

E:KRBL/BIBHU/STK_EX_2021/36
02 September 2020



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

Dear Sir/Madam,

Sub: Transcript of the Earnings Conference Call held on Thursday, 13 August 2020

Pursuant to the provisions of Regulation 30 read with Para A of Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of Earnings Conference Call held on Thursday, 13 August 2020.

This is for your information and record.

Thanking you,

**Yours Faithfully,
For KRBL Limited**

**Raman Sapra
Company Secretary**

Encl.: As Above.

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WORLD'S LARGEST RICE MILLERS & BASMATI RICE EXPORTERS

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KRBL Limited

Q1 FY '21 Earnings Conference Call Transcript

August 13, 2020

Moderator Ladies and gentlemen good day, and welcome to the KRBL Limited Q1 FY '21 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 would now like to hand the conference over to Mr. Nishid Solanki from CDR India. Thank you and over to you, sir.

Nishid Solanki: Thank you. Welcome to KRBL's Q1 FY '21 Earnings Conference Call for analysts and investors. Today, we are joined by senior members of the management team, including Mr. Anil Kumar Mittal – Chairman and Managing Director; Mr. Anoop Kumar Gupta – Joint Managing Director; and Mr. Rakesh Mehrotra – Chief Financial Officer. We propose to commence with an update on the financial performance by Mr. Rakesh Mehrotra. Thereafter, we will have Mr. Anoop Kumar Gupta, sharing his perspective. After the opening remarks from the management, the forum will be opened for an interactive question-and-answer session.

A cautionary note. Certain statements that may be made on today's call could be forward-looking in nature, and actual results could vary from these statements. A detailed statement in this regard is available in KRBL's Q1 FY '21 Investor Presentation, which has been shared with you earlier. I would now like to invite Rakeshji. Thank you and over to you, sir.

Rakesh Mehrotra: Good afternoon, ladies and gentlemen. I welcome you to KRBL's conference call to discuss performance during the Q1 FY '21. I will commence with the key highlights for the period. I trust all of you are safe and well. We too have been observing the right safety protocol and our teams are working with utmost dedication to maintain supplies of all our brands to our customers in trustful manner.

The first quarter of FY '21 was marked by continuing impact from the lockdown measures taken to curb pandemic. Although at our level, we rapidly streamlined the flow of labor and materials, the shipments took longer than expected to normalize. Our performance reflects this transient impact on the deliveries due to severely affected logistics. The underlying demand has remained strong, and this was the same pattern seen in the export segment too. While shipping our basmati to international destinations, we had to work at significantly reduced pace, which had to do with the severe impediment in the logistics.



With this context, our first quarter standalone revenue from operations came in at Rs.764 crore. Our EBITDA during the Q1 FY '21 stood at Rs.193 crore, and the company has recorded best ever margins of 25%. This was on account of enhanced gross margin at 35%. PBT for Q1 FY '21 stood at Rs.167 crore, with PBT margin in the period standing at 22%, owing to higher price realization and cost benefit on inventories and reduction achieved in the finance cost on account of lower working capital borrowings. Our PAT for the Q1 came in at Rs.126 crore with PAT margin of 17%.

During the last season we had taken advantage of the then prevailing low paddy prices and stocked up incremental quantities year-on-year of paddy. This has given us a unique advantage to grow volumes at attractive margins in the coming quarters. We follow a simple guiding principle, whereby our accruals get reinvested into the building inventory and thus the cycle perpetuates and this has become a key factor of differentiation in our industry.

Our objective remains to reduce the utilization of borrowing towards creation of inventory and as at 30th June 2020, we have seen lowest net debt levels of Rs.268 crore as compared to earlier period last year Q1 where net debt stood at Rs.690 crore.

The company's financial position remains robust. We hope to realize healthy cash flows this year as well. We are working steadfastly towards being a debt-free company gradually and even in the working capital level. With discipline, I am sure we will set the benchmark for this parameter also.

I now hand over the call to our Joint Managing Director, Mr. Anoop Kumar Gupta for his perspective. Thank you.

Anoop Kumar Gupta: Thank you, Mr. Mehrotra. At the very outset, I hope and wish that all of you and your families are keeping safe and healthy. The quarter has started with an uncertain and unpredictable environment with the proliferation of COVID-19 as all of you are aware. On behalf of everyone at KRBL, we extend our gratitude to all the frontline heroes helping us manage this pandemic.

Our performance in the quarter has been resilient and reflective of the intrinsic strength of our portfolio, agility in operation, excellence in execution, purpose-driven leadership and our strong balance sheet. Though initially in the quarter, we have seen impact from the severe disruption to logistics domestically and also to shipments bound for our export markets. As you all are aware, given the challenges and restrictions, there was little to no uptake in the HoReCa segment. Although presently with the successive phases of un-locking, this segment is showing improvement. On the retail side, where volumes have stood higher robustly, we have seen greater share of lower-priced SKUs, and thus, there is some impact on the realization, especially in the domestic market.

Over the last 3 months, we have been undertaking maximum efforts to secure our business operation by putting in place stringent safety standards across our plants and offices to ensure well-being of our people. As on date, all plants are running at full capacity. And as they are highly automated, we have been able to resume the processing and packaging activities very seamlessly. Our teams have dedicatedly work with the local authorities to streamline the flow of our product city by city, town by town, and slowly, the supplies are normalizing.



Consumer sentiment towards branded product has never been stronger. Through the stringent phases of the lockdown, consumers have sharply curbed eating out and ordering in. Within households, the clear accent is on the home-cooked food. Thus, even for daily consumption of grocery items, the consumer is found looking at packaged options. Brands that have enjoyed deep trust and have fared well, where India Gate and our portfolio have ranked highest. We have witnessed the best ever volumes in the consumer pack segment. In the leadership consumer pack segment, we have seen around 30% growth year-on-year.

Another key trend that is coming up is a marked focus on health and wellness with consumers seeking out options to promote immunity. This was an industry category earlier as well, but with the lockdown, it has achieved a boost. Our lineup also includes several value-added product lines created around these aspects. And this range continues to expand with the new products to bring health and convenience to consumers.

