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10th February 2023

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

Sub: Transcript of the Earnings Conference Call held on Monday, 06th February 2023 on Unaudited Financial Results of KRBL Limited for the Third Quarter (Q3) and Nine Months ended 31 December 2022.

Dear Sir/Madam,

Pursuant to the provisions of Regulation 30 read with Para A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015, Please find enclosed herewith the Transcript of the Earnings Conference Call of KRBL Limited held on Monday, 06th February 2023, at 02:30 P.M onwards on the Unaudited Financial Results for the Third Quarter (Q3) and Nine Months ended 31 December 2022.

The same is also available on the Website of the Company at <https://krblrice.com/schedule-of-investor-meet/>.

You are requested to kindly take the same on record.

Thanking you,

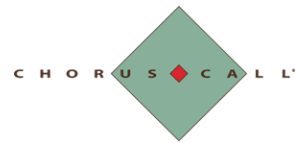
Yours Faithfully,
For KRBL Limited

Jyoti Verma
Company Secretary

Encl: As Above



“KRBL Limited
Q3 FY 2023 Earnings Conference Call”
February 06, 2023



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



*KRBL Limited
February 06, 2023*

Moderator: Ladies and gentlemen, good day, and welcome to KRBL Limited Q3 FY '23 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 the 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 of KRBL Limited. Thank you, and over to you, sir.

Ashish Jain: Thank you, and welcome to KRBL Limited Q3 FY23 Earnings Conference Call for Analysts and Investors. Along with me on this call today, we have Mr. Anil Kumar Mittal, Chairman and Managing Director, Mr. Anoop Kumar Gupta, Joint Managing Director, and Ayush Gupta, Head of the Domestic business.

We will begin with updates from Mr. Mittal with his views on the industry, the business and broad strategy. We shall then have Mr. Ayush Gupta taking us through his perspectives on the domestic business. Thereafter, I will present the financial overview of the company for the quarter and nine months ended December 31, 2022. After the opening remarks from the management, the forum will be open for Q&A.

A cautionary note that some of the statements made on the call today could be forward-looking in nature and actual results could vary from these statements. A detailed information in this regard is available in KRBL's investor presentation, which is available on the stock exchanges website and also on the company's website.

I would now like to invite Anil ji to share his views. Over to you, sir.

Anil Kumar Mittal: Dear Investors, good afternoon. I will start with a brief on the overall current scenario of rice industry. The rice industry in India has been very bright in both basmati and non-basmati segments. During the period, April to November 2022, we have seen a total basmati exports of 2.73 million metric tons, valued at \$2.87 billion as compared to 2.39 million metric tons, valued at \$2.06 billion during the same period last year, thereby witnessing a growth of 14% in volume terms and 39% in value terms.

As far as non-basmati exports are concerned, a total quantity of 11.57 million metric tons were exported during the same period at the value of \$4.11 billion as compared to 10.95 million metric tons value at \$3.93 billion during last year, witnessing a 6% growth in volume terms and 5% growth in value terms.

As regard to non-basmati, the ban on export of broken rice continues, and there is a 20% duty on export of white rice. Even then, we have seen a remarkable growth in exports, both in value as well as in volume terms. After imposition of a 20% duty, Indian rice prices continue to remain most competitive as compared to global prices.

At present, FCI has a stock of 11.54 million metric tons of rice and about 31.5 million metric tons are to be received from the millers out of the new crop. The quantity will be far more than the annual buffer requirement of 13.8 million metric tons that FCI is required to maintain. In the meanwhile, since the commencement of paddy procurement by FCI in the state agencies for the current kharif season 2022-23, the total purchase till now has been up by 2% on a year-over-year basis at 64 million metric tons. Higher grain procurement is expected to boost rice stocks held by FCI, which have been depleted by implementation of a free ration scheme that was implemented during April 2020 to December 2022.

