Operator: Ladies and gentlemen, good day and welcome to KRBL Ltd Q2 FY27 earnings conference call. As a reminder, all participant lines will be in 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 the operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ashish Jain, Chief Financial Officer of KRBL Ltd. Thank you, and over to you, sir.

Ashish Jain – Chief Financial Officer: Thank you, and thank you for joining us. Welcome to the Q2 FY27 earnings conference call for analysts and investors of KRBL Ltd. Today, we have Mr. Anil Kumar Mittal, Chairman and Managing Director; Mr. Anoop Kumar Gupta, Joint Managing Director; Mr. Ayush Gupta, Head of the India Business; and Mr. Akshay Gupta, Head – Bulk Exports, as key speakers on the call.

To begin the call, Mr. Anil Kumar Mittal will share updates on the business, industry, and our overall strategy. Following that, Mr. Ayush Gupta will provide insights into the performance and outlook of our domestic business. Finally, I will present the financial overview of the company for the second quarter and half year ended September 30, 2026.

Once the management has concluded their opening remarks, we will open the floor for an interactive question-and-answer session. Please note that some of the statements made during the call may contain forward-looking information, and actual results may differ from these statements. You can refer to KRBL's investor presentation available on the stock exchange websites and our company website.

Now, I would like to invite Anil to share his views.

Anil Kumar Mittal – Chairman & Managing Director: Good afternoon, everyone. Thank you for joining us for KRBL's Q2 FY27 earnings call. I will briefly cover the global and Indian rice outlook, the new Basmati crop and paddy prices, the export environment, and the company's performance.

Let me begin with the global picture, which is broadly unchanged since our last call. As per USDA's October estimate, world rice production in 2026-27 is expected to fall to about 533 million tons from a record of {? 546 ?} million tons last year, with India accounting for most of the decline. Consumption, meanwhile, is expected to rise to a record of about 539 million tons. Global stocks are therefore expected to draw down. India continues to hold close to 40% of world rice trade, and USDA expects Indian exports of about 24 million tons in 2026-27, higher than the previous year.

For India, USDA now estimates 2026-27 production at about 147 million metric tons against a record of 154 million tons last year, reflecting a weaker monsoon. India will remain, alongside China, one of the two largest rice producers in the world, and domestic consumption is expected to rise by about 4 million tons.

The 2026 monsoon ended about 13% below normal nationally, the weakest since 2015 under a strong El Niño. Last quarter, I flagged the risk this posed to the Basmati belt. I am glad to say that risk largely did not materialize. Northwest India finished about 6% below normal, irrigation carried the crop through, and trade estimates currently put the year's Basmati crop modestly above last

Report is AI-generated and may contain inaccuracies.

year's.

The unseasonal rain in parts of Punjab in mid-October wetted some harvested paddy in the wholesale markets and flattened standing crops in places. The damage appears localized, and we will have a clear picture as arrivals progress.

Despite a larger crop, Basmati paddy prices have risen sharply. Major varieties are trading at around Rs.4,500 to Rs.5,200 per quintal, well above last year's paddy price. There are three reasons. First, the industry has entered this season with almost no carryover stock. Second, export realizations have stayed high. Third, buyers across the Middle East need to rebuild depleted inventories, and the trade is pricing in their demand.

Our procurement approach reflects this. We will not chase the market. We are buying in a staggered manner across the season with a firm focus on quality: low-moisture, high-recovery paddy. Our inventory position gives us the flexibility to be patient whenever prices run ahead of fundamentals.

On exports, between April and August, India shipped about 2.5 million tons of Basmati against 2.7 million tons in the same period last year. The entire decline was in the Middle East. Shipments to the rest of the world were unchanged. Realizations were about 21% higher in rupee terms, so the rupee value of India's Basmati exports actually rose by around 12%. In August, volumes were back over last year's level. As I said last quarter, this remains a logistics problem and not a demand problem.

The situation in the Gulf remains unsettled. Transit through the Strait of Hormuz has been intermittent, and freight and war-risk premiums remain elevated and sensitive to every development. Marine cover continues to be available, priced shipment by shipment, and buyers have largely absorbed the higher cost because food security leaves them little alternative. Trade has adapted around the disruptions. Basmati shipments to Jordan, largely for onward movement to Iraq, are up almost sixfold this year, more than offsetting the fall in direct shipments to Iraq. Iran is the exception. Payment and banking channels have become considerably more difficult since U.S. sanctions were tightened in August. That market will take longer to normalize. Our view of recovery is unchanged: inventories in the region are low, and when the route becomes dependable, restocking will be significant. But we expect that normalization to be gradual rather than sudden.

Now coming to KRBL's performance. KRBL recorded its highest-ever quarterly revenue of Rs.1,727 crore, up 14% from the same quarter last year, driven by 23% growth in domestic revenue. Export revenue for the first half was Rs.541 crore, lower by 41%. The decline was almost entirely in bulk exports to the Middle East, where three factors weighed on the business: payment channels in parts of the region became more difficult; movement through the Strait of Hormuz became more restricted; and, weighing risk against reward, we chose to take on fewer opportunities there. We would rather protect the quality of our business than chase volume.

