



INDIA GATE

BASMATI RICE

LOOKING BACK AT A GLORIOUS YEAR FOR KRBL





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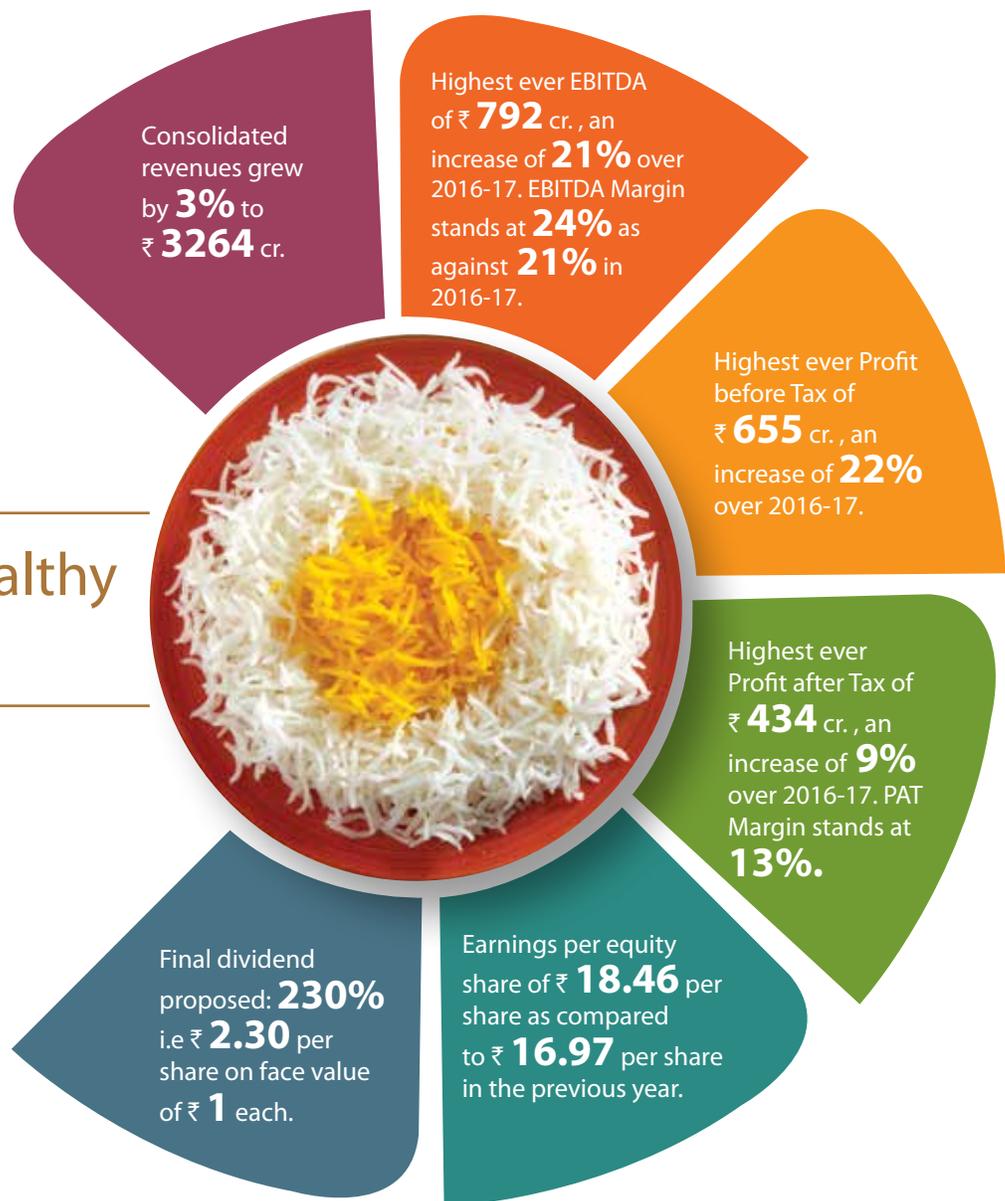
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Theme

Introduction



Adding Healthy Flavours



Agriculture sector in India is still subjected to the vagaries of the weather. This poses severe challenges to companies in the agri-food sector. Abrupt changes in policies or market conditions add to these challenges.

Each year brings its own set of happy tidings and challenges. And year 2017-18 was no different.

However, successful companies are those that can overcome and outlast business challenges and emerge stronger.

So, let the FY2017-18 numbers talk about our Company's ability to outperform challenges and come out stronger. Highest ever EBITDA growth at 21% and EBITDA margin at 24%, highest ever PBT increase at 22% and that of PAT increase at 9%.

But we do not rest on our laurels. As a Company, we are on a perpetual mission mode to achieve higher growths and reach higher trajectories.

The journey continues with FY2017-18 marking KRBL as a Company that is evolving into a maker of 'healthy' and consumer-centric food products. We promise more such initiatives as we continue our journey into the new fiscal.

New Product Launches

India



International



Corporate Information

BOARD OF DIRECTORS

Chairman & Managing Director
Mr. Anil Kumar Mittal

Joint Managing Directors
Mr. Arun Kumar Gupta
Mr. Anoop Kumar Gupta

Whole Time Directors
Mr. Ashok Chand
Ms. Priyanka Mittal

Independent Non-Executive Directors
Mr. Alok Sabharwal
Mr. Ashwani Dua
Mr. Devendra Kumar Agarwal
Mr. Shyam Arora
Mr. Vinod Ahuja

CHIEF FINANCIAL OFFICER

Mr. Rakesh Mehrotra

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Raman Sapra

BOARD COMMITTEES

- **Audit Committee**
Mr. Devendra Kumar Agarwal - Chairman
Mr. Ashwani Dua - Member
Mr. Vinod Ahuja - Member
Mr. Shyam Arora - Member
- **Borrowing and Investment Committee**
Mr. Anil Kumar Mittal - Chairman
Mr. Arun Kumar Gupta - Member
Mr. Anoop Kumar Gupta - Member
Mr. Rakesh Mehrotra - Member
- **Corporate Social Responsibility Committee**
Mr. Anil Kumar Mittal - Chairman
Mr. Anoop Kumar Gupta - Member
Mr. Ashwani Dua - Member
Ms. Priyanka Mittal - Member
- **Nomination and Remuneration Committee**
Mr. Ashwani Dua - Chairman
Mr. Shyam Arora - Member
Mr. Vinod Ahuja - Member

Risk Management Committee

Mr. Arun Kumar Gupta - Chairman
Mr. Anoop Kumar Gupta - Member
Mr. Ashok Chand - Member
Mr. Rakesh Mehrotra - Member

Stakeholders Relationship Committee

Mr. Ashwani Dua - Chairman
Mr. Shyam Arora - Member
Mr. Vinod Ahuja - Member

STATUTORY AUDITORS

M/s. SSAY & Associates
Chartered Accountants
Plot No. 3, 2nd Floor
Local Shopping Complex
B-Block Market, Vivek Vihar,
Phase-I, New Delhi - 110 095

SECRETARIAL AUDITORS

M/s. DMK Associates
Company Secretaries
31/36, Basement, Old Rajinder Nagar,
Delhi - 110 060

INTERNAL AUDITORS

M/s. S S Kothari Mehta & Co.,
Chartered Accountants
Plot No. 68, Okhla Industrial Area,
Phase-III, New Delhi - 110 020

COST AUDITORS

M/s. HVMN & Associates
Cost Accountants
1011, Pearls Best Heights-II, C-09,
Netaji Subhash Place, Pitampura,
Delhi - 110 034

REGISTRAR & SHARE TRANSFER AGENTS

Alankit Assignments Limited
Alankit Heights, 1E/13,
Jhandewalan Extension,
New Delhi - 110 055
Phone: (011) 4254 1955/59

REGISTERED OFFICE

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Fax: 011 - 2396 8327
E-mail: investor@krblindia.com
Website: www.krblrice.com
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CORPORATE OFFICE

C-32, 5th & 6th Floor, Sector 62,
Noida, Uttar Pradesh - 201 301
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Fax: 0120 - 4060 398

BANKERS

State Bank of India
ICICI Bank Limited
DBS Bank Limited
HDFC Bank Limited
Kotak Mahindra Bank Limited
Karnataka Bank Limited
Corporation Bank
MUGB Bank Ltd.
IndusInd Bank Limited
Cooperative RaboBank U.A.

WORKS

- **Gautam Budh Nagar Unit**
9th Milestone, Post Dujana,
Bulandshahr Road,
Distt. Gautam Budh Nagar,
Uttar Pradesh - 203 207
- **Dhuri Unit**
Village Bhasaur (Dhuri),
Distt. Sangrur, Punjab - 148 024
- **Alipur Unit**
29/15-29/16, Village Jindpur,
G.T. Karnal Road & Plot 258-260,
Extended Lal Dora
Both at Alipur, Delhi - 110 036
- **Barota Unit**
Village Akbarpur Barota,
Distt. Sonapat, Haryana - 131 104

Management Discussion & Analysis



Global Macro – Economic Scenario

The cyclical upswing underway since mid-2016 has continued to strengthen into the current year. About 120 economies, accounting for three quarters of world GDP, have seen a pickup in growth in year-on-year terms in 2017, the broadest synchronized global growth upsurge since 2010.

According to World Economic Outlook Report (Jan 2018) by International Monetary Fund (IMF), global output is estimated to have grown by 3.7% in 2017, which is 0.6 percentage point higher than in 2016. The pickup in growth has been broad based, with notable upside surprises in Europe and Asia.