FCI distributes around 40 million metric tons of rice and 18 million metric tons of wheat annually under the National Food Security Act, where 5 kg grain per head is distributed free of cost to 800 million beneficiaries. This scheme has further been extended up to the year 2024.

Talking about Current scenario on basmati crop, we have never witnessed a year like this in our 50 years of experience in the Basmati trade. We have witnessed such an unprecedented rise in the basmati prices, both for paddy as well as rice. The prices were piling up continuously because of the damage of the crop in terms of yield per acre as well as quantity due to the unexpected rains during September-October 2022 when the crop was just ready to be harvested.

Nobody was able to gauge the exact quantum of damage, but the prices went higher by about 40% as compared to last year in the beginning of the season. For example, 1121 paddy started at the price of INR 37-38 per kg and went up to INR 51-52 per kg. Similarly, 1718 Paddy, which started arriving at INR 34 per kg went up to INR 48 per kg. Likewise, 1509 Paddy went up from INR 31- 32 per kg to INR 42 -43 per kg, and 1401 Paddy started at INR 36 per kg and went up to INR 54 per Kg. This got reflected in the rice prices as well. For example, 1121 parboiled basmati rice started with price of INR 75 per kg and jumped up to INR 92 per kg. Similarly, 1718 Rice started at INR 65 per kg and went up to INR 82 per kg and 1509 Rice started from INR 62 per kg and went up to INR 82 per kg and so on.

I would like to add here that as per the original survey of all the seven states, including Madhya Pradesh and Rajasthan, it was aware that the total paddy output would be 12.54 million metric tons, equivalent to about 8.15 million metric tons of rice. Therefore, as per the original assessment, the production should have been sufficient to meet the demand, and there was no reason for such hike in the prices. However, the rice prices in the domestic market increased by around \$300 per metric tons, as mentioned above, which was expected by the importers worldwide.

A number of factors that have contributed to such a sharp rise in prices are the expectation of a lower crop size on account of unseasonal rain. It is believed that the yield per acre in certain areas were reduced by 10%-15% Secondly, limited carryover stock which got depleted before the commencement of the new crop. Thirdly, Historical high basmati prices in Pakistan due to floods in the Sindh region. For the first time in the history, Pakistan and Bangladesh was \$100

higher over the Indian basmati, despite the fact that the rupee was devalued US dollar by about 65%.

There is a huge reduction in container freight over the last year. For example, container freight for Saudi Arabia have come down from \$2,200 during February-March 2022 to \$400. For Europe, the rates have come down from \$8,000-\$9,000 to just \$1,150.

For USA, the rates have come down from \$11,000 to \$2,000; and Australia has come down from \$5,500 to \$1,000. The container availability has eased out and freight rates have become very attractive and equivalent to pre-pandemic levels. Indian rupee has also depreciated by around 9%. Last year, the exchange rate for the rupee was INR 75.60 in the month of October-November 2022, which now stands at INR 82.50.

One of the factor for rise in prices was high wheat prices in the international markets. Though wheat price in India are in the range of INR 25 - 28 per Kg, the wheat prices in USA and other global markets have just doubled at around INR 56- 57 per kg. Wheat being a prime cereal commodity across the world has a psychological impact on rice prices and other cereals as well. All the above factors have resulted in sharp increase in basmati export prices and hence, this level will also be sustainable in the long run as well.

We would like to reiterate that there has been a complete turnaround in the logistics and transportation sector in terms of freight rates and availability of equipment. The availability of rail rates for movement of cargo to ports are now surplus. Same is the situation in warehouse space at the ports. More importantly, the turnaround time at the ports have become very fast because of availability of labor, both in the country as well as at the ports. Just eight months back, the load rate was just around 1,500 metric tons per day in break bulk vessel, which is now around 5,000 to 6,000 metric tons per day.

KRBL went ahead with its steady procurement for the current season at a remarkable pace and the procurement was completed in a record period. This was mainly because Basmati paddy arrivals in the market were at historically faster rates this year and got completed by mid of December itself, which normally goes up to middle of February. We procured 47% higher quantity because we have good orders in hand, both for domestic and exports. Beside there is an aging requirement and hence, our procurement this year has been so robust.