A key aspect of the lockdown has been that we have had to meet significantly higher demand for our brands across a very short window of delivery lead time. Customers these days are seeking out brands that they prefer, whereas their route of purchase has also undergone an update, with higher preference for online and direct channels. To share a statistic for KRBL during Q1 FY21, we saw a stupendous 70% improvement in online sales year-on-year. The traction in the traditional channel has been good, and has in fact, built up with the successive phases of unlocking. In our business, we have seen 12% volume growth recorded by the modern trade segment. Efforts are also on to further strengthen our presence in smaller towns and rural India. With an offering for every category, we are geared to meet demand from all types of customers. Our teams are employing sophisticated metrics and tracking, to assess these evolving trends and making adjustments in real time.

Our order booking has remained healthy despite the impact from the pandemic in virtually every market, our brands enjoy a USP to which customers have shown deep loyalty. Demand has remained unchanged as per the pattern, and we are taking all efforts to supply maximum quantities, both abroad and domestically. As we grow as a business, the emphasis will always remain on conducting sales profitably, and this guiding principle is serving KRBL well to distinguish itself in the industry.

Looking forward, while the near-term market outlook is uncertain, we are confident of the medium to long-term growth prospects of the FMCG sector. Our strength of agility and responsiveness gives us confidence to navigate the current challenges as well as capture the structural opportunity in medium to long-term. We remain confident of a strong demand in our product category in the coming fiscal, which we believe should enable us to deliver a robust operational and financial performance, backed by strong brand lineup, smart inventory management and advanced processing capacities. At an overall level, for FY '21, it remains our intention to enhance volume growth of basmati over FY '20. With that, I would like to request the moderator to open the lines for discussion. Thank you.

Moderator:

Thank you very much. Ladies and gentlemen we will now begin the question answer session. We take the first question from the line of Pritesh Chheda from Lucky Investment. Please go ahead.



Pritesh Chheda: Sir, some comments on the volume performance, if you could give for the quarter and how does it look Y-o-Y. And second, within exports the higher realizations which we see, if you could give some qualitative comments on those higher realization and sustainability of those higher realization?

Rakesh Mehrotra: As regards the volumes, please send me a mail and we will share separately. As regards the pricing and realization Anilji will tell better, on our exports.

Anil Kumar Mittal: As far as volume is concerned, the major reason was that about 34,000 to 35,000 tons of cargo was lying at Kandla port, which was supposed to be shipped out from our plants in the month of May and June. Due to the pandemic and labor problems we could not arrange the vessels in time. It has now been shipped in the month of July & August. This was the primary reason for the revenue to get hit this quarter.

Normally basmati rice has various qualities and different price segments ranging from USD 1,100 to USD 2,400. In the premium segment the average sale price has increased from Rs.85 per kilo to Rs.101 per kilo. It will be our utmost effort to maintain the EBITDA margins. Though it will be a difficult task since as the top line increase, the value realization comparatively decreases. Even then, we will try our level best to maintain the margins.

Pritesh Chheda: Okay. Any comments on the country mix within this higher export realization?

Anil Kumar Mittal: Most of the exports have gone to either Middle East countries, USA and to Far East. As far as exports to countries like Iran, Iraq, Yemen plus certain African countries are concerned, they have been buying comparatively cheaper varieties as against premium basmati rice.

Pritesh Chheda: Okay. So these countries, there is lower in the mix and high-value countries or high-value basmati being sold is higher in the mix. That's how I should interpret?

Anil Kumar Mittal: Yes.

Pritesh Chheda: And is this sustainable for the subsequent quarter as a business strategy?

Anil Kumar Mittal: The margins are sustainable since these are our permanent markets and in these countries we have good distributors and sales network, especially in Middle East.

Moderator: Thank you. We take the next question from the line of Varun Darci, Individual Investor. Please go ahead.

Varun Darci: This is Varun here. Sir, I just had a question on the goods lying at the Kandla Port due to some logistic issues that you were facing. I was hearing the commentary from some of your commentators around where they have shown quite a robust growth in this set of quarters. So, I just want to understand that the issue that the logistics issues that we were facing; was it specific to our company, was it or and potentially how could others not face this problem then, and they seem to have quite a decent quarter?

Anil Kumar Mittal: The shipments which were lying at Kandla were supposed to be shipped in break bulk and not in containerized vessels. The shipments which are destined to Europe or to America are shipped in containerized vessels and not in break bulk. During pandemic, the container vessels had comparatively lesser problems for shipment

over break-bulk. Due to labor shortage, availability of break bulk vessel was a big problem at Kandla Port. Moreover, before pandemic / lock down, the loading rate for a break bulk vessel at Kandla / Mundra ports was 5000 – 6000 MT/day which has currently come down to 1000 – 1200 MT/day. This was one of the main reasons the ships were not coming for anchorage at the port and the shipments got delayed by 2 months.

Varun Darci: Sure, thank you. The second question sir, I had was around the shareholding of the enforcement directorate. We see that in the latest shareholding release, ED has potentially confiscated all shares of Balsharaf. So, I know you've clarified this multiple times that this has got nothing to do with the KRBL, but is there any update or something that you can throw light on this?

Anoop Kumar Gupta: Balsharaf already won the case in the High Court. And the action of the ED is according to lawyers is not legal. And Balsharaf has put up the case in the court to release the shares. And definitely, as per lawyers, he will definitely win the case. Balsharaf has won the case in the High Court. Balsharaf has won the case in the Supreme Court. Balsharaf has won in tribunal, I mean 5 times in double bench also Balsharaf has won the case. Balsharaf will definitely win the case.

Moderator: Thank you. Next question is from the line of Varun Goenka from Nippon Mutual Fund. Please go ahead.

Varun Goenka: Anoopji, I wanted to ask regarding our e-commerce online sales strategy or approach. So to begin with, what percentage of our domestic sales or absolute amount is through the online channel?

Anoop Kumar Gupta: 1.5%.

Varun Goenka: Okay. So do you have any data on the online channel, or what is the industry size within the online channel?

Anoop Kumar Gupta: Industry previously was 0.4%. But during pandemic, it has grown up to 1.4%, if you talk of rice.

Varun Goenka: Okay. Total rice, fair enough. So that includes basmati and non-basmati. So, 1.5% of domestic sales. I'm not talking about total sales just to clarify that?

Anoop Kumar Gupta: Yes.

Varun Goenka: Okay. So in e-commerce, how are we approaching this, are we directly selling or are we going through let's say, Amazon has a 3P model, so you go through a seller. How are we approaching this?

Anoop Kumar Gupta: There are so many parties on Amazon site who are selling India Gate, but we are selling directly. We have direct account with Amazon, Grofers, Big Basket and Flipkart. We have big share in Grofers and Big basket, Amazon is at third place.