Global growth forecasts for 2018 and 2019 have been revised upward by the Fund, by 0.2

percentage point to 3.9%. The revision reflects increased global growth momentum and the expected impact of the recently approved U.S. tax policy changes.

Growth rates for many of the Euro area economies have been marked up, especially for Germany, Italy, and the Netherlands, reflecting the stronger momentum in domestic demand and higher external demand.

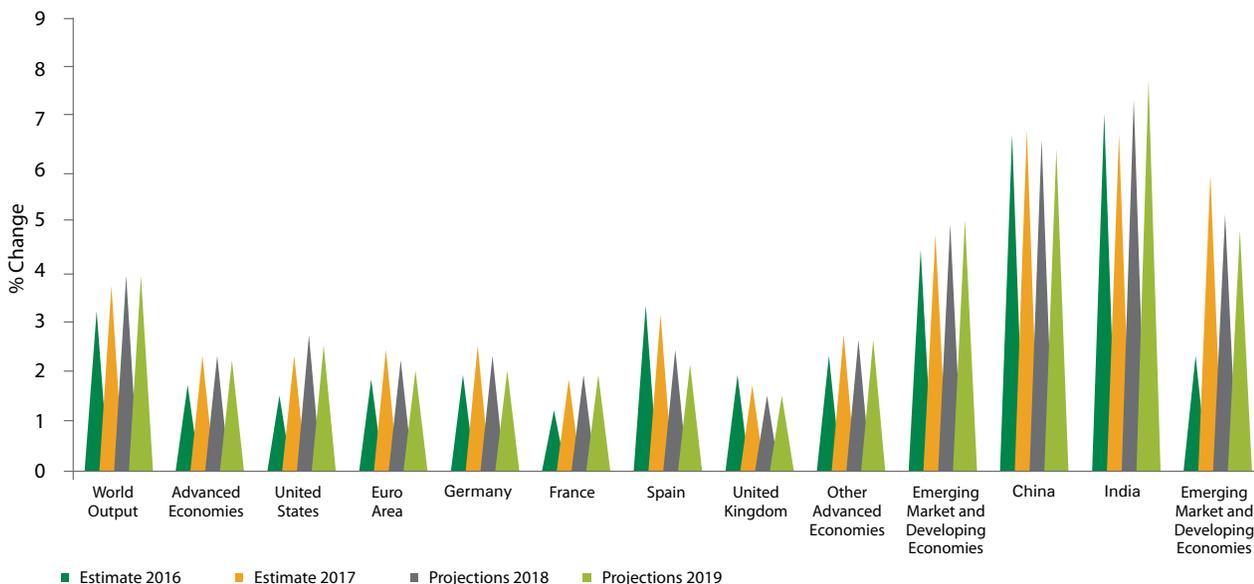
Emerging and developing Asia is estimated to grow at around 6.5% over 2018–19, broadly the same pace as in 2017. The region continues to account for over half of world growth. Growth is expected to moderate gradually in China, pick up in India and remain broadly stable in the ASEAN region.

According to IMF forecasts, after the period of economic crisis from 2007 to 2012, and the instability in many regions upto 2017, the global economy will show a trend towards stable growth upto 2022.

The World Bank forecasts for global economic growth for 2018, however, shows growth to an edge upto 3.1% after a much stronger-than-expected 2017, as the recovery in investment, manufacturing, and trade continues.

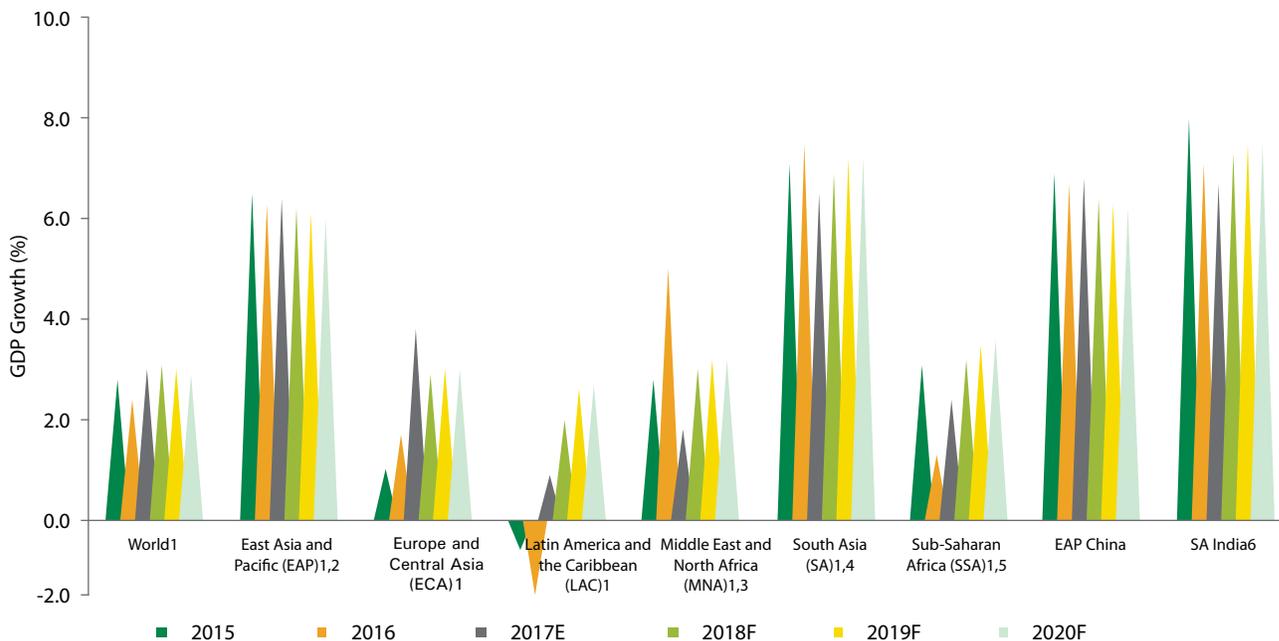
According to World Bank’s January 2018 Global Economic Prospects report, global growth is expected to be sustained over the next couple of years and even accelerate somewhat in emerging market and developing economies (EMDEs), thanks to a rebound in commodity

Overview of World Economic Outlook Projections (%)



(Source: IMF, Publication, 11 January, world-economic-outlook)

Global Economic Real GDP growth (%)



E - Estimate
F - Forecast

(Source: Worldbank, Publication, Global-Economic-prospects)

exports. Although near-term growth could surprise on the upside, the global outlook is still subject to substantial downside risks, including the possibility of financial stress, increased protectionism, and rising geopolitical tensions.

As per the IMF's estimate, the Asia-Pacific region and Africa shall maintain high growth levels; above 5% in Asia-Pacific and around 4% in Africa. Growth in the Middle East and South America is to stay in the region of 2.5% to 3% over 2018-2022. Europe and North America shall maintain growth levels of about 1.8%.

However, the World Bank report cautioned that there remained important downside risks. Disorderly financial market movements, such as an abrupt tightening of global

financing conditions or a sudden rise in financial market volatility, could trigger financial turbulence and potentially derail the expansion.

Besides, escalating trade protectionism, rising geopolitical risk could also adversely affect confidence, trade, and overall economic activity. The recent decision by US President, Donald Trump to renege on the US-Iran nuclear treaty and re-impose economic sanctions on Iran could lead to disruptions in oil trade, adversely affecting oil importing countries, mainly India.

Bond and equity markets: Market expectations of the path of U.S. Federal Reserve policy rates have shifted up since August, reflecting the well anticipated December rate hike, but they continue to price

in a gradual increase over 2018-19. The Bank of England raised its policy rate for the first time since 2008 in view of diminishing slack in the economy and above target inflation driven by the past sterling depreciation; the European Central Bank announced that it will taper its net asset purchases starting in January, 2018 and could be continued post September 2018, if required.

Exchange rates and capital flows: As of early January 2018, the U.S. dollar and the euro remained close to the August 2017 level in real effective terms. The Japanese yen has depreciated by 5% on widening interest differentials, while the sterling has appreciated by close to 4% as the Bank of England raised interest rates in November and as expectations of a Brexit deal rose.

India Growth Story

The Indian economy showed a mixed trend in 2017-18, with the GDP growth rate registering a subdued trend in the first half but regaining momentum in the second half of the fiscal. The GDP growth for the fiscal was pegged at 6.7%, compared to 7.1% in 2016-17. The upward momentum in the Indian economy is expected to continue in 2018-19, with the IMF projecting a 7.4% growth rate in the coming fiscal.

On the macroeconomic front, inflation rate, which remained below 4% from April till October 2017, took a sudden upward turn from November onwards, when it rose to 4.88%, peaking at 5.21% in December and decelerating to 4.28% in March 2018. The country's fiscal deficit is expected to be contained at the revised target of 3.5%, while the forex reserve has reached \$ 424.36 billion towards the close of FY18. The repo rate has further declined by 25 basis points to 6% in the year.

India's export rose by 9.8% to \$ 302.8 billion during 2017-18, the highest growth rate in six years, while imports grew 19.6% to touch \$ 459.7 billion as commodity prices pushed up the value of shipments in and out of the country along with a pick-up in global trade, resulting in widening of India's trade deficit to \$ 156.9 billion in FY2017-18 from \$ 108.6 billion in the previous fiscal.

(Source: Dept of Commerce, ToI)

India's rice exports surged 18% from a year ago to a record of 12.7 million tonnes in 2017-18 and accounted for more than 25% of the global rice exports. The surge in exports came riding on the back of an increase in domestic rice production, which

was expected to touch a record 111.01 million tonnes in 2017-18, up by 1.2% from the previous year's level.