On export front, our numbers on a quarter-over-quarter basis are more or less the same for basmati rice, though there is a growth of 55% in value terms on a year-over-year basis. However, there is a reduction in export revenue in the current quarter due to ban on 100% broken non-basmati rice. In previous two quarters, we had exported good quantity of 100% broken and non-basmati rice to China.

Our Saudi business is going as per expectation, and our new distributor is performing well, but we are still unable to finalize a new distributor for the HoReCa segment, the effort for which are

going on. Regarding Iran, the payment mechanism is a big question mark and still the shipments and payments are routed through Dubai. We feel that after Ramadan is over and the stocks lying at the ports are depleted, there would be a solution for the payment mechanism. Rest, our export to all other regions and destination throughout the world are performing as usual.

I have tried to portray a complete scenario on the production and export of basmati rice and would be happy to answer any questions in the following session. Thank you. I will now pass it to Ayush for the domestic market update.

Ayush Gupta:

Thank you, sir, and good afternoon. I will now share an update on the performance of the India business. India business recorded a higher ever quarterly revenue of INR 998 crores during the quarter. This marked the growth of 32% year-over-year. Growth in the quarter came on the back of both retail as well as HoReCa segments. The Consumer Pack segment grew by roughly 9% in volume terms year-over-year, with both the traditional trade and modern trade channels growing well.

In traditional trade, KRBL clocked volume market share of 32.4% with a gain of 70 basis points year-over-year. In modern trade, we clocked volume market share of 39.8% with a gain of 360 basis points year-over-year. Besides the strong demand, the growth in Retail segment is an outcome of the input measures that we are driving with rigor month-over-month.

One of the strategic pillars of the India business is to drive distribution. Here during the quarter, KRBL has expanded outlet penetration by 15% year-over-year to reach a numeric distribution of 39.2%. In the current financial year, we have expanded our distributor count by 40% to take the number to an upward of 700-plus dealers and distributors. Annual household penetration of India Gate brand as of September 2022 stood at around 10 million households, including 1.4 million new households in this past year.

As you would be aware, loose basmati currently contributes close to 65% of the total in-house consumption of basmati rice in India. This forms the foundation of our second strategic pillar that of increasing branded basmati rice penetration. We have been driving this agenda with our Unity brand as a budget-friendly offering. Unity today, stands as a INR 600 crores brand in the KRBL portfolio. And we have been able to make good growth in particular geographies from a brand penetration point of view.

Starting Q3, we have added to this drive and are now also driving branded basmati penetration through India Gate brand. Our new advertising campaign featuring the popular Bollywood actor, Pankaj Tripathi is one of the many initiatives in this direction.

Moving on to HoReCa segment of the business, This segment has grown by 20% year-over-year and 88% sequentially in volume terms. It contributes roughly 40% of the domestic business revenue. KRBL plays very strategically in the segment, focusing only on top of the pyramid, which means customers who value quality and are willing to pay the price for it.

With the revision in GST norms, which puts all sellers on a level playing field, the opportunity size for KRBL has significantly expanded. We are now targeting 20%-25% of this segment as against around 10% earlier and are looking at doubling our revenues in this segment in the next two years.

Coming now to the third pillar, that of augmenting portfolio across segments. Here, all three regional rice variance are focused. Sona Masoori, Gobindobhog and Kolam rice are now launched in the market. We have received positive feedback from our customers, and we are looking forward to this very exciting growth journey. Regional rice is deep rooted in culture and traditions and consumers are very high emotional value attached to it. India Gate being a brand, which connects with consumers at an emotional level is extremely well positioned to take on this journey.

With that, I come to the end of my remarks, and I will now hand it over to Ashish, who will take us through the financial performance.