Varun Goenka: Okay. So what would be the difference be #1 and #3 in terms of sales?

Anoop Kumar Gupta: In terms of sales Amazon's share in e-commerce is hardly 10% to 12% for our category, whereas Grofers and Big Basket have got a 70%, 72% share.

- Varun Goenka:** Okay. So just to understand this better, if we are selling directly, we do not need any dealers in between or middleman between right?
- Anoop Kumar Gupta:** In remote places, we make delivery through our distributors, but the price and everything has been done directly from the head office.
- Varun Goenka:** Okay. So would that entail that this is a much higher margin or no, it's the same margin as any other channel?
- Anoop Kumar Gupta:** No, it is the same margin because we control PTC or price to consumer. Because we want that 80% share of our GT or general trade should not get disturbed due to this e-commerce side, they try to sell cheap rice, but we stop them. So we always control the price to the consumer.
- Varun Goenka:** Okay. Just final point, if you can give us overall outlook on exports and domestic separately. We were, just ballpark towards Rs.5,000 crore this year. It's difficult to give a guidance, per se, but are you seeing any major jump in July now. June and July, has that been much normal versus last year, both on exports side and domestic side if we can understand?
- Anoop Kumar Gupta:** If you compare with Q1 , naturally Q2 will have a jump and as far as Rs.5,000 crore is concerned, we are looking at doing something better than last year. Maybe it is Rs.100 crore, Rs.50 crore or 5% more because the first quarter, the revenues are less. So, we will end up the year by 5%. We'll try our best to do it Rs.5,000 crore. But maybe, but we'll do better than last year.
- Varun Goenka:** But any meaningful market share, is there an opportunity for us to gain both on domestic and export because of bank funding available to us because of our balance sheet size, brand size, any meaningful market share in any of the areas?
- Anoop Kumar Gupta:** No, as far as domestic is concerned, we will be having a loss of Rs.300 crore to Rs.400 crore on account of HoReCa. But we are trying this loss to be overtaken by the consumer sales because consumer pack sales are very good driven and there is no problem at all. On account of HoReCa however we have dent of around Rs.400 crore That will be set by the consumer market.
- Varun Goenka:** Right. And Anil, if you could help us in the export what would be our understanding?
- Anil Kumar Mittal:** We are concentrating on two markets, first is Saudi Arabia, since the share in Saudi Arabia of Indian rice is increasing. We are working quite hard in the Saudi market since we feel it will bring us extra quantities and revenue on the basis of our weak performances in last 2 -3 years. Secondly we have already entered the mainstream market in Canada after long and concerted efforts. We feel we will also will enter USA mainstream market. We are quite confident that these two markets will bring good jump for KRBL in revenue & volumes. The problem is we cannot forecast any numbers due to pandemic. We are unable to understand the consumer behavior since we hear new stories every week from these markets. Everybody is waiting for the HoReCa to open up. In Middle East there is a culture of eating outside or ordering the food from caterers. Normally during dinner time, there are hardly 40 – 50% families that cook rice at home. They normally order from outside. Therefore, everybody is waiting for HoReCa segment to open for the consumption to increase.
- Varun Goenka:** Yes. Fair enough sir. And during the course of the call, if you could just, the demerger of the power business valuation, if you could give a view on our PPAs and

the valuation of the total assets. There are several deals happening today so what do we really intend to do sir, thank you.

Anoop Kumar Gupta: No. This is definitely a better proposition for KRBL, but there are a lot of key challenges, and those key challenges are to deal with several states to amend our PPAs to a new name, then the transfer of asset, transfer of land, there are certain forest lands and they have certain revenue land. So there are a lot of key challenges. We have just taken approval from the Board, so that we may apply to states for all these things. If we are able to get the PPAs transferred, then we will definitely go ahead with it. If at any case they want to renegotiate the price on PPA, we will not do it.

Varun Goenka: Okay. And any valuation ballpark have KPMG come up with?

Anoop Kumar Gupta: There some challenges as of now, that whether PPAs would be transferred at the same rate or not, then we'll move forward if the PPAs are transferred. If they give us the letter to transfer the PPA to the new legal identity, then we'll definitely look at other things.

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

Dhruv Kashyap: My first question was around post-COVID, this entire impetus on health and wellness, immunity, etc. What specifically is KRBL doing or planning to do both on the product and on the communication front?

Anoop Kumar Gupta: On the product you see, we have brown rice. The sale of brown rice has gone up, and we have started a promotion along with 1 kg of brown rice, you take 200 gram of Quinoa. So we are promoting a lot of health products and during Corona pandemic time, no one wants to buy loose rice. So we are having a benefit of selling packaged rice during COVID period. That is the reason why our consumer sales have gone up. And we are more and more concentrating on healthier products now. In exports, we have come out with Rice Bran oil with Amaranth, with Chia Seed, with Flax Seed. So we are creating a full health basket, especially in the export market and we are very positive on it.

Dhruv Kashyap: Thanks. My second question, sir was that in a country like India, let's speak specifically for India. See, whether people eat the food through a restaurant or a delivery or a corporate catering kitchen or if they are working from home and not going out, they will be consuming more at home. So wouldn't it be fair to say that it's not so much about a channel-specific loss of business because ultimately, food is fairly inelastic the consumer is going to eat no matter where they eat. So if we are losing on HoReCa, shouldn't we be making up exactly that much and more on the consumer part, like let's say a Britannia or Nestle is doing?

Anoop Kumar Gupta: Yes we are definitely. I said, I am having a loss of Rs.400 crore, but I'm anticipating that I'll make up this Rs.400 crore in consumer sales. But, I tell you one thing. Especially in South India, a lot of catering business is there. Like Mittal ji, shared about Saudi Arabia, in South India people don't like to cook food, especially in Kerala. They want to order, even for five people in the house, they will order two portions of biryani from a local caterer. And there are a lot of meetings, a lot of marriages, lot of functions. Right now there are no functions, whereas there is a lot of consumption of basmati rice in marriages, in functions, in parties, in restaurants, in catering, and this has nothing to do with restaurants. Basmati rice has a huge

consumption in parties, marriage functions and a lot of biryani culture is there in South India. All thela walas are selling biryanis, and they were taking rice. So everything is practically 0. You can't say that we'll make up, that will make up only for KRBL, I can tell you one thing, because of our strong brand. Otherwise, HoReCa segment will have a big dent on other rice millers, rice exporters and rice traders.