In its World Economic Outlook Update, IMF has estimated that the Indian economy would grow by 7.8% in 2019, which would make the country the world's fastest-growing economy in 2018-19, the top ranking it briefly lost in 2017 to China.

The World Bank, however, forecasted India's GDP growth to pick upto 6.9% in 2018 and stabilize around 7.2% on average, in 2019-20, as consumption remains strong, exports recover, and investment revives with ongoing policy reforms and infrastructure improvements.

Main downside risks to the outlook include fiscal slippages, especially in view of the developments on the Iran front which could adversely impact

India's oil import bill, while creating uncertainty over the country's exports to Iran, especially that of Basmati rice.

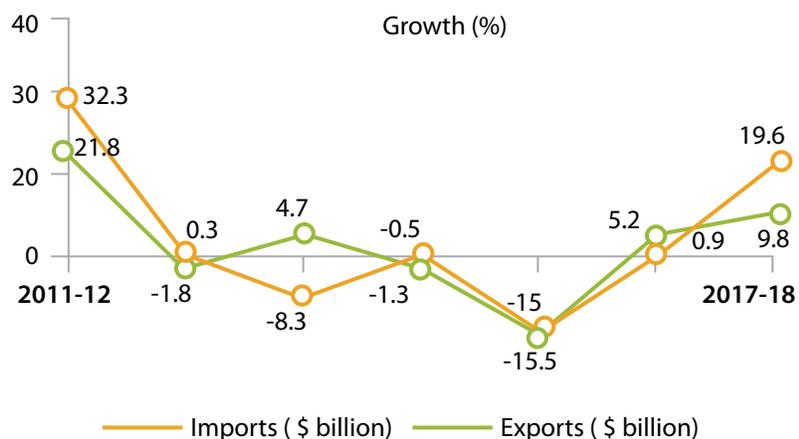
% Annual Growth in FY2017-18



(Source: economicstimes)

■ GDP ■ GVA

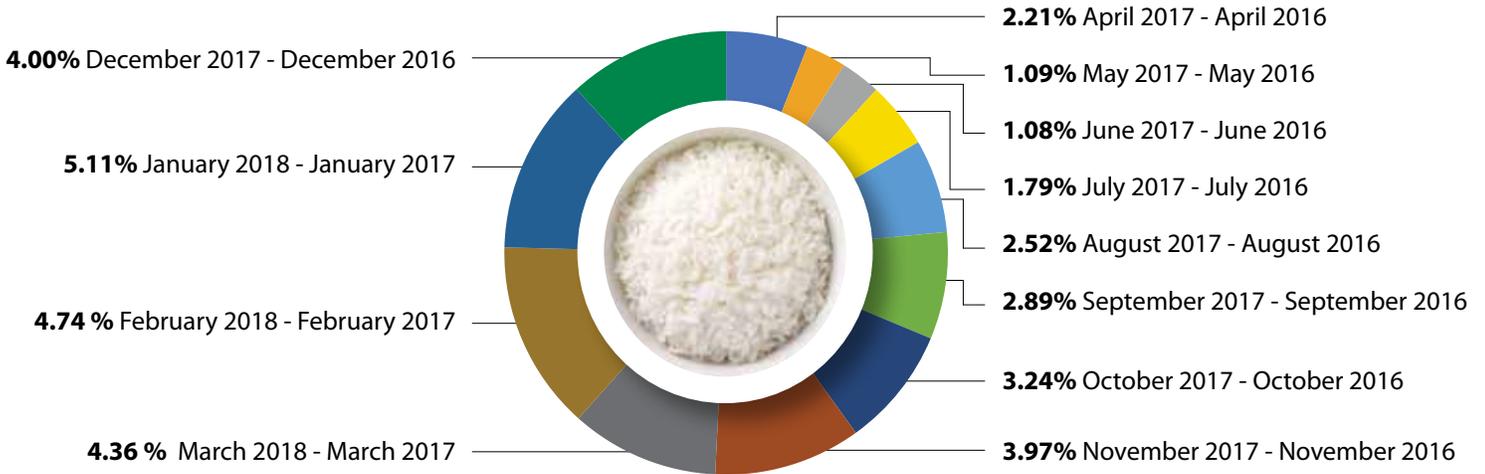
Trade Deficit Widens



(Source: timesofindia)

2018 Inflation India (CPI)

Inflation (yearly basis for 2017-18)



Major Policy Initiatives

The twin policy initiatives in the banking sector – a massive recapitalization programme for public sector banks and kick starting insolvency proceedings against a host of defaulting companies including some of the large companies under the Insolvency and Bankruptcy Code (IBC) topped a string of major policy developments on the economic front during the year.

The year also witnessed global credit rating agency Moody’s upgrading India’s sovereign credit rating for the first time since 2004, and the country achieving a commendable 30-point jump to join the top 100 countries in the World bank’s ‘Ease of Doing Business’ index.

The country’s stock market, meanwhile, marched forward to conquer new peaks to figure among the world’s best performing markets, posting an impressive 30% Y-o-Y growth.

In an apparent move to make political funding more transparent, the Government has initiated political funding through bonds, albeit without requiring the donors to disclose their identities.

On the political front, the ruling dispensation at the Centre faced some setbacks by losing a string of bypolls in some of the crucial North Indian states, and BJP scraping through after a grueling fight with the principal opposition party, Congress in Gujarat.

Outlook

With the ruling dispensation at the Centre set to enter the last lap of its 5-year term and some of the politically crucial states such as Madhya Pradesh, Rajasthan and Chhattisgarh slated to go for polls in the next few months, economists and political analysts are apprehensive that the Government may go slow on

the economic reform process and instead turn its focus on increasing the spend on rural welfare schemes and such populist measures in the coming months. This, along with the rising crude and other commodity prices, which could lead to firming up of inflation, could pose some market challenges to companies. The expectation of a continued uptick in the GDP growth rates in coming quarters, however, offer much hope for an improved performance in operations for companies in the coming year.



Agriculture Sector

Overview

With more than half of workforce being engaged in agriculture for their livelihoods and employment, agriculture continues to be a predominant sector of Indian economy, even though its share in National Gross Domestic Product has been showing a downward trend in recent years. Though the sector has been witnessing increased mechanization and organised farming, economic viability of the sector continues to be a major issue due to a host of factors including high intensity of labour, pushing up costs and heavy dependence on weather, casting uncertainty over both production and profitability. Abrupt policy changes by Government also adversely affect exports of Agri products from time to time, though they contribute about 10% of the country's total exports.

The wide spread farm distress being experienced across India in



the recent years has brought the agriculture sector into high focus area again, triggering a host of policy and administrative initiatives by the Government this year, with the objective of doubling the farmers income by 2022.

In 2017-18, the farm and allied sector's growth was pegged at 3%, compared to the 4.9% growth achieved in the previous year, as per the second advanced growth estimates put out by the Central Statistics Office (CSO). The government has also estimated food grain production to be a record of 277.49 million tonnes in the 2017-18 crop year (July-June),

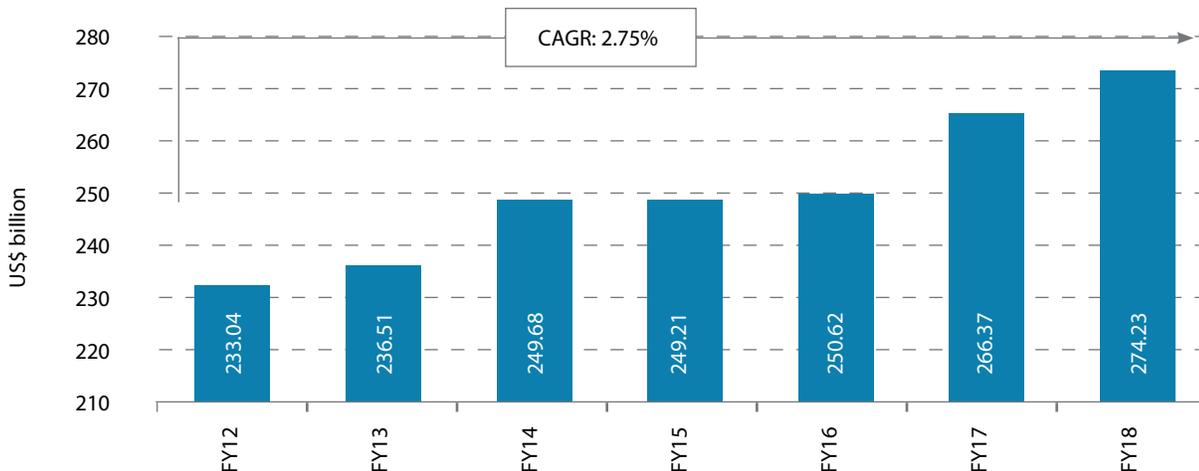
as against 275.11 million tonnes last year. As per the agriculture ministry figures, Rice production is also expected to touch a record of 111.01 million tonnes in 2017-18, up by 1.2% from last year's level.

(Source: IBEF Report).

To give impetus to rural economy, the Union Cabinet, in its meeting held on 4th July 2018, has increased the Minimum Support Prices (MSPs) of all "Kharif Crops" including that of Non Basmati Paddy from ₹ 1,550/- per quintal to ₹ 1,750/- per quintal. This may lead to higher area under irrigation for Non Basmati Paddy, and may result in the increase in prices of Basmati Paddy also.

(Source: Business Standard Report, March 2018).