Ashish Jain:

Thanks, Ayush. I will now take you through the performance for the quarter ended December 31, 2022. All figures mentioned by me would refer to the consolidated financials of KRBL Limited. Total income for the quarter stood at INR 1,554 crores, a growth of 33% over the corresponding quarter last year. Gross profit of the company increased by 82%, and EBITDA and profit after tax by 141% and 180%, respectively. The company recorded highest ever domestic revenue and total revenue during the quarter.

Revenue from operations grew by 33%, led by both domestic and export sales, which grew by 32% and 38% against Q3 FY22. Domestic sales, excluding power clocked INR 998 crores on account of higher retail volume, higher HoReCa volume post-GST rationalization on bulk tax and higher realization as Ayush just explained.

Basmati rice realization increased by 31% over Q3 FY '22. Higher realization was recorded across both domestic and export segments. Gross margin improved to 29.3%, an improvement of 800 basis points over corresponding quarter last year, led by improvement in realization, which was slightly offset by increase in input costs.

Gross margin, however, fell by 535 basis points from 34.6% in Q2 FY '23 on account of change in product sales mix and higher input costs. EBITDA margin for the quarter was at 19% as against almost 11% on account of better gross margin, partially offset again by increase in other costs. KRBL's finance costs continue to decline. They were at INR 3.5 crores as against INR 4.2 crores in the corresponding quarter as our reliance on borrowings continues to reduce year-on-year. The company's PBT margin also improved to 17.7% as against 8.6%, while PAT margin was at 13.2% as against 6.3%.

Now I will discuss nine-month performance. Total income for the period stood at INR 4,083 crores, marking a growth of 27% against the same period last year. Gross profit of the company

increased by almost 50% and EBITDA impacted by 58% and 66%, respectively. Revenue from operations grew by 27%, led by both export and domestic sales, which grew on a year-on-year basis by 37% and 22%, respectively.

I will now share some inventory highlights. Total inventory of the company as of December 31, 2022 was at INR 4,435 crores, comprising INR 2,252 crores of paddy and INR 2,018 crores of rice. These two numbers were at INR 1,359 crores and INR 1,660 crores, respectively, as of December 2021.

In volume terms, paddy stocks were at approximately 577,000 tons and rice at approximately 363,000 tons. These numbers were 398,000 tons and 340,000 tons, respectively, as of December 2021. Inventory, as Anil ji explained, is higher primarily on account of our expectation of higher demand and because of aging requirements.

That brings me to an end of my prepared remarks. I will now like to hand over to the moderator for opening the Q&A session. I would just like to mention that as the ED matter at sub judice, we will not be in a position to respond to queries on this matter. So over to the moderator now.

Moderator: The first question is from the line of Anand Venugopal from BMSPL Capital.

Anand Venugopal: I wanted to know that how much percentage of the global price production does Pakistan make up? And with the economic issues going on in Pakistan, have you seen any supply disruption occurring? If so, what will be the price impact on basmati rice as such?

Anil Kumar Mittal: The share of Pakistan in the global trade is just 600,000 tons whereas the total crop size is just 850,000 tons. 350,000 tons is consumed domestically and 500,000 tons -550,000 tons is the export demand. As far as these quantities are concerned, it got affected this year due to flood in Sindh area. A particular variety is grown in Sindh area like IRRI-6 and part of Super, which is used for mixing along with the basmati rice produced in Punjab area.

So that also is produced to the tune of about 250,000 -300,000 tons, which got totally damaged due to flood in Sindh area. As I told you in my remarks that this was the first year in the history of 40-50 years with our competition with Pakistan that their prices were \$100 higher over the Indian prices, and that was one of the reasons that the Indian prices also got quite high and the acceptability of the Indian rice was higher by \$200-\$300 in certain markets due to Pakistan offering at much higher prices.

Moderator: The next question is from the line of Himanshu Upadhyay from O3 Capital.

Himanshu Upadhyay: Congrats on good set of numbers. I have two questions. One is on the exports to Saudi Arabia. The issue with the distribution and we have been trying to search for this HoReCa distributor for quite some time, why is it taking so much time, because we already have a retail distributor cannot he be the same for HoReCa also, or what are the thoughts? Just some of your ideas if you can share with us?

