight on the domestic side also.

Naitik: All right. And sir, my last question is in terms of our domestic sales, if you could call out how much was regional and how much was basmati branded rice?

Ashish Jain: We generally don't give this breakup separately, but it is predominantly basmati at this point.

Moderator: Next question is from the line of Krushi Parekh from BugleRock PMS.

Krushi Parekh: So my question is that for the domestic business, do we have differentiation in the gross margins across channels, the modern trade, the e-commerce and the general trade? And if yes, then how are we planning to optimize the sales?

Ayush Gupta: No, definitely, we have a split of different channels. E-commerce, modern trade operate at a higher gross margins compared to traditional trade. But overall investments in e-commerce modern trade are also demanding because it's a consumer-first platform and it's brand agnostic from that perspective. So a lot of investment goes.

Net-net, traditional trade tends to be a couple of percentage points more profitable compared to Modern Trade e-commmerce from a P&L perspective. However, as I mentioned, there are various projects that we are implementing in terms of supply chain and in terms of packaging cost optimizations that we are doing to enhance our gross margin profiles.

Also, we are looking at portfolio optimization. Certain premium portfolios tend to be underleveraged in certain markets, in certain channels. So that effort is also on. And I think that's more of a journey. Quarter-on-quarter, we keep on evaluating and enhancing this work on how we can improve our gross margin profiles in the India market.

Krushi Parekh: Okay. Got it. My second question is that we have about 4 lakh plus touch points right now on the retail side. what is our target over the next 3 to 4 years on how much we want to penetrate within this particular channel?

Ayush Gupta: Yes. So packaged basmati rice as a category is currently sold in about 6.5 lakh to about 6.75 lakh outlets in India. And we are available in about 4.15 lakh outlets. Our objective is to reach at least a 70% numeric distribution, which will yield at least 85%, 90% coverage in terms of weighted distribution. So that will be about 1 lakh-1.2 lakh outlets more coverage that we'll be aiming.

Krushi Parekh: And this will be over how many years?

Ayush Gupta: I mean, it's very difficult to put down the time line for it. We would love to do it in a year, but these are highly cost-draining activities. So basis market and competition intensity and landscape and distribution, there are a lot of things that goes into expanding. But I would say it's a journey. We've been doing it for the past 3 years. I would say an 18 to 24 months would be an ideal time line to achieve the balance.

Moderator: Next question is from the line of V.P. Rajesh from Banyan Capital Advisors.

V.P. Rajesh: Most of my questions have been answered, but just wanted one clarification around the Saudi business. Are we doing it in our own India Gate label? Or is it more in the HoReCa segment where it is bulk pack, etcetera?

Anil Kumar Mittal: 100% in our own brand India Gate.

V.P. Rajesh: Okay. Wonderful. Congratulations. That's a great way to start going back into that business. And then, Ashish, on the EBITDA margin, just one clarification. So some of that 2 percentage point delta is because of the gross margin also because we have the older inventory, which is probably coming out, which was at a higher price. Is that understanding correct? And second, this freight cost that you're talking about, is it going to start coming down now? Or is this more structural in nature?

Ashish Jain: Yes. So first, you are right. Part of it is flowing from gross margin, but there, it is more an other income impact rather than the price movements, number one. Number two, on the freight cost, I think the rate side, we do see that correction happening over the next quarter or so. So overall freight cost should also come down.

Moderator: Next question is from the line of Rohan Patel from Turtle Capital.

Rohan Patel: You just mentioned the volume growth numbers. So I just wanted to clarify, like can you give us again for the 9 months, what was the volume growth in basmati as well as non-basmati?

Ashish Jain: You're talking about overall for the company?

Rohan Patel: For the company, for 9 months for basmati and non-basmati?

Ashish Jain: So the volume growth overall in the 9-month period was around 4% for basmati. And there's a decline on the non-basmati side.

Rohan Patel: Okay. Second question is regarding what we have personally observed is your confidence for the Saudi market like you are being more confident than previous calls that we have participated. And looking at the efforts you are making on the wholesale side, so seeing what you are guys doing, can we reach that to the INR500 crores to INR700 crores level that we used to do before pre-issues that we are facing like in a year or 2?

Anil Kumar Mittal: No, no. I think so in FY '2026, we will reach around INR500crores plus through Saudi alone. No problem.

Rohan Patel: Okay. That's great. That's great. And looking into this INR500-plus crores that you are going to do, how much that will be coming from, say, general trade, modern trade and HoReCa? If you just give us a broad explanation like how you're pushing the sales through different distribution?

Anil Kumar Mittal: Tell you that I can't give you, but I can give you the broad idea of the Saudi market. Saudi market, 55% to 60% is wholesale, 20% is HoReCa and 20% is modern retail.

Rohan Patel: Okay. So right now our efforts are going through wholesale. So we will be capturing the largest market sooner?

Anil Kumar Mittal: we have given to some of the stores also directly because we didn't have any distributor. So we have given to,some of them, , we given Full 2-3 containers to them directly.

Moderator: Next question is from the line of Manoj Dua from Geometric Securities.

Manoj Dua: Okay. So we are major share in domestic and we are trying new things in domestic also. How much year we can take -- if we take 12 years for 12% growth, then sales doubles in 6 years. So how much we can take in growth assumption?

Ashish Jain: Is your question around the growth potential on the domestic side?