At the same

Management: And there are clear signs of strength. In the second quarter, export revenue rose 22% over the first quarter to Rs.297 crores, although it remains 31% below last year. Exports to markets outside the Middle East grew 14% in the first half. These markets are doing well and showing good

Report is AI-generated and may contain inaccuracies.

growth, which reflects the diversification of our export business and the strong recall our brand enjoys. This is encouraging.

Looking ahead, we expect exports to recover progressively through the second half, subject to conditions in the Gulf. In Saudi Arabia, our largest export market, demand remains steady, and we continue to serve it through the wholesale route.

Our priorities are unchanged: disciplined procurement, continued premiumization of the India Gate portfolio, deepening our relationship with large global buyers, and prudent capital allocation.

I would like to thank our shareholders, customers, partners, and employees for their continued trust and support.

I will now hand over to Ayush for the domestic business update. Thank you once again.

Ayush: Thank you, and good afternoon, everyone. Our India business delivered its highest-ever quarterly revenue in Q2. Domestic revenue, excluding power, stood at Rs.1,390 crores, up 33% year-on-year. This took first-half domestic revenue to Rs.2,612 crores, up 24%.

Let me start with what drove the quarter. Domestic branded rice sales grew 23% year-on-year, from Rs.921 crores to Rs.1,134 crores. Unbranded rice sales increased from Rs.53 crores to Rs.166 crores, owing to a selective additional rice sale of Rs.102 crores.

Within branded rice, consumer pack volume growth accelerated from 7% year-on-year in Q1 to 18% in Q2. Modern trade and e-commerce together grew consumer pack volumes by 31%. General trade also returned to growth. After a decline of around 5% year-on-year in Q1, consumer pack volumes in general trade grew 10% in Q2. That recovery accounted for most of the improvement between the first and the second quarters.

In branded bulk packs, we had explained on our last call that some traders and bulk buyers had deferred purchases while waiting for prices to settle. Buying picked up in Q2, with volumes growing 11% year-on-year. First-half volume was still below last year, but October was another strong month for bulk packs, signaling a strong recovery and a sustained path to growth.

Regional rice also performed well, with Q2 volumes growing 42% year-on-year. H1 growth in regional rice now stands at 32% from last year.

Turning to our market position, India Gate continues to lead the packaged Basmati category across our key channels. For the 12 months ended September, our volume share was around 36% in general trade, nearly twice that of the next player. In modern trade, our share over the same period was 39.6%, a lead of more than 6 percentage points. In e-commerce, our internal estimates put our September exit share at 41.1%, compared with approximately 33% for the next player.

On pricing, we held prices through Q2, as we had indicated on our last call. Domestic rice realizations averaged around Rs.80 per kg in both Q1 and Q2. Compared with Q2 last year, realizations were around 12% higher.

Report is AI-generated and may contain inaccuracies.

With the arrival of the new crop, Basmati paddy prices have risen sharply. In late October, millers and exporters reported prices of around Rs.4,500 per quintal for 1509 paddy and Rs.5,200 for 1121 in key Punjab and Haryana wholesale markets. Both were at least Rs.1,000 per quintal higher than a year earlier. We have taken price increases across our portfolio in Q3. From here, we will manage pricing by variant and channel, balancing our objective of gaining market share with the need to protect gross margin.

Regional rice prices in the south also matter to that assessment. In parts of Karnataka, weak rainfall and limited water for irrigation reduced paddy sowings. In early October, wholesale Sona Masoori prices were reported at Rs.75 to Rs.80 per kg, up from around Rs.50. In Telangana, retail prices for fine rice rose from Rs.70 to Rs.80 to Rs.82 per kg, while Basmati moved from 113 to 122. For a household comparing the two in that market, the rupee premium for Basmati stayed broadly similar. In our view, firmer prices for regional fine rice provide some support for domestic Basmati pricing.

So far, we have seen no noticeable shift from branded Basmati to loose rice. Prices have risen across the category. Some households may choose a more affordable variant or a smaller pack to manage how much they spend on each purchase. We would want to see at least 3 months of purchasing data after the price increase before drawing a conclusion on either behavior.

Let me turn to the investments we are making in distribution and in the India Gate brand. India Gate is present in around 3.3 lakh outlets and reaches approximately 1.2 crore urban households. We are working to improve availability in towns where our distribution is still limited. Through our order-to-cash program, we are also connecting order placement, stock allocation, collections, and claims. For a distributor, the practical benefit should be greater clarity on when an order will be fulfilled and when a claim will be settled.