Anil Kumar Mittal: Yes. See, as far as the current distributor is concerned, it took us almost nine months to one year to look at this distributor. The biggest problem in Saudi is that everybody wants credit. There is no culture in KRBL to provide credit. So till the time we get a distributor that agree to our terms and condition, it might take another 3-4 months, that is not important, but terms are more important, and I hope it will take another 2-3 months. After Ramadan, I'm quite sure that we will be able to finalize. We have already shortlisted 2-3 and we are going to finalize one of them in a very short period.

Himanshu Upadhyay: The second question is, again, related to exports. Are we seeing people moving for lesser volumes and more orders, because the prices of rice have increased quite significantly? The incremental orders what we are getting, Are they of large volume only for exports? I think that people are trying to get lower volume orders also. Just some thoughts on that?

Anil Kumar Mittal: Let me tell you, normally, basmati rice, which is consumed in Middle East, especially is an aged rice. So what is happening, particularly in Saudi Arabia, most of the rice, is aged over there also by storing the rice for 7-9 months. So this year, there were stocks in Saudi Arabia which they were holding for the sale in Ramadan. People in the beginning has concluded some contracts over there when the prices were low in India, those shipments are going regularly and people are into trouble since the prices were low at that time, but all the new prices are quite high because although the old contracts have been finalized. Now the new contracts are higher by \$250 to \$300.

Himanshu Upadhyay: And one more thing. For last two years, the PUSA Institute is trying to give different varieties of basmati, which are more infection resistant or pest resistant so that low agrochemicals. How successful are those varieties? And how large is the cultivation in FY'23? And what are our expectations for the new season or, which will start happening from June-July of sowing of the seeds?

Anil Kumar Mittal: Those all the three, four varieties are super excellent. It has been accepted by the trade. We had made a trial shipments also, trial milling also, everything went very well. And this year, so I can't say because FY23 crop will also have a very limited quantity, but FY24 crops will have sufficient of those varieties, which is known as pesticide-free resistance-free commodity. That will help us to capture the European market and American market, where the pesticide issue has been come in a big way. And normally, in every speech, we say, that it is nothing but a non-tariff barrier for which we accepted the challenges, and we are ready for that, but it will be in FY24.

Himanshu Upadhyay: And lastly, the capex on the three facilities of you were going to do for the besides the basmati, the Gujarat and all these three facilities. What have you done? And are we expecting the two facilities to start in FY 24?

Ashish Jain: Yes. So the total capex that we had indicated across the three plants was around INR 250 crores. Out of which one plant, which is in. Gujarat, we are expecting production to begin in April 2024.

So you would find that number getting capitalized maybe by next quarter. For our second plant, which is in Karnataka, the land has been acquired, the various other formalities are currently underway. The third plant, which is in MP, we are looking for the right piece of land there. So overall, you can expect this capex to be spread between the next financial year and the following one.

Moderator: The next question is from the line of Amit Doshi from Care PMS.

Amit Doshi: I have questions regarding the procurement. You mentioned that you procured around 40% plus higher. And if I read it correctly, the prices of last paddy, this is higher by around 15%-20%. So I'm not able to tie up the figures, which is mentioned in the presentation of December 2021, which is around INR 3,100 crores and current inventory of around INR 4,400 crores. So can you please slightly clarify on that?

Anil Kumar Mittal: Yes. I think Ashish will tell you the numbers exactly. But if you take the average, we started buying the paddy rice from Mid-September and then the new crop started coming and they were at a quite low prices. If you take our average price of the whole season of several lakh tons, which we procure this year, we were at a very comfortable level at a very competitive price. As far as numbers are concerned, Ashish, you can tell that.

Ashish Jain: So the average price of basmati paddy procurement from last year is 15% higher.