Manoj Dua: Yes.

Ayush Gupta: If I talk about some general trends of what we've seen in the past 2, 3 years, we are currently at about 38%- 39% market share. We are at a 38%-39% market share and we see healthy tailwinds in the category because we are seeing good growth rates in the packaged basmati rice category.

Consumers are moving from loose to packaged. That's one transition that we're seeing. Saliency of e-commerce modern trade are fueling that trend of move from loose to packaged. So overall, packaged basmati rice from a consumer pack segment seems to be a positive trend for us.

In the next 2 to 3 years, we also plan to expand market share, like we've done in the past, 450 basis points in this financial year. We want to maintain that trajectory and our objective is to reach a 50%-55% market share in years to come. So with that kind of aspiration, I would say, a healthy double-digit growth in consumer pack is to be seen.

In the bulk pack business, we have been posting good 10% to 12% growth year-over-year. And we continue to see that trend going on. There are certain white spaces that we've identified for bulk pack segments and we continue to tap them.

So overall, a healthy growth rate in the basmati segment is to be seen in the future years.

Moderator: Next question is from the line of Shubham Jain from NV Alpha Fund.

Shubham Jain: My question was again on the domestic front. If you look at the 9-month number, our growth seems to be in single digits. I believe some of this is due to pricing pressure. But what's our volume growth in the first 9 months in the domestic business?

Ashish Jain: Yes. On the basmati branded side, the volume growth is at 6%.

Shubham Jain: Okay. Got it. So following up on the previous question, right, we've seen in the last, say, 5 years, we've doubled this business. So we're growing at about 15%- 17%. How much more penetration do we see at a distribution level that we can increase that can help us get to like a 15% growth going forward?

And my second question on the domestic business was, do we need to do a similar amount of aging that we do across our international business or it's relatively lower? And is this like a better ROCE business that way?

Ayush Gupta: Yes. So in terms of how much growth we can see, as I told you, we are at about 4 lakh outlets, close to about 35% of the outlets in the packaged basmati rice continue to be untapped for the brand. So that's a huge ocean of opportunity in terms of growth.

Second, we see positive winds in terms of the packaged basmati rice as a category growing because consumers are moving rom loose to packaged. And a lot of this trend is happening in the Tier 2, Tier 3 towns of India. So basmati was primarily centered across metro and Tier 1 towns, but in the last 4- 5 years, the saliency of the category has moved to Tier 2, Tier 3 towns. So overall size of the category is increasing.

So those are the 2 real, I would say, tailwinds which give us promising of the future. We remain promising for the future that growth rates will come. Also, e-commerce and modern trade platforms are increasing saliency, which are more brand-centric and consumer forward. So that's, again, a good news for a brand like us to grow.

In terms of your other question, is aging an important factor? That continues to remain a differentiating factor for the brand in a cluttered category like this. While we have certain products which are 2 years aged, there are certain products in the India market, which are 1 year aged. So that kind of a bifurcation between export and domestic remains. but aging is, I would say, a core competency and a core advantage that KRBL enjoys and we would always be known for that.

Shubham Jain: Okay. So if in India, we're still the better product because we are doing, 1-year aging, does this show up in our pricing? Do we get to charge a premium to the customer or we're still at par with the other players?

Ayush Gupta: No, we definitely charge a premium to the customers. India Gate today would easily charge a 10% to 12% premium over unbranded and regional brands available in the market.

Shubham Jain: Okay. And on the distribution front, where you mentioned that we have 4 lakh outlets or touch points versus 7 lakh opportunity. Is this more geographic penetration in Tier 2, Tier 3? Or is it just that areas in terms of, say, we're more prominent hypothetically in the North than South is not that? Is this more to do with different regions or just like different tier of cities that we need to keep going down?

Ayush Gupta: No, it's actually more geography. I would not segregate it to a particular tier. In certain parts of the country, specifically West, we tend to be under penetrated. So that's an opportunity for us. The under penetration in West spreads across metro, Tier 1, Tier 2. Both North and West are highly penetrated for basmati rice and there are a lot of regional local brands that are prevalent in the market.

It's also kind of a gross margin dilution when we fight those brands. But we are working up a strategy, where penetration of the brand trumps pricing. So as we enter more and more outlets, as our GTM becomes stronger, we feel because of sheer availability in the outlets, we will gain market share. So that remains the fundamental of our strategy as we move forward.

Shubham Jain: Got it. So the reason West was, relatively under penetrated is because there's like more competition and more margin pressure that is potentially happening over there?

Ayush Gupta: Right. West is also more economy segment dominated and there are a lot of local regional brands and it's a very price-sensitive market. But we are still working our way in there. If we want to gain market shares up to 50%- 55%, West has to be on our charts in terms of gaining penetration.

Shubham Jain: Got it. And just one follow-up on the ROCE. So you mentioned that we do see relatively lesser aging in a basket of products in India. So at a ROCE level, do we hit the 18%-20% ROCE despite doing lower margins in India?

Ashish Jain: See, we don't compute it separately for each business. But overall, the return would be slightly lower, I mean, largely because of the margin profile is totally different from exports.

Moderator: Ladies and gentlemen, we'll take that as the last question. Thank you very much to the members of the management team. On behalf of KRBL Limited, that concludes this conference call. Thank you all for joining us and you may now disconnect your lines. Thank you.