Gross Value Added by Agriculture and Allied activities (US\$ bn)



(Source: IBEF, Industry, Agriculture-and-Allied-Industries-March-2018)

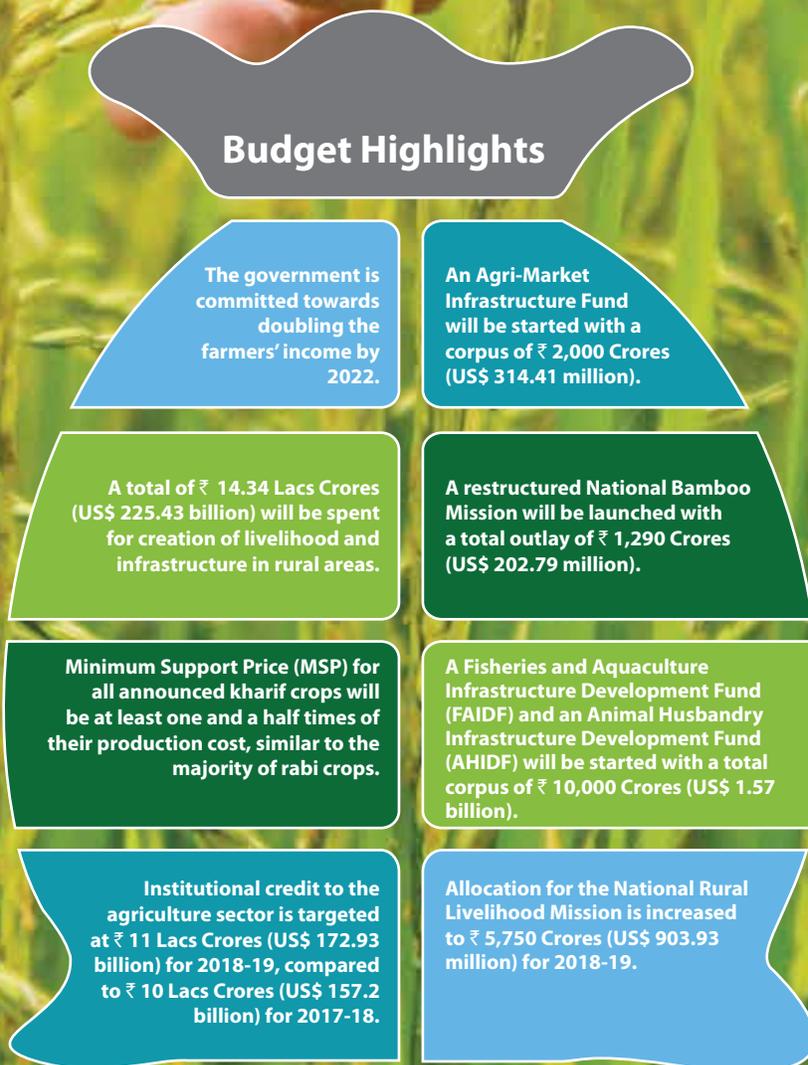
Budget Initiatives Brings Hope to Agriculture sector in the Coming Year

The agriculture sector figured one of the key focus areas for the Finance Minister in his 2018-19 Budget, proposing a slew of measures to generate higher income, produce more from same land, and realise higher price, and measures centered around farm and non-farm income. Most notably, the Finance Minister said that he wanted farmers to earn 1.5 times the cost of their produce, and that the Government considered agriculture as an enterprise.

Towards this, the Budget proposed fixing minimum support price 50% more than the cost of production for Kharif crops, a 13% increase in allocation to the agriculture ministry to ₹ 58,080 Crores, a 10% increase in farm credit target for the year to ₹ 11 Lacs Crores.

Outlook

The Indian Meteorological Department's prediction for a normal Monsoon for 2018 is expected to lead to an improved performance by the agriculture sector, pushing up output and incomes. Economists and experts are also of the view that with the Government turning its focus to the rural and farm sectors for additional investments due to the approaching national election, the sector is expected to get an added push for growth in the coming year.



Rice – Global Scenario

The momentum gained by the rice industry globally in 2016 in terms of increased production continued into 2017, with the world rice production was projected to grow by 0.7% to reach 503.6 million tonnes in 2017-18 (FAO-AMIS estimate). However, USDA and International Grains Council (IGC) have estimated the total production levels in 2017-18 to be lower at 487.5 million tonnes and 486.2 million tonnes, respectively.

Generally, favourable weather conditions have helped cropping activities in the year, especially in Asia, barring a few exceptions. The Asia region is estimated to have produced 0.7% higher than the record production of 686.1 million tonnes in 2016. Much of the region's production growth was envisaged to take place in India and Indonesia, owing to continued government support.

Cambodia, China (Mainland), the Islamic Republic of Iran, Iraq, the Lao People's Democratic Republic, Malaysia, Myanmar, Nepal, Pakistan, the Philippines and Turkey were all estimated to have produced more in 2017. In Africa, paddy production in 2017 was billed to reach 30.9 million tonnes, up slightly from the 2016 excellent harvest.

In Latin America and the Caribbean, favourable growing conditions were expected to foster a 6% production recovery in 2017 to 28.1 million tonnes. Brazil was set to account for much of this upturn.

Riding on increased demand, especially from many of the countries in Asia which turned to imports to rebuild their inventories, international rice trade was estimated to have grown by a healthy 7% to 44.2 million tonnes in 2017.

(Source: Rice Market Monitor, July 2017)

According to USDA figures, global rice exports registered a jump of 19.34% in 2017 to reach 40.98 MMT. India's export of rice in the year registered even bigger jump of 25.09%, and accounted for more than 25% of the global rice exports.

Global rice utilization was also projected to grow by 1.1% in 2017-18 to 505.8 million tonnes (milled basis).

The expansion in rice trade and utilization, as per the Rice Market Monitor estimates, was on account of a 1.4% expansion in food use to 408.4 million tonnes in 2017. This level was sufficient to keep global per capita consumption largely steady at around 54.3 kilos per person. Meanwhile, quantities destined to feed and other uses (including seeds, post-harvest losses and industrial uses) were anticipated to fall fractionally to 17.9 and 79.5 million tonnes, respectively.

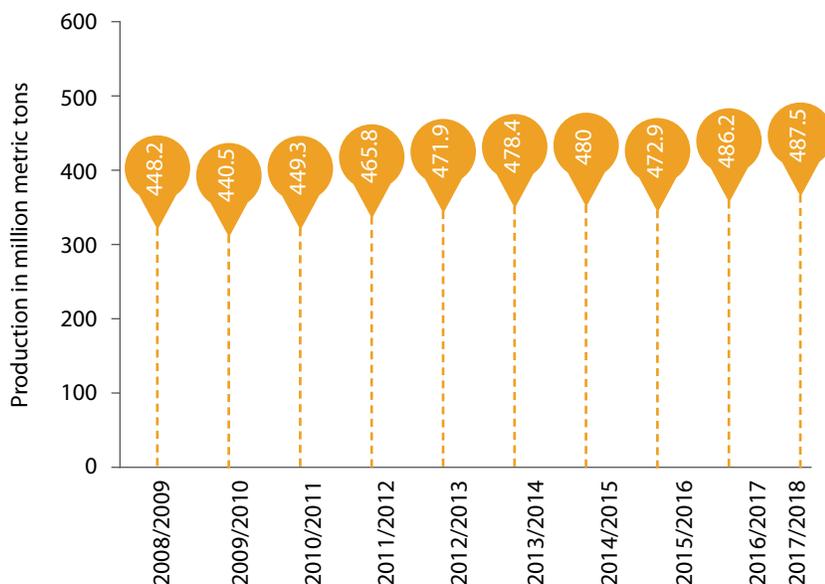
International rice prices have also firmed up since April 2017, thanks to rising demand for imports and production disruptions in the US and Vietnam. The FAO All Rice Price Index (2002-2004=100), which averaged 210 points in mid-July, was up by 6% from April.

(Source: Rice Market Monitor, July 2017)

Outlook

Rice production in 2018-19 is forecasted at 493 million tonnes, up from 486 million tonnes in 2017-18. Rice consumption also is forecasted higher, at 493 million tonnes, as against 487 million tonnes in 2017-18.

(Source: International Grains Council (IGC))



(Source: Statista, statistics, world-husked-rice-production-volume-since-2008)

Indian Scenario

Rice is the most important cereal food crop of India, accounting for about 40% of the country's food grain production, occupying one-fourth of the total cropped area of the country. Rice is cultivated across the country and throughout the year, though the crop is mainly grown as a Kharif crop in rainfed areas that receive heavy annual rainfall.

India's rice acreages have plateaued around 43-44 million hectares, but production in recent years has shown a steady upward trend on improving yields due to the introduction of improved varieties and agronomic practices.

India is the second largest rice producer in the world after China, with 21% of the global production share. Major rice producing states in India are West Bengal, Uttar Pradesh, Andhra Pradesh, Punjab, Tamil Nadu, Odisha and Bihar. India has been the top exporter in global rice trade, accounting for 25% of

the export in the last four years. The major export markets for Indian rice are the Middle East, Africa, the EU and the US. High level of buffer stocks and improved methods of production have helped India position itself competitively in the global rice trade market.

2017-18 Crop Year

A near normal rainfall during the year's Monsoon and favourable Government policies have helped rice production in 2017-18 crop year to touch a record of 111.01 million tonnes, up by 1.2% from the previous year's level. However, the trend of continued shrinking of sowing area continued in the current year as well, with the Agricultural ministry estimates showing that rice was sown only in 37.40 million hectares in the kharif season, a decrease of 510,000 hectares compared to the previous season.

(Source: 1st and 2nd advance estimates by Ministry of Agriculture).