Beyond making India Gate available in more homes, we are also investing in what the brand means to the families who choose it. Consumers know India Gate for the quality of its rice and the confidence that a meal will turn out well. We want that trust to extend to something families care about more deeply: the nourishment of their children. That is the thinking behind Grains of Hope, now in its third year. This year, through the nutrition prayer, we took a familiar moment in a child's school day, the morning prayer, and used it to start a conversation about nutrition. The campaign reached more than 70 lakh children. For us, the longer-term purpose is to build an association between India Gate, the care that goes into feeding a family, and our responsibility as a food company to help address child hunger. That is an association we intend to earn through sustained work over time.

In our newer categories, we are building on both pack trust and our existing retail relationships. On our last call, I spoke about the launch of India Gate light and fluffy poha. By mid-September, poha had reached approximately 44% of our existing rice outlet base in the launch towns. Of the retailers who had stocked it, around 30% had already placed repeat orders. That is an encouraging early sign. Our focus now is to reach more outlets in those towns and track how consistently retailers reorder.

In spice blends, first-half sales increased to approximately Rs.4.5 crores from Rs.3.1 crores a year earlier. Rice brings India Gate into the household, and spice blends give families more occasions to cook with us. Building on our biryani spice blend, we are developing ready-to-cook blends for

Report is AI-generated and may contain inaccuracies.

regional dishes where consumers want authentic flavor and a simpler way to prepare the recipes at home. Our ambition remains to exit FY27 at an annualized spice-blend revenue run rate of approximately Rs.25 crores. To get there, our priorities in the second half are to make our biryani spice blend available in more outlets and build repeat purchases across the ready-to-cook range.

In edible oils, our Uplife Heart Balance pack addresses another everyday need by giving consumers greater control over how much oil they pour.

Looking ahead, we continue to see approximately 10% growth in overall domestic rice volumes as achievable for FY27. Consumer pack growth has accelerated, bulk pack buying has remained strong in October, and regional rice continues to grow. Our focus in the second half is to sustain that volume growth and gain market share while protecting gross margins as higher paddy costs work their way through the business.

Thank you. I will now hand it over to Ashish.

Ashish: Thank you, Ayush. I will now take you through the performance for the quarter ended September 30, 2026. All figures mentioned by me will refer to the consolidated financials of KRBL Ltd.

In terms of the quarter, total income for the quarter stood at Rs.1,768 crores, higher by 15% over the corresponding quarter last year. Domestic revenue grew by 33%, driven by strong volume and realization growth in the branded business and a selective bulk rice sale of Rs.102 crores. Export sales were lower owing to lower bulk rice exports to the Middle East. Branded exports continue to be stable.

Gross margin for the quarter stood at 34.5%, compared to 29.2% in Q2 FY26, an increase due to higher realization, better product mix, and higher other income. EBITDA margin for the quarter was 21.1% versus 16.6% in the same period last year, due to higher gross margin, partially impacted by higher proportionate freight and advertising costs. PAT for the quarter was Rs.159 crores, or 14.6% in margin terms, as against Rs.172 crores, or 11.2%, in the corresponding quarter.

Let me now share a comparative analysis of Q2 versus Q1 of this year. Revenue from operations for Q2 FY27 was Rs.1,727 crores, higher by 15% quarter-on-quarter, driven by 22% higher export revenue and 14% higher domestic revenue. Other income was lower mainly due to lower gain on sale or revaluation of treasury investments and lower forex gain. Gross profit was lower due to lower other income. EBITDA followed the trend in gross profit, partially impacted by higher proportionate other expenses.

Coming to the first half of this year, total income for the period stood at Rs.3,329 crores, higher by 6% as against H1 FY26. Domestic revenue grew by 24%, while export revenue declined by 41% due to lower bulk exports to the Middle East. Branded exports in the same period grew by 18%. Other income was higher due to higher yield on treasury investments and higher forex gain. Gross profit of the company stood at 35.3%, while EBITDA and PAT stood at 22.4% and 15.6%, respectively. Margin improved mainly due to better realization, better product mix, and higher other income.

Report is AI-generated and may contain inaccuracies.

Moving to the balance sheet highlights, our total inventory as of September 30, 2026, was Rs.2,203 crores. This includes Rs.146 crores in paddy inventory, as against Rs.123 crores at the same point last year, and Rs.1,900 crores in rice inventory, as against Rs.1,995 crores in September '25. On a volume basis, as of September 30, 2026, paddy and rice inventory stood at 31,000 tons and 278,000 tons, respectively, compared to 33,000 tons of paddy and 304,000 tons of rice as of September 30, '25. Slightly lower inventory is due to lower inventory quantity.

Cash and bank balances, including treasury investments, were Rs.2,895 crores as of September 30, 2026, higher than Rs.2,157 crores at the same point last year.

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

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. We request you to kindly restrict the number of questions to a maximum of two at a time. In case you have any further questions, please join the queue again. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Yash Dantewadia from Dante Equity. Please go ahead.