Dhruv Kashyap: Sure, thank you. And sir, my last question was that in terms of geographical and category wide spaces. So the geographies within India or countries outside, which we are exporting to, which we are not present in and want to enter as well as the category wide spaces. So we are in white and brown rice. We are in Quinoa, we are in Chia Seeds. What other categories and geographies are we planning to get into in a big way?

Anil Kumar Mittal: As far as other categories or expansions are concerned, everything can be worked out only when the pandemic issue is resolved. Gaining new orders or new connections has become little bit dicey because every country is facing financial problems as well. There are other problems too that cannot be narrated over phone which are dozens in number. Once these issues settle down, which we feel by November / December, then only other categories and more countries will be opened up.

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

Sarvesh Gupta: Sir, one thing on the exports spillover. You mentioned in the last concall also that because of Kandla problems certain exports could not be done and this quarter the export value has been quite low. So what is the, so one is the conditions have they completely normalized now and what will be the spillover impact of lower exports in Q4 and Q1, which will get into the Q2 of this year?

Anil Kumar Mittal: We all know that the lockdown was announced on 25th of March. And it got opened up partially in first week of June. Though the food industry was allowed to operate, there was an acute labor shortage, since most of the labor migrated back to their home towns in UP, Bihar and Nepal. We were running our plants at a capacity of around 40%, including milling, packaging, etc. Not only the manufacturing, but there was a huge chaos at the ports because of the logistic problems, both in transportation and shipping because labor was not available and you require a specialized labor for packaging and other activities in the plant. It is not possible to hire labor from outside and involve them for work straight away. There are specialized labor for loading, unloading, packing, milling, stitching and so on. There were so many other problems at the port which delayed the vessels which could not anchorage at the port. It is hard to believe that the first vessel for 15,000 tons which was ordered in the month of May could not reach the port up to June due to lockdown. The vessel came by first week of July, then there was a waiting period of 20 days at the port and loading rate had come down to 1200 / 1400 MT a day compared to 5000 / 6000 MT a day, The vessel should have been loaded in three days, but with the loading rate of 1,500 tons/ day, it took 10 days. So these were the problems, and around 32,000, 33,000 tons were lying at the Kandla Port for last 2.5 to 3 months which is now being loaded.

Sarvesh Gupta: No sir, now the situation is completely normal?

Anil Kumar Mittal: There are two problems which are currently being faced at Kandla Port. One is the rains, when the rains starts pouring the loading stops. In last 3 days, our loading

rate is coming to around 1,500 tons a day. Our third vessel is being loaded and the loading rate is just 1,500 tons a day due to rains. Number two, we are not able to reach the loading rate of 5000 MT / day, even if things normalize as far as weather Gods are concerned. Even in the absence of rains, the loading rate is just coming to 2,800 - 2,900 tons. To reach 5,000 tons, I think it will take another two or three months. That is what our clearing agents inform us.

- Sarvesh Gupta:** And this Rs.350crore odd of material, which was lying, has that been shipped now?
- Anil Kumar Mittal:** Most of it has been shipped out, and we have another Rs.50 crore - Rs.60 crore cargo left.
- Sarvesh Gupta:** Okay. Now coming to the domestic market sir, I was just looking at your volumes data. If I do Y-o-Y comparison, so we were at 85,000 tons in last year same quarter. Now it has fallen to 73,000 tons. So if HoReCa was contributing, let's say, 20%, 25%, then if I take that out completely, then also, probably, we are seeing 7%, 8% growth or maximum 10% growth in the ex-HoReCa domestic business. So my sense was that given the focus on packaged food and all, probably we could have done much better instead of just 10% sort of growth on the domestic market. So any comments on ex-HoReCa how much can we achieve this year?
- Anoop Kumar Gupta:** HoReCa is one thing. When we say HoReCa, there are 25-kg bulk bag also of India Gate, which retailers buy and sell in loose. That sale is also 0. The impact is around 35%, 40%. And in fact, we have not increased by 7-8%. We have increased our consumer sales by, year-on-year if you take we have increased by 30%. Because the sale of big bulk pack 25 kg, it's not necessary that 25 kg pack is bought by HoReCa only. It is bought by retailers also. So our net increase is around 30% on the consumer segment and 25 kg bulk pack, which is meant mainly for HoReCa, is down by 40%.
- Moderator:** Thank you. The next question is from the line of Rohit Prakash from Marshmallow Capital. Please go ahead.
- Rohit Prakash:** Sir, my first question is on your new products. We continue to be extremely strong on basmati and our brown rice is also doing well, but if you could give us some more update on the other segments like Chia Seeds, Quinoa, etc., do you see any increased traction for them in this time and what about the regional rice like Govind Bhog and Jeera Rice that you were planning. Is there any further development there as well?
- Anoop Kumar Gupta:** Yes. As far as Quinoa is concerned, there is an improvement in sales. But definitely, the market is small, we are selling around 10 to 15 tons a month. We were previously i.e. pre-COVID we were selling around 7, 8 tons a month. Currently we are selling 12 to 14 tons a month. So, there is an increase of 100% if you talk of Quinoa in the domestic market. And as far as regional rice is concerned, it is going well because we are doing only consumer packs. We are doing only 1 kg and 5 kg. We are not doing bulk packs. So, we are only into the premium regional rice segment and its going up. However, after COVID, as was mentioned earlier, we are going to set up units especially in South India and West Bengal so that we can supply directly from those units as a result we will save on our logistics and distribution cost. So, we'll plan big for that investment.

Rohit Prakash: Understood sir, that was helpful sir. So the next question is broadly, unlike most other businesses, our business is benefiting from in some sense it is not harmed very much by the pandemic. Instead, we are seeing a shift to packaged rice consumption. And this will generate quite a lot of cash flows for the business. The intent of the management is to become debt-free. But is there any plans of buyback on the cards, given even the current share price seems quite low. And if not, do you intend to increase the inventory size even further the coming year to cater to the increased demand you expect going forward?

Anoop Kumar Gupta: Yes, definitely we will increase our inventory since our marketing and brand which is 2 years old, 1.5 years old, our volumes will go up. So naturally, inventory has to go up.

Rohit Prakash: Understood. So no plans of buyback anytime going forward?

Anoop Kumar Gupta: At the moment, there are no plans.