Higher Procurement and Increase in MSP

The total rice procurement by Food Corporation of India (FCI) in the 2017-18 marketing season has been targeted at a higher level of 430 Lacs tonnes, compared to 381 Lacs tone procured in the previous season. The total procurement had reached 350 Lacs tonnes by the end of December 2017. The Minimum Support Price (MSP) for rice increased to ₹ 1750/quintal for both Common and Grade A varieties of rice.

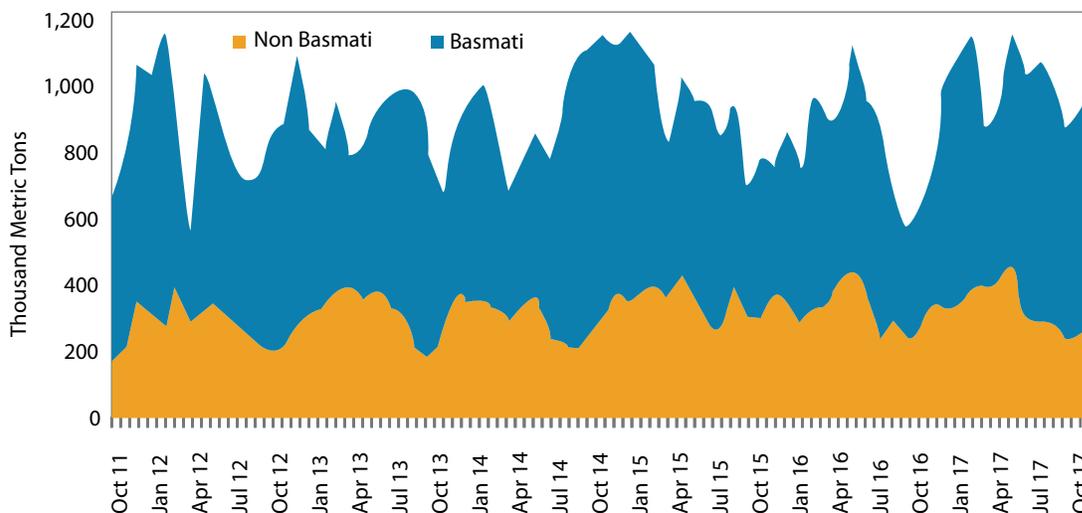
(Source: Dept of Food & Public Distribution, Business Line)

Export

Rice exports from India posted a robust 18% increase in 2017-18 to a record 12.7 million tonnes. The surge in the country's rice exports was mainly on good demand for non Basmati rice from Bangladesh, Benin and Sri Lanka.

(Source: Reuters, APEDA)

India: Monthly Exports of Rice



(Source: Monthly exports through December 2018 from Directorate General of Commercial Intelligence (DGCIIS), GOI.)



Outlook

Buoyed by the forecast of a normal monsoon this year, the agriculture ministry has targeted a record of 113 million tonnes of rice output in 2018-19. The India Meteorological Department forecasted that the June to September south-west monsoon is likely to bring 97% of the normal seasonal rainfall. A

normal monsoon in 2016-17 led to successive years of record harvests.

The government budget announcement on the new MSP pricing formula (1.5 times the cost of production) for the upcoming Indian crop year 2018-19 (July-June) Kharif season raises the hope of 15-20% increase in the MSP for

rice over last year, which should further support planting intentions for rice in the upcoming marketing year. Besides, the Government is also expected to further augment rice procurement in the coming marketing season to woo the agitated farming community ahead of elections in some of the North Indian states and the national election.

India Basmati Rice

Overview

Many decades before India's emergence in the IT sector became a hot topic of discussion at the dining tables of the rich and famous in countries across the world. India's Basmati rice, the long, slender-grained aromatic rice, used to occupy the pride of place on their dining tables. The popularity of the Indian Basmati rice has been spreading far and wide ever since. And, like in cricket, India competes fiercely with Pakistan when it comes to catering Basmati rice to world markets, though the latter is a minion in terms of its share in the global Basmati rice market.

Basmati rice, cultivated in some selected areas spread over from UP to Kashmir, with Uttarakhand and Himachal Pradesh including, constitutes only a small portion of India's total rice production, around 6% by volume. However, in terms of value, Basmati rice exports account for about 60% of the country's total rice exports.

Production

The introduction of higher yielding PUSA Basmati 1121 variety in 2003 and shorter duration semi-dwarf PUSA Basmati 1509 variety in 2013 has supported strong growth in Basmati rice production in the last two decades. The new variety is being increasingly adopted by farmers due to shorter growth cycle, lower irrigation requirements, and higher yields compared to other traditional varieties.

Basmati rice production in MY 2017-18 has recovered to 9.0 MMT (1.9 million hectares) compared to

Particulars	Quantity (MT)	Value (Cr)	Value (\$ million)
April-Sept (2016-17)	20,66,956	10,923	1,631
April-Sept (2017-18)	21,31,883	13,690	2,126
% Change	3.14	25.3	30.3

8.0 MMT (1.7 million hectares) in the previous year due to higher Basmati prices in MY 2016-17. Although the market prices of Basmati rice in MY 2017-18 have been relatively flat, farmers' returns have been reasonably good compared to Non Basmati and other crops.

(Source: USDA Report)

Exports

Basmati exports from India were estimated to cross ₹ 26,000 Crores in 2017-18, a 20% rise over the past fiscal year. In volume terms, however, there were apprehensions by the trade body that the year's total exports may decline by 5% to 3.79 million tonnes on account of firming up of prices in the Indian market and the European Union move to tighten a fungicide rule. Basmati rice exports from India had reached 3.27 million tonnes during April-January 2017-18.

(Source: APEDA Report).

Outlook

Buoyed by the IMD prediction of a normal Monsoon in 2018 and the continued trend of firming up of prices, Basmati rice industry is expecting a rise in both the acreage under cultivation as also in its production in 2018-19 crop year. Consequently, MY 2018-19 Basmati rice production is forecasted higher at 9.5 MMT from 2.0 million hectares. (Source: USDA Report)

An ICRA analysis on the prospects of the rise industry has forecasted Basmati rice exports reaching to ₹ 28,000 Crores in value terms in FY19. Increased demands from Iran and expectation of China undertaking direct import of Basmati rice from trading firms in India, coupled with the overall uptrend in international trade in the coming year form the basis of the better prospects for the industry in FY19.



Regional Rice Market in India

Overview

India is one of the largest consumers of rice, which is mainly consumed as a staple food by more than 70% of the population. However, the per capita rice consumption in India has been showing a declining trend in the recent years. From 77.9 kg per person in 2006, the per capita consumption of rice has come down to 75.1 kg per person in 2017. This trend has been attributed mainly to the growth in Indian economy which accounted for an increase in the purchasing power that led to a diversification of diet.

The domestic rice industry predominantly operates as regional trade markets, with each regional market dominated by traders and millers, besides a host of players in the unorganised sector, from the same region.

Unorganised Vs Organised

A lion's share of regional rice markets in India is accounted by the unorganised sector, despite the spread of modern trade as well as the huge increase in the trade

network by leading market players such as KRBL to the Tier-2 and Tier-3 cities and towns in the recent years.

Of late, there has been a gradual shift to rice being sold in packs – in lower and higher quantities, following the move by a large number of traders and millers launching their own rice brands, following the footsteps of the big players. Though, the share of branded rice in the overall domestic rice market is small in terms of volume, it is estimated to have reached \$3.5 billion in 2017 in terms of value.

(Source: Rabo Bank Report)

The consistent efforts by leading industry players such as KRBL to expand its supply and retail chain network to every nook and corner of the country, along with its strategy to wean away consumers from the unorganised sector by launching its branded rice at every price points have contributed significantly in expanding the share of branded rice in regional markets. Changing consumer preferences for better quality rice in convenient packs from stores on the back of their increasing purchasing powers also aided this shift.

Consumption of branded rice is growing more in southern and northern India regions. To further expand the share of branded rice in regional markets, KRBL has started launching regional variants of its brands, produced from the local regions, in some of the selected regional markets. The Company has launched India Gate Jeera Rice brand in the southern region market in 2017-18, which has been well received by consumers in that market, going by the sales figures in the first year of its launch.

Outlook

The slowly but steadily changing trend of consumers opting for quality and branded rice, along with the initiative of leading industry players such as KRBL to launch regional brands at affordable price points augur well for the continued growth of branded rice in the regional markets in the coming years. However, rice being a highly price sensitive item, absence of GST on loose rice being sold could be a dampener in the acceleration of growth rate in branded rice segment.



INDIA GATE
BROWN
Basmati
RICE



**Top of your class.
Top of your game.**

Be the best at everything you do.

Introducing India Gate Basmati Brown Rice.

It is naturally infused with GABA Neurotransmitters which boosts the brain's ability to concentrate and be at its best. So bring home a pack today and start being great at everything you do.

**BRAIN
METABOLISM
BOOSTER**

PREVENTS HEADACHE | IMPROVES SLEEP QUALITY | REDUCES ANXIETY | ENHANCES FOCUS



KRBL in FY2017-18

Journey from an Agri Commodity Trader to a Maker of Healthy Food Products

KRBL, currently among India's largest integrated rice companies, began its journey way back in 1889 as a producer of agricultural commodities such as wheat, cotton and oil in Lyallpur, Faisalabad, in Pakistan. Over the years, the Company has evolved into a global leader in Basmati Rice, while also being a major producer of Non Basmati rice and milling by-products like bran oil, furfural, rice bran, and de-oiled cakes.