Yash Dantewadia – Dante Equity: Hi. Congratulations on a great set of numbers. I just wanted to understand what sort of volume growth and export growth we are going to see from here, because I think in the last 2 months, exports from India have hit, I think, an all-year high in rice exports. Domestic business has obviously seen volume growth, and I want some guidance on that. That's my first question.

Management: Export growth is primarily [trails off]

Management: ...dependent on the situation in the Middle East. The day the situation is settled and there is an agreement between the U.S. and Iran, we expect sales to increase by more than double because, in this half-yearly result, our bulk sales are almost zero. We expect that they could grow in very large quantities, maybe up to 30,000 or 40,000 tons, or maybe even higher. So, it all depends upon the situation and the Strait of Hormuz and the entry of vessels in that area.

Yash Dantewadia – Dante Equity: So, you basically said that exports will double if there is an agreement between Iran and the U.S. Is that what I should understand from what you said?

Management: Yes, definitely, definitely.

Yash Dantewadia – Dante Equity: And on domestic volume growth, you didn't—

Management: On domestic volume growth, we have been saying that we are committed to 10% volume growth year-over-year.

Report is AI-generated and may contain inaccuracies.

Yash Dantewadia – Dante Equity: And my second question is regarding our low-cost inventory. According to the numbers that we calculated, we believe that you have another quarter or 1.5 quarters of low-cost inventory still left. What kind of margins should we expect in Q3, because I think the prices have gone up further in Q2? Can you acknowledge this and also respond to it?

Management: Yes. But Q3 would be a mixture of some part of the new crop as well as the old crop. On the old crop, definitely, the margins will be higher, but in the new crop, as the paddy price is quite high, the margins would be comparatively lower. So, I think our EBITDA could be anywhere between 16% and 20% for the third quarter.

Yash Dantewadia – Dante Equity: No, but I think if I look at your inventory in Q3 and calculate the numbers based on the sort of inventory that you have, that suggests that you have another 2 quarters of low-cost inventory left, with Q3 inventory left from last—

Management: Our inventory is not for one quarter. Our inventory is for another 1.5 years. It will continue to be carried. There are certain products and certain SKUs that are 2 years old or 1.5 years old. So, it is not only quarter-based inventory.

Yash Dantewadia – Dante Equity: The profitability—

Management: It will come, definitely. In rice, branded commodities, 16% to 20% EBITDA is a very good EBITDA. That's why—

Yash Dantewadia – Dante Equity: No, but what I am saying is, I am not arguing against the performance in terms of margins. My only question is that 16% to 20% is a pretty wide range, right? I was hoping for a narrower range since we are already halfway through—

Management: It is difficult to comment, but we will be nearing 20%, definitely.

Yash Dantewadia – Dante Equity: Exactly. That is what I wanted to hear because generally, I feel you have tried to be a little conservative in your commentary, which I completely understand. But when I look at the inventory and the numbers, it truly seems like 20% is possible in Q3. I just wanted to hear that from the horse's mouth in that case. Thank you so much. I will come back in the queue.

Operator: Thank you. The next question is from the line of Hoshang Hindocha from Emkay Financial Services. Please go ahead.

Hoshang Hindocha – Emkay Financial Services: Good evening. I have a couple of questions. The first question is on what you had mentioned and, even if you look at the macro environment—

Operator: I am sorry to interrupt you, Mr. Hindocha, but we are unable to hear you, sir. Your voice is sounding a little muffled.

Hoshang Hindocha – Emkay Financial Services: Can you hear me now? Is it better?

Operator: A little better. Please go ahead.

Hoshang Hindocha – Emkay Financial Services: My question was regarding the current macro environment for exports. There have been developments in the news regarding bulk cargo

Report is AI-generated and may contain inaccuracies.

agreements between various carriers or countries. I think there was one for Iraq that was announced where there was an 80% cut in freight cost. I wanted to know whether you expect any such bulk carrier agreements to come, which could perhaps reduce freight costs and help export volumes recover anytime soon. That is my first question.

Management: As far as Iraq was concerned, there were two or three consignments that were joined by various exporters to ship bulk cargo to Iraq. In that case, they definitely saved on the freight and the time for the cargo to reach its destination. But when it comes to Iran or other Middle Eastern countries such as Saudi Arabia, Kuwait, Bahrain, and all other countries, this arrangement is not possible. Therefore, it was only for Iraq because of two factors. Iraq imports a larger quantity of 20,000 tons or 25,000 tons in a single cargo, whereas Saudi Arabia, which is the second-largest cargo market, imports 20 containers, 30 containers, or 40 containers, which makes it difficult to send that cargo in bulk through a bulk vessel.