Moderator: Thank you. The next question is from the line of Rajeev Agrawal from DoorDarshi Advisors. Please go ahead.

Rajeev Agrawal: If I can just request the data point, which is the volume information on domestic and export market. So Mehrotra, I can send you a mail and if you can?

Rakesh Mehrotra: Please send me a mail, I'll reply to you.

Rajeev Agrawal: Then just on the order book, there is a comment made that we have good order book. Is there a way to quantify it and compare it to what we have done last year?

Anil Kumar Mittal: We have not quantified it. You put the question to Mehrotraji, just add up the order book and give the reply to them.

Rakesh Mehrotra: Yes. Please send me via mail. I'll reply you separately on this also. But I can tell you, we have very good order book in hand. As Anilji said, this quarter, our numbers will be very good.

Rajeev Agrawal: And then do you have some visibility on how the basmati season is looking for this Kharif crop calendar year '20, if you can share any insights on that?

Anil Kumar Mittal: There has been confusing reports. The media says that the sowing of basmati will increase by 15% - 20% compared to last year. Whereas as per our own survey and that of our competitors, we feel that basmati production would be lower by 15% - 20% this year. Moreover, most of the farmers have grown a variety 1509 compared to 1121/ Traditional /Pusa Basmati, which have been traditionally being grown for the last 20 -25 years. 1509 is a very newly developed basmati. Since the yield is high, and it has been in good demand this year, most of the farmers have sown 1509. We feel that exports to Iran is the biggest confusion since exports to Iran will decide the supply/demand picture of basmati rice & its prices in India this year. Iran does not have funds, either in dollars or in rupees to buy from India. Though we have offers from Iran to purchase rice in euros or dollars, they cannot materialize due to US sanctions. Since Iran has plenty of Euros and we already have an offer for remittance of 5 million Euros in advance for rice shipments, it cannot materialize because no banking channel in India will handle Euro or Dollar from Iran due to American sanctions. So we are unable to execute those businesses. There is an

option of routing the deals via Dubai, which we do not want to get involved in. Huge quantities of cargo are lying at Bandar Abbas for about 6 - 7 months. About 50% cargo has been lifted and payment has been made & received by Indian exporters. But 50% cargo is still lying and payments are yet to be effected. But we are confident that food & medicine being essential commodities, they should be removed from the sanctions. Maybe after November when the elections are over in America, some positive news on Iran will come because you cannot leave any country, where there are already tensions, in hunger or without essential supplies, medicines, etc. Iran is a huge market for India for export of about 1.3 – 1.4 million tons of basmati. We are all confused as to what would be the fate of Iran. Otherwise crop wise, everything is good. And we are thinking that the basmati rice prices will increase this year compared to last year by minimum 10% to 15%. This is our estimate.

Moderator: Thank you. The next question is from the line of Shirish Pardeshi from Centrum Broking. Please go ahead.

Shirish Pardeshi: Sir, I have two questions. On the slide, on the consumer behavior you have really given a good understanding how the consumer behavior has happened. So my only question, which I picked up from your commentary is that the consumer would have upgraded from maybe 1 kg pack to 5 kg pack. So if you can help me to understand what would be the contribution of 5 kg, 10 kg and 25 kg separately in the quarter and what is the full year, last year?

Anoop Kumar Gupta: No, we take 1 kg and 5 kg as consumer packs. And, I don't have ready numbers with me, but 1 kg, 5 kg on a year-on-year basis, we have got a 30% increase.

Shirish Pardeshi: Okay. That's what I wanted to check because you said 30%, which is basically, you mean to say that then these are the packs which would have contributed to a higher contribution. That's what my understanding is?

Anoop Kumar Gupta: No, it is 1 kg and 5 kg. In domestic market, if you see, my realization has gone down. This is due to product mix changes. During COVID, the lower varieties, which is Mogra, mini Mogra, they sold more than the higher varieties.

Shirish Pardeshi: Okay. And sir, my last question is on the paddy and you just mentioned about the crop, which is going to come up. So is there understanding or probably, I'm sure you are working with lot many farmers. So do you think that there is a chance that with 15% less production, you are expecting the prices to go up?

Anil Kumar Mittal: There are just some estimates. Media is saying something, and our survey is saying something else. To comment at this moment couldn't be wrong on our part, because if the crop is 10% or 15% even lesser, then also we will be able to cater basmati rice demand. Because of 15% gap, the prices will remain high. It is too early to comment whether it would be the same as that of last year or whether it will be lesser by 15%. But there is one question mark which is confirmed, that the production of 1121 and Pusa Basmati would be lesser this year compared to last year, which will make the prices of the paddy higher by 15%, as compared to previous year.

Shirish Pardeshi: Okay. And just last, if you can squeeze in. You mentioned that we have to wait for US Election and how Iran will pan out. But do you think that Dubai due to which many people are exploring, you will also try and explore maybe second half?

Anil Kumar Mittal: No, we will not do that business because according to us, that is not a legal way of doing a business and we will not involve ourselves into any illegality.

Moderator: Thank you. The next question is from the line of Jaspreet Singh from Bay Capital. Please go ahead.

Jaspreet Singh: Did you gave lesser advertisements on the media and saved some money in advertising costs?

Anoop Kumar Gupta: Advertising. No, we have not saved anything, we have spent the money on advertising.

Jaspreet Singh: Okay. And sir, how was the movement between organized and unorganized market, because it seems that unorganized would be more hit during this COVID times?

Anoop Kumar Gupta: Yes, unorganized market was hit, that is the reason why our sales in number were down . But, I tell you KRBL is strong because 15% of the total sale of basmati is in the organized sector. Still 85% of the sales is under unorganized sector, which we call as traditional trade. Traditional trade was a bit slow. In organized sector, we had 70% more on the e-commerce and about 50% more on the modern sales business. But there was not much loss in the traditional as far as consumer pack is concerned. You see during COVID, 70% of the retailers were closed. Even then, our numbers are quite good.

Jaspreet Singh: All right. Should we be able to take this Rs.350 crore kind of a figure as a very baseline figure for the company, for the quarter?

Anoop Kumar Gupta: You are talking domestic sales?

Jaspreet Singh: Domestic. Yes, domestic.

Anoop Kumar Gupta: Yes, that is a base figure you're right

Jaspreet Singh: So with the starting of HoReCa, do you expect it to increase?