Moving towards integrating best sustainable business practices, as a progressive company, our Energy Division is one of our diversified verticals that not only met the entire captive requirements for power within the Company but has also opened up a new revenue stream. FY2017-18 turned out to be a great year, with its vision to emerge as a significant diversified power generator growth partner to the nation in broader context.

Year 2017-18, however, marked a major milestone year for KRBL, with the management's strategic and deliberate move to take the company to an all together different league by foraying into the 'healthy food' segment with the launch of three new nutritionally superior products – India Gate Sprouted Brown Rice, India Gate Chia Seed, and India Gate Flax Seed.

The Company's move to position itself as the producer of 'healthy' food products was a smart move to align the company with the increasing trend of consumers wanting to have healthy and nutritionally superior food.

Significantly, the Company has also positioned its new 'healthy' food offerings as brand extension of its flagship and premium brand India Gate, thus expecting to get a head start for these products in the international market.

The Total Revenue from operations of the Company in FY2017-18 grew by 3.14% to ₹ 3246.52 Crores on account of better price

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The new 'healthy' product offerings also enriched the Company's already wide product basket which includes brands such as India Gate, Doon, Nur Jahan, Indian Farm, Bemisal, Aarati, Unity, Lotus, Taj Mahal Tilla, Shubh Mangal, Necklace, Lion, Al Wisam, Train, Al Bustan, Telephone, Southern Girl, Alhussam, Blue Bird, City Palace etc. These brands are strategically positioned to cater to different category of consumers at different geographical locations.

Company's Business Segments

The Company has organised its business units based on its products and services and has two reportable segments, as follows:

Agriculture – comprising of agricultural commodities such as rice, furfural, seed, bran, bran oil, etc. which constitutes 96% of the total revenues

Energy - comprising of power generation from wind turbine, husk based power plant & solar power plant which constitutes 4% of the total revenues

KRBL has four rice processing/grading plants which are based in Delhi, Punjab, Haryana and Uttar Pradesh.

The Total Revenue from operations of the Company in FY2017-18 grew by 3% to ₹ 3246.52 Crores on account of better price realization of rice both in domestic & international market and higher income from Power, Furfural oil & Glucose Business.

The Company's flagship Basmati Rice brand 'India Gate' commands a premium in both international and Indian markets. Basmati Rice is consumed in 156 countries out of which KRBL exports to 81 countries and is the market leader in the Basmati rice consuming markets in the branded segment.

It derived around 40% revenue from the international market with strong presence in Gulf Cooperation Council (GCC) countries apart from other countries like Australia, USA, UK, Singapore, South Korea, Germany etc.

The Company has wind power plants located at Maharashtra (Dhule, Sangli), Rajasthan (Rath Kuriya, Bastwa, Mokla), Tamil Nadu (Tirupur, Tirunelveli), Karnataka (Kalmangi, Bellary), Andhra Pradesh (Gandikota, Tallimandugulla,) Madhya Pradesh (Mahuriya, Garora), Gujarat (Bhanvad) and solar power division located at Madhya Pradesh (Rajgarh, Susner, Rojhani, Ichhawar).

Performance Highlights for the 2017-18

Highest ever EBITDA of ₹ 792.03 Crores, an increase of 21% over 2016-17.

Highest ever EBITDA Margin of 24% as against 21% in 2016-17.

Highest ever Profit before Tax of ₹ 655.01 Crores, an increase of 22% over 2016-17.

Highest ever Profit after Tax of ₹ 434.44 Crores, an increase of 9% over 2016-17. PAT margin of stands at 13% in 2017-18.

Earnings per equity share of ₹ 18.46 compared to ₹ 16.97 per share in the previous year.

Net Worth of the Company increased by 20% to ₹ 2,287.90 Crores.

5-year Net Sales growth CAGR of 9% and EBITDA growth CAGR of 21%.

Market Capitalisation increased by 5.53% to ₹ 10,266.53 Crores.

Power Sales increased by 26% to ₹ 123.71 Crores

Dividend declared by the Company for the 2017-18 is 230% as compared to 210% for the previous year.

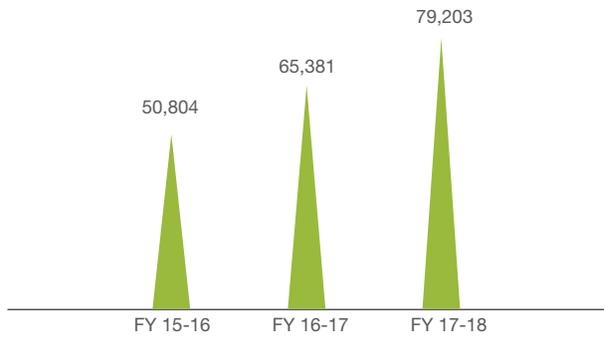
Debt Equity Ratio improved from 0.57:1 as on March 31, 2017 to 0.54:1 as on March 31, 2018.

Company's belief in energy portfolio has seen us emerge as a diversified power generator with interest in Biomass, Wind and Solar Power with total installed capacity of 146.94 MW.

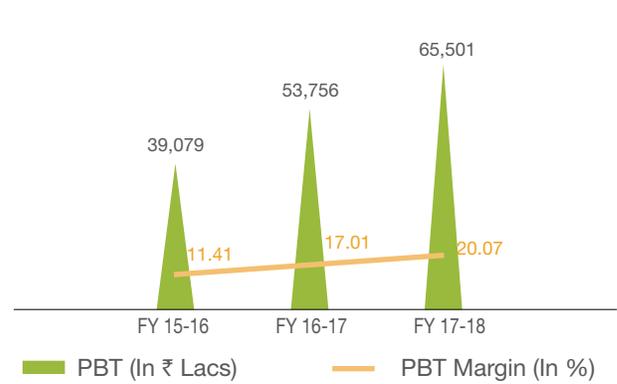
Company's energy portfolio consist of 114.35 MW in Wind Power Projects, 15.00 MW in the Solar Power Projects and 17.55 MW in the Bio Mass Projects.



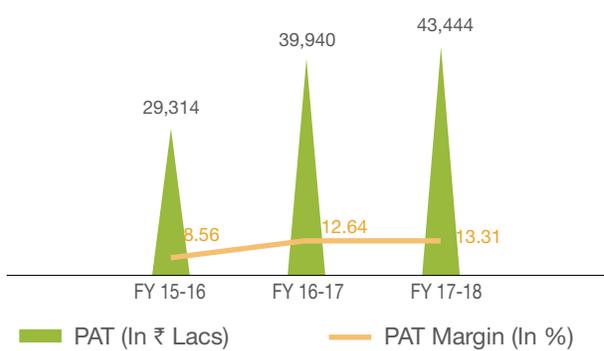
EBITDA (in ₹ Lacs)



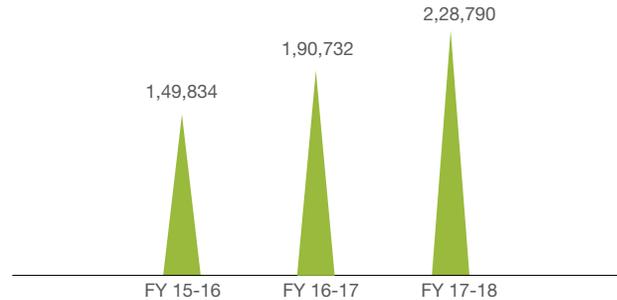
PBT (in ₹ Lacs) & PBT Margin (in %)



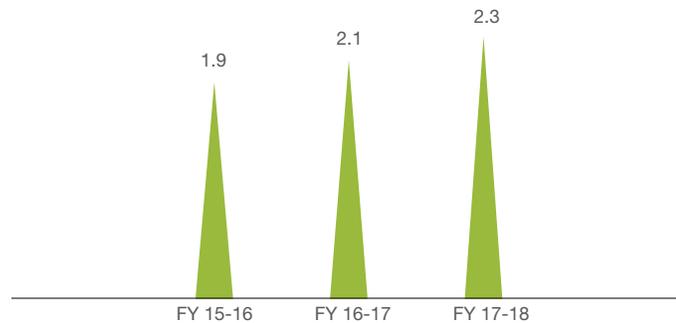
PAT (in ₹ Lacs) & PAT Margin (in %)



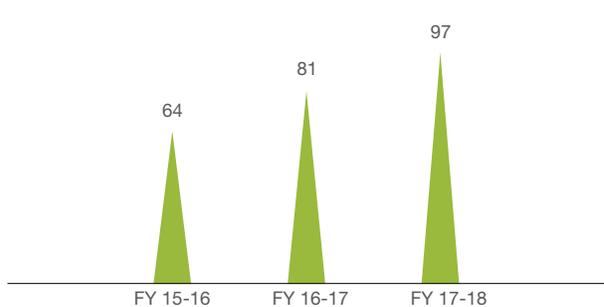
Net Worth (in ₹ Lacs)



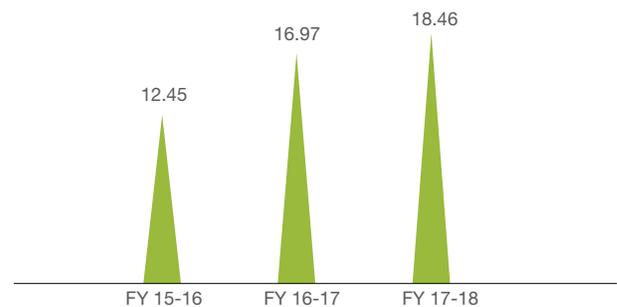
Dividend Per Share (in ₹)



Book Value Per Share (in ₹)



Earnings Per Share (in ₹)



Agri Business Division

Spanning the entire value chain of rice, beginning from seed to grain, the Company is among the leading players in the Indian agri-processing and marketing sector. Its flagship Basmati Rice brand India Gate commanded a 35% market share, the highest market share for any company in the sector in the combined urban and rural areas in 2017-18, an increase of 3% from the previous fiscal.