Amit Doshi: So even if I count 15% higher, so this INR 3,100 crores of inventory, which is mentioned. So it turns around, say, for example, if I have to compare on the volume term the price value comes around INR 3,600 crores. The current price, current inventory, you mentioned is INR 4,400 crores. And Anil ji mentioned in the opening remarks that we procured in terms of volume, some 40%-plus higher compared to last year. So if it has been 40%-plus on the higher on the volume front, then the figure for should have been far higher than INR 4,400 crores or I'm missing something? So that's what I wanted to understand.

Ashish Jain: I can share the numbers in terms of our purchases. So, in the last season, which is FY2021-22, we have procured about 5,20,000 tons of basmati paddy. As against that, we procured roughly 45% to 47% higher this season. So that combined with a 15% higher rate will give you the number.

Also, you would notice in our debt that our rice procurement is also higher this season and again, at a higher rate. So if you put the two things together, that should get you close to the overall inventory number that we've reported.

Amit Doshi: The second question is this excellent growth of the domestic sales. So is it anything related to you just typically in the Indian households. There is this new season rice, which comes up? So is there some sort of a seasonal factor attached to it pursuant to which there is higher domestic sales this year around apart from HoReCa growth, which you've already shared?

Ayush Gupta: No. The Bharti that you're referring to happens only in Gujarat and the trend of this buying behavior has also diminished over the last decade. So it's a very small portion of the overall industry, I would say, that the trend of Bharki that you are referring to. But our sales is not a representation of that behavior.

Amit Doshi: And you mentioned domestic growth grew by 9% volume-wise. Is that correct?

Ayush Gupta: No. So consumer pack business grew by 9%, volume-wise.

Amit Doshi: So can you share overall volume growth?

Ashish Jain: So overall, branded volume growth in the quarter, which is on a year-on-year basis was 12%.

Amit Doshi: Okay. 12% volume growth. This represented overall, right, or only domestic?

Ashish Jain: Domestic branded basmati.

Amit Doshi: And export?

Ashish Jain: Export overall growth on a year-on-year basis in Branded basmati was 41%.

Amit Doshi: And this export figure, which has come significantly higher. What was the contribution by countries other than Middle East? So we believe, of course, Middle East or Saudi is one of our great contributors. But any specific or significant growth other than Middle East like that?

Anil Kumar Mittal: Actually, we are exporting to practically more than 50 destinations, and Africa definitely cannot be compared with the countries like USA, Europe, Australia or Middle East. African continent is comparatively a little weaker, but as far as other countries are concerned, because we are into branded sales, we don't make a single export in a private label. So our prices are more or less dependent on the freight and other expenses. They are the same throughout the world.

Amit Doshi: And sir, you mentioned that once the procurement season was over, broadly the data indicates, there is no significant loss because of the unseasonal rains etc. So now off-late after the procurement was completed, way ahead of time in Mid- December, which you mentioned. So post that, the paddy prices were down again, which had shot up to 40%-plus?

Anil Kumar Mittal: Look, paddy prices are not down, but definitely last one week-ten days, rice prices have little bit come down. But now this is going to remain like this like a roller coaster, because it will all depend upon the demand from the importer. It will all depend upon the demand from the importer, because everybody could assess that the crop size is lesser, and there are various other regions that the prices are going high. That has been now in public domain and transparent that what is the actual position. So people, those who have purchased the quantities and are not able to sell. At many times, they are selling the cargo at desperate by losing INR 3-4 per kg. That is only the difference.