Anoop Kumar Gupta: Definitely, we have generally done Rs.500 crore a quarter. You see one of our brands is very famous in HoReCa segment. It has a big market, and that is Unity, that brand is suffering a lot.

Jaspreet Singh: Anilji, had you been buying any crop during this quarter, paddy or rice?

Anoop Kumar Gupta: Yes, we are buying some rice and also paddy yes, we have bought some rice. Jaspreet, you see after buying so much of rice, as on date my debt is just Rs.15 crore.

Jaspreet Singh: Okay. And do you see any competitors or any players who have gone out of the market because of this pandemic?

Anoop Kumar Gupta: You see all small players and small brands: they are not there at all. Small brands, if you talk, those who are selling with retailers and people have opted not to buy loose rice. So that has really dented those small players because the sale of loose rice is really less compared to previous pre-COVID and post-COVID.

- Jaspreet Singh:** Okay. Anoopji, another figure which I wanted to discuss with you was that your float in the market, which is I can see the retail investors in the market, it's very, very high compared to other FMCG companies. If you check out Marico, Dabur, Prataap Snacks, Relaxo they've got hardly 7%, 8% of their shares as a retail shares. But in your case, it is more than 11%, 12%. So, I wonder if you would want to take this figure and what are you thinking about reducing this figure by doing a buyback?
- Anoop Kumar Gupta:** Buyback, we have not discussed. Let us see, we'll discuss in the next board meeting, we'll see to it, we have still not discussed within ourselves.
- Jaspreet Singh:** But any reason you're not discussing it. Is it that ED has taken over the shares of Balsharaf and therefore, the management is not able to do anything because some shares are locked with ED. And it will be partly saying that you will not be able to?
- Anoop Kumar Gupta:** No, ED cannot sell shares. ED cannot sell share unless court allows them. That is not possible for ED to sell even a single share.
- Jaspreet Singh:** No. What I'm asking is, is there any technical issue, because if you do a buyback and Balsharaf is not able to participate, that will be problematic in terms of that.
- Anoop Kumar Gupta:** No. That is not the point.
- Moderator:** Thank you. The next question is from the line of Akash Shah from KFS Securities. Please go ahead.
- Akash Shah:** I have one question on the operations side. I just wanted to know how does the change in paddy price get reflected in our finished goods prices?
- Anoop Kumar Gupta:** Change in paddy price doesn't reflect. My inventory is valued at the cost price. If the paddy price would be higher next season, naturally, the rice out of it would be higher.
- Akash Shah:** So any fall or lower raw material price, does that have any margin impact, higher-margin impact in our final products realization?
- Anoop Kumar Gupta:** Naturally, if prices are low, definitely because we are in a branded business, we generally don't change our price on the shelf. If the paddy prices are low, definitely margin goes up.
- Akash Shah:** And same way it is high, our margins get impacted downwards, right?
- Anoop Kumar Gupta:** Yes. If it is very high because, the price on the shelf includes many things. They are certain and when the prices are low, we sometimes do some promotions, when the prices are high, we don't do any promotions. So we balance everything.
- Akash Shah:** Okay, got it. I would like to know what is the share of HoReCa sales in FY '20 revenue, what percentage?
- Anoop Kumar Gupta:** Around 35%.
- Akash Shah:** 35% of our entire revenue?

Anoop Kumar Gupta: Only Domestic sales.

Moderator: Thank you. The next question is from the line of Amit Doshi from Care PMS. Please go ahead.

Amit Doshi: Sir, recently these new guidelines came up with respect to some countries, some procedures, which were required to get done before you export have been relaxed. Do you think it will have any financial impact or is just more to do with just the process getting out of the picture? And anything on our export and is it related to our countries that we export?

Anil Kumar Mittal: There were 2 issues. One was related to Saudi Arabia. They have come up with a new system for the last one year. That is CoC (Certificate of Conformity). It has already been streamlined. Three/four international companies have been recognized to give those certificates, inspect the cargo and then it requires to be shipped out along with the CoC which has been streamlined. The other problem we were facing was from the Europe. Europe was originally, 28 countries, plus another 4, which includes Switzerland, Norway and two more countries. Later these were increased to 48 countries. We were trying to convince the Government that the more countries you include, it will be more problematic for exports. Recently, the DGFT has come out with the notification, that up to 31st December, the countries will be same as 28 plus four and after January onwards, they will decide whether to increase the countries or not. Otherwise, there is no such system change anywhere or any part of the world.

Amit Doshi: Okay. So nothing practically impacting us in the next quarter?

Anil Kumar Mittal: No, nothing impacting, except that we have to grow more and more pesticide-free paddy to ensure exports into Europe, USA and Middle East since within next three, four years we believe all countries will have the norms for pesticide-free materials.

Amit Doshi: Right. Sir, you mentioned in your opening remarks that Canada has been, you have able to break through after a lot of efforts. So can you share something is it through this typically this US business happens to clubbed, etc., or is it direct B2C business that you.....

Anil Kumar Mittal: You mail these questions since they are not to be discussed in public domain. You write us, we'll reply you.

Amit Doshi: Sure, I understand. Sir, with reference to this delay of orders that happened because of these logistical issues and which you believe that you said that you will spillover in the Q2, etc. Do you believe any part of it, which was with reference to this pent-up demand, which across the globe, everybody has stocked up heavily and therefore, probably yes one you would, so that kind of that pent-up demand, which could have been catered has been lost something of that sort you believe or its just okay, it's a normal orders that were being catered, because last time you mentioned that you have in next 5 months, you have last whole year's export order book kind of a thing, something of that comment had come from your side?

Anil Kumar Mittal: Right. We have order that's why we are saying again and again that we have a good order book. Our buyers are quite firm, they say that they are waiting for the cargo to reach their respective countries. However, we couldn't ship it because of the logistics problem, as discussed earlier in this call.