The Company distributes its products through three channels – traditional, modern and e-commerce. For each channel, the Company has devised diverse strategies to grow business. In traditional, the focus is on improving quality of distribution, in modern, to enhance presence and in e-commerce to build loyalty.

The total sales for the financial year 2017-18 from agri division was ₹ 3,122.81 Crores, as against ₹ 3049.65 Crores in the previous fiscal. Rice sales accounted to 91.39% of total revenue from operations. Export sales grew by 19.14% in comparison to the previous year. Middle East region accounted for 25.77% of the Company's total revenues.

At 195 MT/hour, KRBL has the largest rice milling capacity in the world. This provides the Company a distinct edge, enabling its

operations highly productive and cost-effective.

In its efforts to wean away consumers from the unorganised market, KRBL offers its branded Basmati rice in a wide range of price points. This makes the Company's Basmati rice brands affordable to consumers in various economic strata, as also offers them the choice for selection, depending on the occasion.

The Company's state-of-the-art storage and warehousing capacities combined with innovative marketing strategy, aggressive expansion in distribution network, sustained and deep-rooted relations with farmers through contract and contact farming and R&D capabilities enhances its long-term business sustainability and revenue viability. These strengths along with the rising brand popularity positions the Company favourably to capitalize on the growing demand for Basmati Rice in the domestic and international market.

Farmer Initiatives

The Company, in order to ensure and maintain high quality for its rice, provides seeds and consistently reaches out to farmers with innovative initiatives and technological support for further

The total sales for the financial year 2017-18 from agri division was ₹ 3,122.81 Crores, as against ₹ 3049.65 Crores in the previous fiscal. Rice sales accounted to 91.39% of total revenue from operations. Export sales grew by 19.14% in comparison to the previous year. Middle East region accounted for 25.77% of the Company's total revenues.

improvement. It has also been implementing various initiatives and programmes to further sustain its deep rooted relation with the farmer communities. Through its contact farming technique, the Company is able to monitor the quality at every stage of production. These mutually beneficial initiatives help the Company to ensure uninterrupted supply of highly quality paddy, while offering security to farmers.

Stepping Up Infrastructural Facilities

KRBL continues to invest, to upgrade its production facilities across Delhi, UP, Punjab and Haryana, besides improving its stocking and warehousing facilities. These help the Company to achieve higher operational efficiencies year after year. The Company also has a modern packaging and foodgrain warehousing facility at Alipur and Barota units.



Agri Business – Indian Market

India being a highly price sensitive market, 2017-18 was a year of mixed trend for both the domestic rice industry as well for KRBL. Besides the imposition of GST, which has skewed the price advantage in favour of the large unorganised sector, the fact that the rice market in India predominantly operates as regional markets, impacted the overall financial performance of the Company in the Indian market in the year. The Company, however, performed exceptionally well in the consumer pack segment, exceeding the industry growth rate by a big margin.

KRBL's sales from domestic rice business was to the tune of

₹ 1667 Crores in 2017-18, compared to ₹ 1822 Crores in the previous fiscal. However, KRBL by far maintains its lion's share in terms of overall rice sales proceeds in the Indian market.

With a market share of 35% in branded Basmati rice segment in value terms, KRBL is the undisputed market leader in the domestic rice market. The Company could achieve this feat thanks to its massive, pan-India retail and wholesale network and strong brand image which enabled the visibility and availability of its products in every nook and corner of the country. Creation of this country-wide trade network is what helps the Company to stand out from its peers in the industry.

The average selling price for branded Basmati rice was up by about 30% in 2017-18, compared to the previous year. Imposition of GST was one of the reasons for the price increase, besides other market factors. The rising trend of changing lifestyle and consumer preferences, coupled with rising disposable income and middle class population pushing up demand for branded Basmati Rice has also helped the Company in mopping up higher sales revenues in the consumer pack segment. These changing trends have enabled the Company to come out with products that are consumer-centric, compared to the earlier focus on price-centric products.

With a focus on further strengthening distribution and optimizing sales growth performance through implementation of GPS-enabled tracking devices for the Company employees also played a vital role in the improved performance in the domestic rice market.

KRBL's flagship brand, India Gate continued to hold the lead position in its domestic sales in 2017-18. The India Gate brand performance has been steered by improving sales in the consumer pack categories of 1 kg and 5 kg. The Company's vigorous efforts in marketing, trade investments, market development and in-market execution also helped the growth in this segment. Other brands that performed well in some selected regions during the year were India Gate Jeera Rice, Unity, Doon and Necklace some of which were particularly popular in the institutional segment.

The India Gate Brown Rice Weight Watchers Special also continued to find an expanding consumer base in the top metros of India, riding on its health factor. The Company's efforts during the past few years to strengthen its brand, Unity which found considerable success with the other products gaining significant acceptance in the Indian market.

Going forward, KRBL plans to enter the value added rice segment by launching some selected popular, daily-use products. Besides further expanding its market, this initiative is also expected to give an added boost to its India Gate brand popularity.

Consumer Pack Segment

KRBL has achieved a sterling performance in the consumer pack segment in 2017-18, riding on its high brand strength as well as its easy availability in every corner of the country through the Company's extensive trade network. While the overall industry growth in this segment stood at 16.5% in volume terms and 21.3% in value terms, KRBL has achieved a 27.6% growth in volume terms and 36.9% growth in value terms in the consumer pack segment in the fiscal.

KRBL's robust performance in the consumer pack segment assumes added significance, considering the fact that this was despite its brands attracting 5% GST, compared to no GST for unbranded rice brands. This also reflects the changing trend of consumers increasingly opting for branded rice from established players such as KRBL, instead of purchasing it from the unorganised sector.

The Company's strategy of sub-segmenting its consumer pack

segment into India Gate brand and other brands which include Bemisal, Nur Jahan and Doon, has also paid off good dividends by way of differential positioning of its brands and achieving focused growth in these categories. In order to keep up its brand leadership position, KRBL continued aggressively with its marketing and advertising campaigns during the year as well, leading to further enhancing its brand perception.

With its USP of being the longest rice grains, superior quality and exotic taste, the India Gate brand continued to have a dream run in the Indian market in 2017-18 as well, enjoying premium pricing. The other brands are lower priced and targets the bottom of the pyramid.

The move on creation of the premium segment was aimed at capturing market share from the huge unbranded Basmati Rice market, which is estimated to account for nearly 40-45% of the overall Basmati Rice market in India.





**New Product Launches in the
Indian Market in 2017-18**

India Gate Sweet Indulgence

Launch Rationale

India being a diverse country has various festivals and occasions in every state, round the year. Each of these festivals has its own unique positioning, season and a way it is celebrated in different geographies. Food is one intertwined element which joins the cord of everything India celebrates. Each state has its own specialities and ways of cooking.

Desserts and that too made of Rice in particular are something which are as diverse as the cuisine itself. We can see Badami Kheer in North, Kesar Bhaat in East, Phirni or Payasam down south. Each one of these are as unique as the state itself. However, many a times we don't know which rice is to be used and is best suited to make these dishes even more special.

Product USP

Being the flag-bearers of everything that rice is in India, KRBL has launched India Gate Sweet Indulgence in 2017-18. This product was envisioned to bring together the sweet moments of celebrations and our love for these luscious dishes in one pack. For all the desserts which have rice as the primary ingredient, we handpicked rice grains which specially cater to the preparation of these desserts.

Positioning

This product is uniquely positioned as one of its kind to help customers choose the right ingredients for their desserts based on rice. It's targeted to the woman of the house who knows that the best ingredients make the food much more than just a dish served on the table. The Company has kept the price point also very attractive with it being lower than most of our regular staple diet variants used to make main course dishes. The Company has also undertaken strategic marketing and Ad campaigns through multi-media channels to reach out to the target audience. The efforts seem to be making the desired impacts with the initial market reports about the product being highly positive and encouraging.



India Gate Jeera Rice

Launch Rationale

This special quality of fragrant Rice takes its name from Jeera (Cumin seeds - Seeragam in Tamil) because of its small grain size and resemblance to the spice. Jeera rice is a quintessential ingredient in the most famous southern Ambur variety of biryani. This rice is cultivated in the samba season (Aug-Jan) and is widely used in Malabar region to make various types of Biryanis and other rice dishes. India Gate already caters to the southern region with its exclusive range of Basmati Rice varieties and now it was time to launch a native variant which rightfully extends the portfolio being a leader in the rice category.

Product USP

Being a special kind of rice which has a special native taste and aroma, it is really popular in both southern India and also in the southern

communities residing across the globe with largest populace in USA and Australia. Jeera Rice is immensely popular in Kerala. This is the most expensive sub variety of rice and has the smallest grain which is ideal for specific dishes cooked in the region.