Hoshang Hindocha – Emkay Financial Services: Understood. My second question is regarding the environment for Basmati rice as a whole. Since Basmati rice is not the same as non-Basmati rice, even in the case of non-Basmati rice, the government still has some control over prices. They maintain strategic reserves, and if the price goes up, they can oversupply the market and perhaps bring the price down to a reasonable level. But with regard to Basmati rice, that is not the case, and there are no strategic reserves. Do you see prices going up further in the longer run? Would this be a longer-term price movement for rice, or is this only temporary based on your understanding? With regard to Basmati rice production, this year there was El Niño, because of which Basmati rice production perhaps fell. There are already some reports saying that next year's summer could be even harsher, although it is not yet confirmed. Do you think that could impact Basmati rice production next year as well?

Management: There are three or four questions involved in Basmati rice. First, let me tell you about the crop. This year, as per our estimation and the mapping done through APEDA, we were given to understand that the crop is around 5% higher than last year. But because of late rains in October and the cloudy weather that we have experienced at times until now, we are unable to assess whether the 5% increase anticipated about 20 days or a month earlier is still 5% higher or has become 2% or 4% lower. That is question number one. So, the total estimate was around 5% higher; it could be 5% higher or it could be 5% lower.

A commodity is such a thing that it has a sentimental reaction, as does every commodity. If you look at world commodity prices, whether it is pulses, sugar, oil, or oilseeds, all are going quite high, and their prices are jumping and skyrocketing. Moreover, non-Basmati rice prices in India themselves have increased by 30%. In South India, rice that was sold at Rs.55 or Rs.60 is now being sold at Rs.90 or Rs.95 because the crop in South India has totally failed. So, non-Basmati prices are quite high. Looking at the worldwide scenario, Basmati prices are not going to remain low. They are going to be maintained at a higher level.

There are three reasons behind this. First, there is no carryover stock. Second, stocks or inventories abroad are also depleting, and buyers are waiting for the war to come down or for some settlement to take place so that they can start building their inventories in the Middle East. If that is the situation, exports from India may be higher by 0.5 million tons. Instead of 6.5 million tons, they

Report is AI-generated and may contain inaccuracies.

could be 7 million tons because there is a very large gap. At present, we do not see prices going down, but we feel that prices are already too high. They might remain at the same level or may go higher by another 4% or 5%. That is all. The upside is 5%, there is less chance of prices going down, and prices will remain firm.

Hoshang Hindocha – Emkay Financial Services: Understood. Just one last question. Now that you mentioned that Middle East exports would be restricted or may not be feasible, from your perspective, are you planning to export to other countries? What do you think is the outlook for increasing exports? If I am not wrong, export yields technically have better margins than domestic sales. Are you planning to export to other countries where transit is not as much of an issue, or how are you going about that?

Management: As far as exports and substantial growth are concerned, the primary market is the Middle East, and the second market is Europe, where they also buy about 400,000 tons of brown rice. It all depends upon how the European nations and countries react to this price hike because we compete with Pakistan. Pakistan is currently a little lower than us, roughly by about $50. So, all the European countries are going to Pakistan to procure certain quantities. But considering the quality and their internal marketing in Europe, they also have to buy from India. It is a matter of another 15-20 days because a certain crop has started arriving that is required by the European countries, namely Pusa Basmati rice. We have to wait for 15 days to a month to see how much Europe will buy from India. These are the two markets: the Middle East, including the Persian Gulf, which can really improve exports, and, in terms of quantum, Europe is the second market.

Hoshang Hindocha – Emkay Financial Services: Understood. Thank you very much, and best of luck.

Operator: Thank you. Ladies and gentlemen, in order to ensure that the management is able to address questions from all participants, we request you to please limit your questions to two per participant. If you have a follow-up question, you may rejoin the queue. The next question is from the line of Amit Agarwal from Leeway Investments. Please go ahead.

Amit Agarwal – Leeway Investments: Hello, congratulations on a good set of numbers. Can you hear me? My first question is regarding exports. We had export revenue of Rs.300 crores. Can you divide the export revenue region-wise—how much is from China, how much is from Europe, and how much is from the Middle East?

Management: I am afraid we cannot give a breakup in terms of countries, but I can confirm [cut off]

Amit Agarwal – Leeway Investments: Region-wise, I just want to know how much is affected by the Middle East in this Rs.300 crore export revenue. How much of this is from the Middle East? And what about China? China has been quite slow; otherwise, China was supposed to be a very good market for us.

Management: There have been no exports to China for more than 6 months now. As far as KRBL is concerned, the majority of our exports are to the Middle East.

Amit Agarwal – Leeway Investments: So, is this number mainly for the Middle East, or does it also include Europe and America?

Report is AI-generated and may contain inaccuracies.

Management: The normal business that has been continuing is still being exported to Europe and America, but the majority of our exports, 75%, are to the Middle East and the Persian Gulf.

Amit Agarwal – Leeway Investments: My second question is regarding Aplause. I have noticed that for the last 2 or 3 months, Aplause has been very difficult to find and is hardly available in online marketplaces such as Blinkit and Swiggy. Is there any particular reason? Are we supply-constrained, or are these e-commerce services accepting it less? I am talking about Aplause.