- Amit Doshi:** No, my point was just to understand that, has it been like that orders has been catered by somebody else because we could not do it or something of that sort of so we could get?
- Anil Kumar Mittal:** No, the goods were lying at the port. If it would have been taken by someone else, how someone else could export when KRBL could not ship? It means we are inefficient if somebody else is in the power to export, and we are not in a position to export, how is that possible?
- Amit Doshi:** Okay. And sir, last two quarters back there was this idli rava, etc., was being launched. Now with this home consumption and domestic market, HoReCa segment is likely to get impacted even further, we don't know, like maybe two or three quarters more. So to match up or to cover up that how is that ready-to-eat or something of that side, home consumption food or anything on that side. I know your focus is more on rice, but still because this idli rava was launched and after that nothing came up. So, I'm just trying to understand, is there any strategy to kind of recoup the HoReCa loss or something of that sort?
- Anoop Kumar Gupta:** We have launched idli rava, and during COVID period, the sales were also good. But we are not looking at heat-and-eat segment, but we are looking at certain other SKUs, which are more on health side. Definitely, you will see in next six months, there are some more launches, but definitely on the health side.
- Moderator:** Thank you. The next question is from the line of Jigar Walia from OHM Group. Please go ahead.
- Jigar Walia:** Sir, one thing I wanted to understand the pricing for the 1509 variety, would it be different from the traditional basmati or the 1121?
- Anil Kumar Mittal:** Actually, every variety is different otherwise what is the use of growing different variety? Traditional is different than 1121. 1121 is different than 1509. 1509 is different than 1718. 1718 is different than every variety like in tea also, you have so many blends. Darjeeling tea is different than Assam tea. Assam tea is different than the South tea. South tea is different than the Kenyan tea. Whenever the varietal changes are there or different varieties are there, they are bound to have a different price and a different customer.
- Jigar Walia:** Perfect. So the price, 15% price increase is primarily because of the change in variety, not just because there would be a 15%, 20% drop in the production?
- Anil Kumar Mittal:** No, it will be because the consumption and the demand of 1121 is more than 1509. So we feel that 1509 prices will come down by 10%-15% over this year or the prices of 1121 will increase by 15%-20% this year. If the estimates that I've discussed are correct, which we will come to know by end of August or first week of September.
- Jigar Walia:** Right. And sir, the kind of media reports also did mention that production is particularly down in Punjab, which could be our catchment. So do we get more linked to the catchment or we have the flexibility or the resources to have the procurement from the other regions as well?
- Anil Kumar Mittal:** Basmati we all know is a GI product. Now the matter has come to Supreme Court. The GI issue has already been won through APEDA from Chennai High Court as well as from Intellectual Property Appellate Board (IPAB). Let me clarify that there are seven states which fall under GI i.e. Punjab, Haryana, Western Uttar Pradesh,

Delhi, two districts of Jammu Kashmir, one district of Himachal and Uttarakhand. These are the seven states where basmati is grown, and these are the traditional areas of basmati rice. So whenever we buy basmati rice, it is not from any one region, we buy it from all the seven regions.

Jigar Walia: Right. Okay got it. Now from a geographical location perspective, any thoughts that a single location works better or there would be a need to diversify given certain state focusing on from a water conservation perspective?

Anil Kumar Mittal: Let me tell you, much has been said, much has been spoken, and the matter is in Supreme Court. I would not like to discuss further, since we are one of the parties involved in it on behalf of All India Rice Exporters' Association. It will not be good on my part to advocate on our case. It would be better to let the case be decided in Supreme Court. Then we can discuss in details.

Jigar Walia: Right. Sir one last question is on the restructuring for the energy this thing, any specific plans to use that monetization otherwise, it works quite well for us. It reflects in our numbers, it's all good. But if at all, I do not know to what extent you intend to monetize or unlock. But is there any use, plan use for the cash strategy or it would be just to reduce the working capital debt as well?

Anoop Kumar Gupta: Yes. It is just to ring-fencing agri and energy business, and we have better operational efficiencies due to focused management in energy business. And the value unlocking is afterwards, but I tell you there are a lot of key challenges in doing it.

Jigar Walia: I understood yes. But right now, you'll be only subsidiarizing but even subsidiarizing will have those challenges?

Anil Kumar Mittal: We'll have a separate company.

Jigar Walia: Are the PPAs getting honored in the COVID situations?

Anil Kumar Mittal: Yes, they're getting honored. But as you know that state government payments are a little bit delayed due to COVID, but PPAs are at the same rate only.

Moderator: Thank you. The next question is from the line of Amit Agarwal, Individual Investor. Please go ahead. As there is no response from the current participant, we take the next question from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: So given this 10% to 15% sort of a reduction that may happen in terms of paddy growth, what is the expectation on the basmati rice prices for exports and domestic market for this year?

Anil Kumar Mittal: It is too early to guess the basmati prices because it is still 2 – 2 ½ half months to go. They will be correlated to the prices of paddy, but not in case of KRBL, as you know we are FMCG Company. Our prices are more or less fixed. We just give the promotion or discounts based on the current market prices. Therefore, it will be too difficult or it will be too early to comment as to what would be the situation and what will happen to the new crop and its prices and the effect on the exports. But definitely, if the prices go up, the prices in the international market will also go up

and vice versa. When we are talking of up and down in the international market, they are primarily on the private label and not on the branded product.

Sarvesh Gupta: Okay. But since we will be using the crop from last year, where the prices were lower, so our cost of raw materials should not go up for this year, even if the paddy prices go up for this year?

Anoop Kumar Gupta: Our cost of goods sold will not go up. Yes, you are right.

Sarvesh Gupta: Okay, understood sir. And sir, on this restructuring part just one suggestion is because this might be a smaller portion of course, it is an attractive asset. But in my opinion, the best way to do it is to just sell given the lower interest rates, which are already there, you might get a good asset sale done and PPA transfer probably would also be, so is there any problem in selling the assets in terms of the PPA asset transfer, because this is a small portion of the overall business why not just focus on one business?

Anoop Kumar Gupta: You see, the book value we have taken accelerated depreciation throughout and as per the income tax, the value of the asset is practically zero. If we sell the asset, then it will attract a 25% state tax. Suppose I sell the asset at Rs.800 crore, so it will attract Rs.200 crore as tax only.

Moderator: Thank you. The next question is from the line of Sarvesh Kumar from InsideEdge Corp. Please go ahead.

Sarvesh Kumar: I am looking for a clarification. In this Balsharaf matter, as you said they have already won cases in High Court as well as Supreme Court. And still, ED is not releasing the shares. So don't you think it amounts to contempt of court itself, how can ED do this misadventure, is it something we are missing?

Anoop Kumar Gupta: Anilji, would you like to answer?