- Moderator:** The next question is from the line of Soumen Choudhury from Jet Age Securities.
- Soumen Choudhury:** Sir, as you have mentioned that our basmati rice prices have increased significantly during the quarter. But if we compare the rough realizations quarter-on-quarter, we don't see too much of an increase. So would it be correct to say that the prices increased towards the end of the quarter and we will see a significant improvement in the current quarter?
- Anil Kumar Mittal:** Actually, the price started increasing from around 15th of September as arrivals of the new crop started. And it finished this time around 15th of December. So if we look at the graph this time, there was not a single day when the prices have reflected back or come back or dropped. The prices went on one side. Now any order, which is to be shipped in the month of October or November, It cannot be from the new crops. It is all to be from the old crop and all that -- that is why the reflection of the prices, quantity, everything because of Ramadan, you will see in the fourth quarter.
- Soumen Choudhury:** So realization should be better in this quarter than what we have seen in the third quarter?
- Anil Kumar Mittal:** Definitely.
- Soumen Choudhury:** And sir, one more question, which I had was differential between the valuation of basmati, paddy and rice. This differential is almost 70%-80% currently, which used to be 35%-40% earlier. So I just wanted to know how is that happening? Is it because you are buying rice also at a higher price, or what exactly creates this difference? Because I understand that in the process of dehusking, we lose about 30%-35%. So ideally, the differential should have been about 35%-40% only.
- Anil Mittal:** On your question, could you repeat again?
- Soumen Choudhury:** If I look at, say, the second quarter inventory position, the volumes and valuation given, basmati paddy value was at INR 32, whereas basmati price valued was INR 56. So which is almost 80%, the rice valuation was almost 80% higher than the paddy valuation, whereas we lose only about, say, 30%- 35% in the process of dehusking. So how does the value of rice go up so much from the paddy?
- Anoop Kumar Gupta:** Generally, out of 100 kg of paddy, we get 63kg-64 kg of rice. And out of 64 kg of rice, 14 kg-20 kg is broken and rest is the head rice. So that is how it is valued. So if you divide the 32 kg by 64 kg...
- Soumen Choudhury:** It will be about 45, sir? It will be about 45.
- Anoop Kumar Gupta:** Yes. So that was the whole rice comes around 45 kg. But the rice mix might be different. The value is different. We are buying a lot of head rice also. We're just buying a lot of head rice from the market. It is at a different price.

- Soumen Choudhury:** So currently, you are buying more of basmati rice also than what you used to do earlier?
- Anoop Kumar Gupta:** Yes, of course.
- Moderator:** The next question is from the line of Chetan Doshi from Tulsi Capital.
- Chetan Doshi:** Congratulations for the good set of numbers. I would like to know what is the sales value of the current inventory what we are carrying?
- Anoop Kumar Gupta:** You see, I will generally say, it is always at a cost and the market value of what has procured today. Market value has according to me is 15% to 20% higher. And what is our realizable value, it is a different thing. It's a branded product, I can't comment on that. What is the realized value. That is much higher.
- Chetan Doshi:** Can we consider that we are carrying our sales value products of more than INR 5,000 crores?
- Anoop Kumar Gupta:** Yes, of course, we have INR 4,400 crores inventory which has got a market value of around INR 5,000 crores.
- Chetan Doshi:** So another question is that ending this year with the record profits. So what are your plans to utilize that money from the cash flow that will be generating and how you're going to reward the shareholders?
- Anoop Kumar Gupta:** That we'll discuss in our Board meeting whether dividend to be paid or buy back to be done.
- Chetan Doshi:** In the past, last 2.5 years, it's the same answer, which we are getting from the management that see, your Board is not coming to some common platform as to how we should reward your shareholder.
- Anoop Kumar Gupta:** So we are giving a good dividend. Now we'll look in the Board meeting, how we can do, looking at the current year profits.
- Anil Kumar Mittal:** We are going to discuss in the Board meeting and see how our investors are happy and more satisfied. Don't worry.
- Moderator:** Thank you. Ladies and gentlemen, we take that as a last question. Thank you very much, members of the management team. Ladies and gentlemen, on behalf of KRBL Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.

Disclaimer: This is a transcription and may contain transcription errors. The transcript has been edited for clarity. The Company takes no responsibility of such errors, although an effort has been made to ensure high level of accuracy

We do hereby confirm that no Unpublished Price Sensitive Information was shared or discussed during the Q3FY23 Earning Conference Call.