Management: Are you talking about Aplause oil specifically, or are you talking about [cut off]

Amit Agarwal – Leeway Investments: Yes, oil. I am talking about oil only.

Management: No, actually, our Aplause oil primarily goes to modern retail platforms and e-commerce platforms. Some e-commerce platforms have had a slightly slow rate of sale, and investment requirements have been high. So, we are still negotiating with our e-commerce players on how to run this business sustainably. But in modern trade, we continue to perform well in edible oils.

Amit Agarwal – Leeway Investments: How much turnover did we achieve from oil in this particular quarter?

Management: I think we did close to about Rs.6 crores in this quarter.

Amit Agarwal – Leeway Investments: And what about the whole year?

Operator: Sorry to interrupt you, Mr. Agarwal. May we request you to please rejoin the queue, sir? We have other people waiting to ask questions. Thank you.

Participants are requested to please limit their questions to two per participant.

The next question is from the line of Bhavi Chauhan from {? KR PMS ?}. Please go ahead.

Bhavi Chauhan – {? KR PMS ?}: Congratulations on a good set of numbers. My first question is related to volume growth and realization growth on a quarter-on-quarter basis. There is also a bit of a decline in our gross margins. Could you tell us why there is a decline and what kind of gross margins we are expecting in Q3 and Q4?

Management: She is talking about quarter one to quarter two.

Your first question is on quarter-on-quarter volume growth, right? If we look at rice as a whole, the volume growth between Q2 and Q1 of this year was 18%. What was your second question? Sorry, I missed it.

Bhavi Chauhan – {? KR PMS ?}: My second question is regarding the decline in gross margin on a quarter-on-quarter basis. It has decreased from 33.5% to 32.9%. Why has there been a decrease, and what is the sustainable gross profit margin for Q3 and Q4, if you can provide some guidance?

Management: The decline is primarily because of other income. Q1 included mark-to-market gains as well as higher gains from forex, while those numbers were lower in Q2. That is primarily the

Report is AI-generated and may contain inaccuracies.

reason for the dip in gross margin. In terms of the margin we expect, that question was answered earlier. In terms of EBITDA for the year as a whole, we are looking at somewhere between 17% and 19%.

Bhavi Chauhan – {? KR PMS ?}: I was calculating gross margin excluding other income, so that cannot be the reason, I believe.

Management: That slight drop is because of higher other expenses. As I said in my speech, there are two costs that have gone up within that. One is higher freight cost. That has gone up because of higher volumes, primarily in the domestic business. On the export side, freight rates have gone up, so that is the other reason freight cost has increased. Second, in Q2, there were higher investments in advertising. So, these are primarily freight cost and advertising.

Bhavi Chauhan – {? KR PMS ?}: What is your quarter-on-quarter domestic volume growth, if you can give me the number?

Management: Domestic volume growth is 18% quarter-on-quarter.

Bhavi Chauhan – {? KR PMS ?}: So, domestic volume growth is 18%. My second question is related to our cash-rich balance sheet. Does it help us with procurement? Can we undertake bulk procurement, given that supply is quite uncertain and prices are also elevated? Does it help us in procurement, and can we expect a much higher dividend payout this year since we have surplus cash on our balance sheet?

Management: Definitely. We are famous for paying the farmer within 24 hours. So, we definitely have an edge in buying. There is no doubt about it.

As far as dividends are concerned, we have a policy of paying 15% of profit, but we look beyond that also. We look above 15% as well. We will discuss that. We will be giving a good dividend.

Bhavi Chauhan – {? KR PMS ?}: Thank you. That is it, sir. Thank you.

Operator: Thank you. The next question is from the line of {? Premal Shah from PH Investments ?}. Please go ahead.

{? Premal Shah from PH Investments ?}: Good afternoon, gentlemen. My first question is, what was your realization for domestic sales in Q2—the average realization for total rice, including Basmati and regional rice?

Management: Combined realization for the domestic business was Rs.80. Rs.80.

{? Premal Shah from PH Investments ?}: And for exports?

Management: Exports were around Rs.132,000 per ton, so Rs.132 per kg.

{? Premal Shah from PH Investments ?}: What were the absolute volumes, rather than the growth percentage, for the domestic market? How many tons were the volumes?

Report is AI-generated and may contain inaccuracies.

Management: That is something we have not disclosed. In the earlier question, we answered the growth in volumes, but we are not disclosing absolute volume.

{? Premal Shah from PH Investments ?}: What are the current Q3 market realizations in the domestic market?

Management: We do not have the current Q3 realizations, but as I mentioned, we have taken significant increases in pricing, by close to 15% to 18%.

Management: No, I think we will close around 7% to 8% higher in Q3.

{? Premal Shah from PH Investments ?}: All right, sir. Thank you very much.

Operator: Thank you. The next question is from the line of Chirag Singhal from First Water Fund. Please go ahead.