Anil Kumar Mittal: Actually, I don't think it will be good on my part to comment on an organization like ED. Till there is a clean & clear court order, they will not release it. Let me tell you, from five places we have won in a span of two years, when we say we won, I mean Balsharaf won the case. He already won the case and we have put a contempt of court, which has also been noticed by the High Court. Balsharaf has won from every angle as far as legality is concerned. Now the question is that the lawyers are waiting for these courts to open because they do not want to present the cases on webinar. And they want the courts to open, then only Balsharaf will further fight the cases in the court.

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

Dhurv Kashyap: Yes, sir very quickly because I understand that I stand between all of you and lunch now. But Mehrotra sir, my question to you was that, if you look at the progression of the net profit margin over the last three quarters, we have moved from about 13.5% to 14%, 14.5%, now about 16%. Are these sort of sustainable as we go along and broadly as a company what net profit margins are we sort of comfortable with for the financial year and the years to come?

Anoop Kumar Gupta: Anilji would like to answer. He's asking the sustainability of EBITDA?

- Anil Kumar Mittal:** Let me tell you that both in exports and domestic it depends on the product mix pattern, which needs to be understood, I also stated this on the CNBC TV 18, that the basmati rice is normally sold between \$1,100 to \$2,400. In domestic, even the broken rice is sold, which is about Rs.40, Rs.45, then comes Rs.80, then Rs.90, then Rs.140. So there is a big range, there's a big product mix pattern as far as basmati is concerned. Since most of the sales were taking place in the primary segment, the average sale price increased from Rs.85 to Rs.101 a kilo in exports and same was the case in domestic market. It will be our utmost endeavor to maintain this EBITDA and profit margins. But as our top line increases, we have to go and look at those sales, which are at \$1,200, \$1,300 in the range of Rs.80, Rs.90 also. That is also there, but margin of profit is different than the sale price and we will try our level best to maintain this EBITDA what we have shown now.
- Dhurv Kashyap:** Sure. And my second question sir, was that given that there is a tremendous movement on the basis of hygiene from loose rice where people open a borah and sell from it will which gets touched by hand, etc., to package rice, is there something on the communication and product front that we are doing to really accelerate this very quickly and get all the gains into KRBL?
- Anoop Kumar Gupta:** Yes definitely, we are doing a lot of activities in social media.
- Dhurv Kashyap:** Sir, equivalent this for you is almost like the hand sanitizer moment for the hand sanitizer company. So, it is a saying that strike while the iron is hot, so, is this not the time to really leapfrog our product and communication to take advantage of the tremendous desire of the consumer to have hygienic packaged products?
- Anoop Kumar Gupta:** Yes, we are doing a lot of things and if you look at our social media, we are doing a lot of activities. Then a lot of promotion with the retailers also, but I tell you still, people are not going in the market. So the brand because of the brand name, it is being sold. But if you see at the footfall, even at Reliance, Big Bazaar or D-Mart or even retail, the footfalls are very less.
- Dhurv Kashyap:** Sir, my last and final question, what has been the response to the tie-up with Swiggy and Zomato?
- Anoop Kumar Gupta:** Not good. Frankly speaking, not good.
- Moderator:** Thank you. The next question is from the line of Raman Tiwari, Individual Investor. Please go ahead.
- Raman Tiwari:** Sir, I would like to just have your opinion on the domestic sales, where I was looking at your leading competitor and they said they have gained market share. And this is as per the neilsen survey where they said market share has increased. This is the competitor, the market share has increased from 24.5% to 27%, and in rural markets, from 31% to 44% in Q1. So have you lost market share, just wanted to know your opinion on it?
- Anil Kumar Mittal:** If we talk of the competitor, their domestic sale is Rs.200 crore and our domestic sale is Rs.350 crore. So you can't compare, it's a 2x. It is out of comparison. I don't want to comment on the numbers or their data on rural and domestic sales.

- Raman Tiwari:** Okay, sir. And just one more question, I would like to know like this Tata Group this is entering into dal segment with Tata Sampann. What are your views on dal as a branded commodity play, do you in future want to enter that market or do you think it's too small of a market for you to think about?
- Anoop Kumar Gupta:** No, it's a big market, but we don't intend to enter into dal market because every state, every region has a different taste and every region has a different dal. We are not into it.
- Moderator:** Thank you. The next question is from the line of Chetan Doshi from Tulsi Financial. Please go ahead.
- Chetan Doshi:** My first question is that in spite of all odds, our competitor's results speaks for itself. Whatever has been discussed till now in spite of all the problems what are there in the market, they have performed well, they have shown the results. We are a market leader and when you say there is no comparison, are we pricing our product very high that the consumer is not able to buy and that is the reason we are losing sales. Or why our results are low, exports as per your figures we have grown. So you cannot doubt that and that argument that our material is stock at Kandla. That is the reason our results our sales is low. That is cannot be taken well because competitor is also equally present in all the aspects, in all the segments, not where we operate. And second question is when we would as a shareholder, when the company will go back to its original position where everything was the best, including the share price.
- Anoop Kumar Gupta:** We are working at our best and if we compare the share price of Rs. 600 from two years back we have gone quite ahead in terms of the numbers, our results are much better. Also, as far as competition is concerned, domestically we are doing much, much better than competitors. As Mr. Mittal, our CMD told that this shipment was all containerized. And our shipment is break bulk. So, the break bulk shipment was a big hassle in COVID. There was no hassle in containerized shipment and why you say that Rs.350 crore carry forward will not be better, definitely our second Q2 would be better by Rs.350 crore. I'm expecting Q2 to be practically 2x of Q1.
- Chetan Doshi:** That means Rs.1,400 crore?
- Anoop Kumar Gupta:** Yes.
- Anil Kumar Mittal:** It will be astonishing good numbers. It should be good numbers.
- Anoop Kumar Gupta:** Good number, but Rs.350 crore will be definitely carry forward and whatever we are doing in a quarter so, we are doing better than quarter one. So naturally, our numbers would be quite great in quarter two.
- Chetan Doshi:** Exactly, we say that our performance is getting better and better day by day, why people are losing interest in our stock?
- Anoop Kumar Gupta:** I can't comment on this.
- Moderator:** Thank you very much. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for their closing comments.

Rakesh Mehrotra: Thank you, once again, for your interest and support. We will continue to stay engaged. Please be in touch with our Investor Relations team for any further details or discussions. Look forward to interacting with you soon. Thank you.

Anil Kumar Mittal: Thank you to everybody. Thank you.

Moderator: Thank you. On behalf of KRBL Limited, that concludes this conference. Thank you all for joining, you may now disconnect your lines.