Chirag Singhal – First Water Fund: Am I audible?

Management: Yes, Chirag, we can hear you. Please go ahead.

Chirag Singhal – First Water Fund: Congratulations on a very good quarter and a second strong consecutive quarter. My first question is on exports. You mentioned to one of the earlier participants that if the war ends, you expect exports to double. Is that on an H1 basis or on a last-year basis?

Management: This is our anticipation. There are certain countries to which not a single grain has gone in the last 6 months, namely the Persian Gulf and Iran. Other than Iran, what is happening is that goods going to Kuwait and Saudi Arabia are sent to Salalah Port, and from Salalah Port they go by truck to Kuwait and all these countries. The freight to the customer is costing them around $11,000 per container.

What we feel is that once there is a settlement and the disruption in that area is normalized, we are definitely going to do a double-digit figure in Iran. We used to do 100,000 tons a year in Iran, and we should now do 50,000 tons in the next 6 months. In addition, there could be an increase of 15,000-20,000 tons in the whole year for the other Middle Eastern countries. These are the two places where we expect to achieve much better volumes.

Chirag Singhal – First Water Fund: In absolute terms, last year we did close to Rs.1,500 crores of exports. In the first half, we have done almost Rs.540-550 crores of exports. With higher prices versus last year and whatever volume pickup you are seeing in the current scenario—not when the war ends—do you still see exports matching last year's Rs.1,500 crores for the full year, or will they be lower?

Management: No, they will not be lower. They will either be the same or better by about 5% to 10%.

Chirag Singhal – First Water Fund: Coming to the India business, what was the year-on-year volume growth in Q2?

Management: 18%, 18%.

Report is AI-generated and may contain inaccuracies.

Management: Year-on-year.

Chirag Singhal – First Water Fund: Sequential growth is also 18% and year-on-year growth is also 18%, is that correct?

Management: Sorry, year-on-year growth in Q2 is 19%.

Chirag Singhal – First Water Fund: Are you seeing this kind of volume growth sustaining in the second half as well? What is your outlook on the India business? I am not asking about realizations; I am asking about volume. What is your outlook for H2 volume growth versus last year?

Management: As I mentioned, the consumer pack business has shown a good trajectory in the last 2 quarters, and we are hopeful that the consumer pack business continues to grow in Q3 and Q4 because there have been some structural changes in the way we conduct the consumer pack business.

Bulk pack has shown a good recovery in Q2, and in October also we did good bulk pack volume compared to last year. So, bulk pack has again been promising, and we are hopeful that the business will also continue.

As I told you, regional rice delivered 42% growth on a year-on-year basis in the quarter, and at the H1 level we are at 32% growth. All these numbers give us a promising basis to deliver 10% growth for the year.

We also mentioned that there was an unbranded sale in the domestic business, which might not happen in H2. Hence, the 19% number is not what we are promising. We are saying that 10% growth is something we should be able to deliver.

Chirag Singhal – First Water Fund: That is 10% volume growth for H2 in the India business, is that correct?

Management: Yes.

Chirag Singhal – First Water Fund: Just one last question on the overall guidance for the full year. Given the commentary you gave on exports and the India business, revenues should increase, and with prices obviously higher versus last year, revenues could be in the range of Rs.7,500 crores with a 16%-17% PAT margin. Is that a number that we can work with for the full year?

Management: [long pause] Chirag, so [pause]

Management: [off-mic discussion] Prices are to sustain [inaudible].

Management: Chirag, I will break this up into two parts. If you look at the half year, we have done around Rs.3,200 crores. As has been mentioned on the call, we expect prices to sustain at the current level. I think the big thing to watch out for is export performance in H2. As Anil mentioned, we are hopeful that it will pick up and get to at least the previous year's level, which was about Rs.1,500-1,550 crores of exports. So, if export performance falls into place, the number you mentioned looks feasible.

Report is AI-generated and may contain inaccuracies.

Chirag Singhal – First Water Fund: Rs.7,500 crores of top line with a 16%–17% PAT margin?

Management: That's right.

Chirag Singhal – First Water Fund: If we are able to achieve last year's export level.

Management: Right.

Chirag Singhal – First Water Fund: That would be it from my end. Congratulations again, and I wish you the best. Thank you.

Operator: Thank you. The next question is from the line of Amit Sharma from {? Steadview Investment Management ?}. Please go ahead.

Amit Sharma – {? Steadview Investment Management ?}: Thank you for this opportunity, and many congratulations on the strong performance in the domestic market. One question on domestic business: what is the contribution of quick commerce to our revenues, and what is our market share in quick commerce?

Management: Quick commerce contributes about 8% to 9% of our overall India business.

Amit Sharma – {? Steadview Investment Management ?}: Okay.

Management: What was the other question?

Management: Our market share is 41.1% in quick commerce, which is the leading market share in the category.

Amit Sharma – {? Steadview Investment Management ?}: Excellent. My second question is on exports. Beyond Iran, Saudi Arabia, and Iraq, how are the other markets evolving? We understand that these smaller markets are also contributing to and growing the business. This year, what do you estimate their share will be over the next 3–5 years—the markets other than the three large markets in the Middle East?

Management: As far as the UAE and Doha are concerned, we are the market leaders there, but the only challenges we presently face are shipments and freight rates. These are the two major challenges. Once these challenges are resolved, then, as far as our equity in Basmati India Gate is concerned, even today I send 50 containers at a time, and they can be sold in a small market like Doha. That is the level of equity and brand reputation we maintain there.

At present, there are two challenges: shipments and freight rates. If these two are resolved in the next 1 or 1.5 months or 2 months, we will definitely be doing good shipments to all these small countries, such as Kuwait, Doha, and Bahrain.

Amit Sharma – {? Steadview Investment Management ?}: A lot is contingent on things normalizing, and rationally, they should. But let us assume this uncertainty continues. Most of these markets will have to restock, right? You are also saying that inventories and shipments have declined. Assuming this continues, how do you see the scenario playing out?

Report is AI-generated and may contain inaccuracies.

Management: If it continues, it will not only affect rice economically; every commodity will be in trouble because crude is directly connected, freight is directly connected, and buying power is affected for everybody there and in India as well. Let us pray that it settles; it cannot continue. You cannot say it will never be settled. It has to be settled.

Management: ...because rice may be a small part, but there are billions and billions of businesses that are disrupted due to this war.

Amit Sharma – {? Steadview Investment Management ?}: Fair point. My last question is beyond the Middle East. I want to understand our strategy and the distribution arrangements we are setting up for the next 5-10 years. How are we planning to go beyond the Middle East? Some thoughts on regional offices, distribution arrangements, and the supply chain would be helpful.

Management: There are definitely two alternatives. Either you go through a distributor route, or you go through your own office. We had initially planned to open an office in Saudi Arabia about 1.5 years ago, but then we concluded that it was not an interesting or advisable step to open our own office because we would then be distributing millions and millions of dollars on credit. So, it is better to appoint a distributor. That was the difference. Everywhere, we are of the opinion that we will go through distributors only.

Amit Sharma – {? Steadview Investment Management ?}: How are we thinking about expanding our geography beyond the Middle East?

Management: Beyond that, we are trying to develop more business in Africa. This year, we have done very good business in South Africa, and that is how we are increasing our presence in other markets in the African continent. As far as Europe is concerned, they are already importing around 400,000 tons. It could be 425,000 tons, or a maximum of 10% higher, but 400,000 tons of brown rice is already a good quantity in Europe.

Amit Sharma – {? Steadview Investment Management ?}: Do you have any targets for 5 or 10 years from now regarding what proportion you want from non-Middle East markets, meaning the rest of the world, versus the Middle East? Have you set any internal targets for exports beyond the Middle East?

Management: Beyond the Middle East, there can be a jump of 2%, 3%, or 5%, but not more than that. If you really want a major jump, it will be the Middle East, including the Persian Gulf. It cannot be anywhere other than the Middle East, including the Persian Gulf. But let me give you an example of a market, and I will not discuss beyond that. Egypt is a market that imports about 20,000 tons of Basmati rice. When you look at the Egyptian market, it consists of 80% non-Basmati and 20% Basmati. That type of business is not what we want to do.

Operator: Sorry to interrupt. May we request Mr. Sharma to please rejoin the queue? Thank you. Participants are requested to please restrict their questions to two per participant. The next question is from the line of Karan Gupta from Karvy Capital. Please go ahead.

Karan Gupta – Karvy Capital: Thank you. I appreciate the opportunity, and congratulations on very strong domestic numbers. This is a follow-up to an earlier question regarding your domestic

Report is AI-generated and may contain inaccuracies.

procurement strategy. Given the cash on our balance sheet and the paddy prices where they are, how do you see the year panning out? How many tons of paddy do you expect to procure, and how much of this cash will be used from the balance sheet?

Management: [pause] This year, paddy prices are up by 20%, and we are planning around 750,000 tons of paddy this year. As far as our cash position is concerned, we are very comfortable. There is no problem at all.

Karan Gupta – Karvy Capital: I am looking at our return on capital and return on equity. Earlier, the company used to use debt, and through that leverage, the returns appeared better than they currently do. Is there any thought of returning some of this capital to shareholders through a possible dividend, a buyback, or something along those lines?

Management: [off-mic discussion] Yes, we can think about that. We will discuss it internally and then let you know. It is difficult to say at the moment.

Karan Gupta – Karvy Capital: It would be good if you would consider it and get back to us. Congratulations again, and happy holidays.

Management: Thank you.

Operator: Thank you. We take that as the last question. Thank you, members of the management team. Ladies and gentlemen, on behalf of KRBL Ltd, that concludes this conference call. Thank you all for joining us today, and you may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.