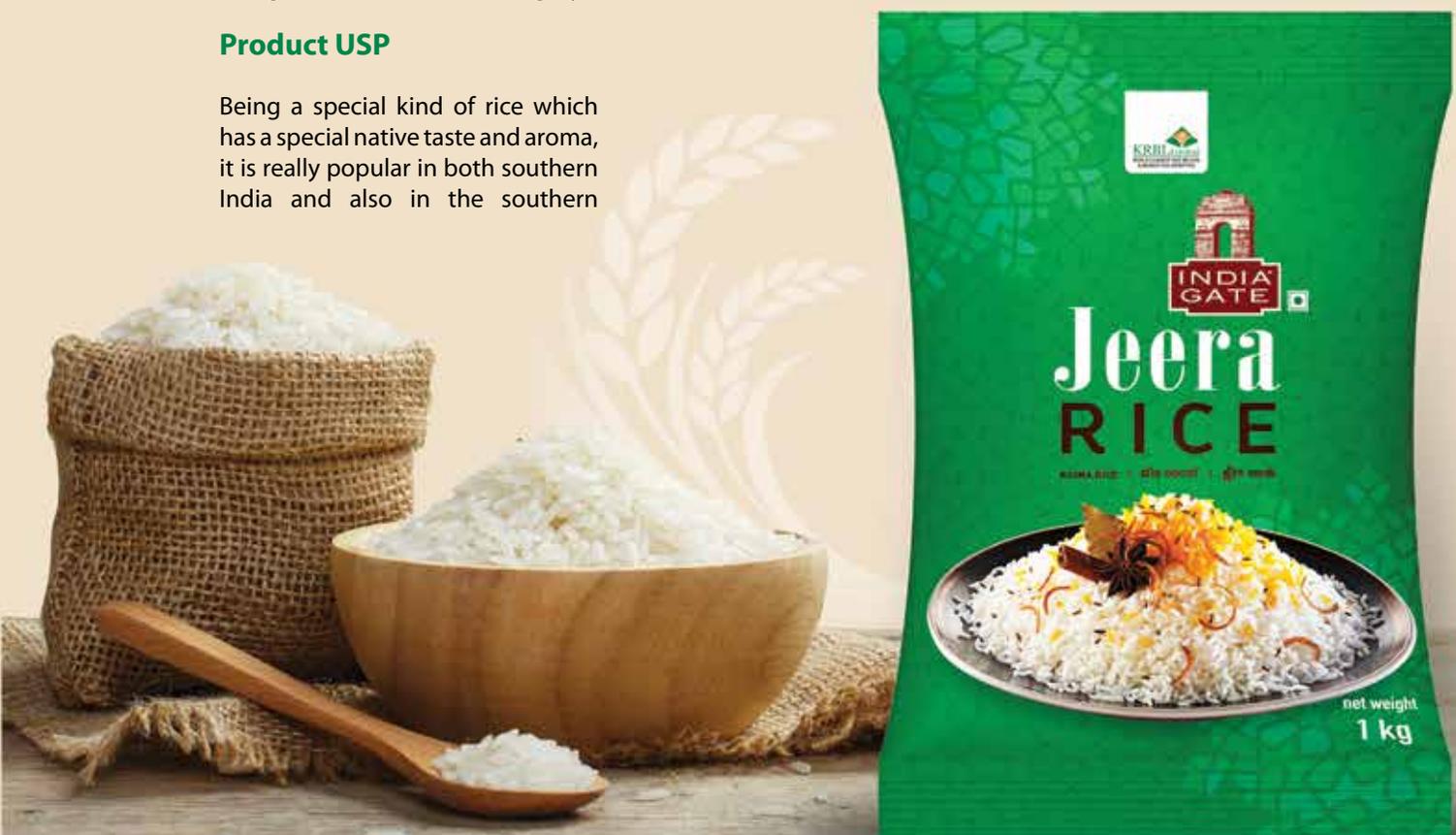
Because of its ability to absorb large quantities of water along with its aroma makes it the ideal choice for most of the Biryanis made locally in Kerala.

Positioning

Jeera Rice is positioned as a basic ingredient for southern dishes

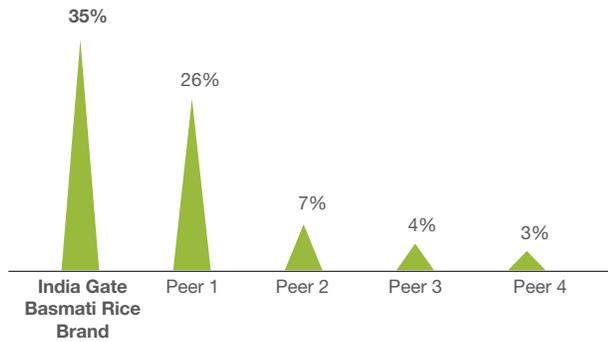
targeting the home makers who know the importance and varieties of dishes which can be made from this variety of rice. Rice being the staple diet in the southern part of the country, women-folk here try their hands in making different varieties of rice dishes, using various types of rice. Jeera Rice is thus positioned as an important and preferred alternative for this purpose.

This product also enhances KRBL's footprint in Non Basmati segment in the specific geographies and extends brand imagery as a wholesome provider of everything that a household needs.



Geography-Wise Market Share:

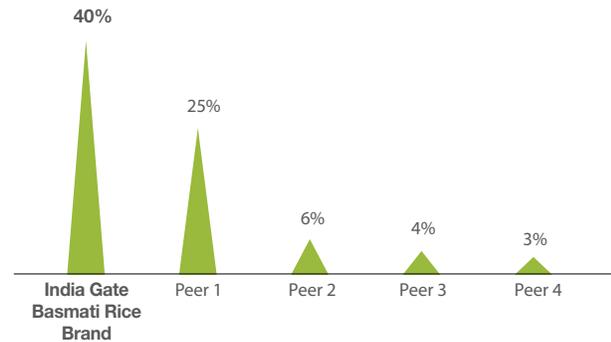
Top 5 Brands (All India Share) – Value wise



Highest all-India (Urban and Rural combined) market share of KRBL Limited

In value terms, India Gate Basmati Rice brand enjoys a leading position in the Indian urban and rural areas combined with a 35% market share compared to 32% in the previous year.

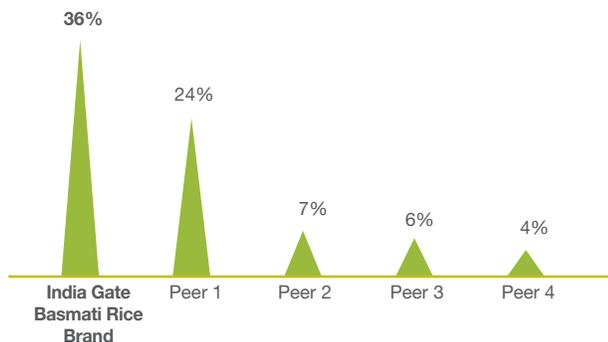
Top 5 Brands (% Share in Town class I) – Value wise



Highest all-India Town class I market share of KRBL Limited

In value terms, India Gate Basmati Rice is a dominant brand in town class I cities with a 40% market share compared to 35% in the previous year.

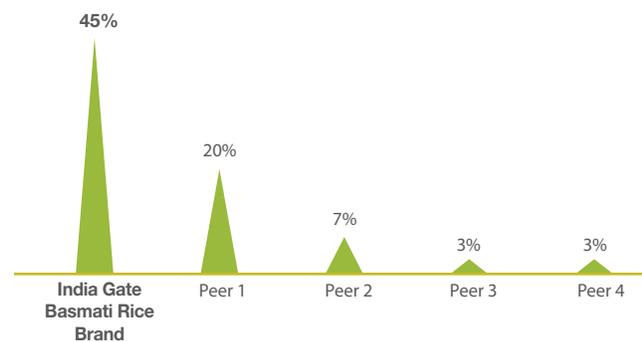
Top 5 Brands (% Share in Metro Market) – Value wise



Highest all-India Metros market share of KRBL Limited

In value terms, India Gate Basmati Rice is a dominant brand in Indian Metropolitan area with a 36% market share compared to 32% in the previous year.

Top 5 Brands (% Share in Rural areas) – Value wise

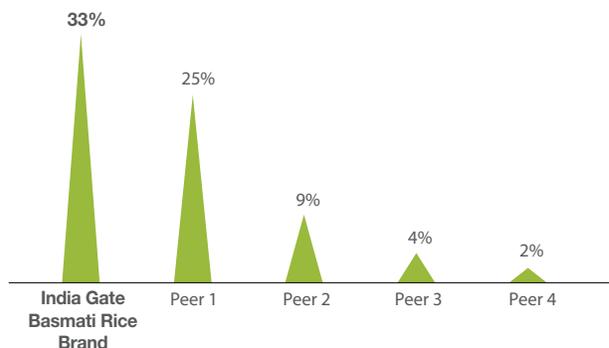


Highest all-India rural area market share of KRBL Limited

In value terms, India Gate Basmati Rice is a dominant brand in rural areas with a 45% market share compared to 43% in the previous year. The Company's strong focus on this segment has enabled it to grow market share while ensuring that it is moving in the right direction.

(Source: AC Nielsen MAT March, 2018)

Top 5 Brands (% Share in Traditional Market) – Value wise



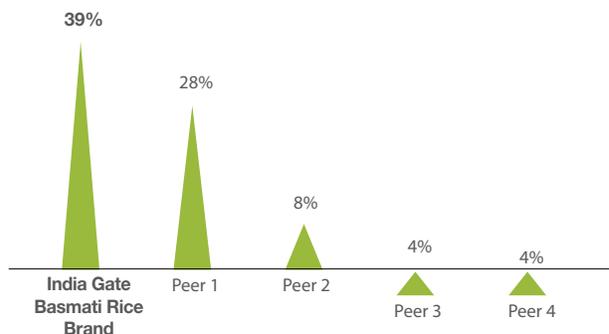
Highest All India Traditional Trade Market Share of KRBL Limited

In value terms, India Gate Basmati Rice is a leading brand dominating the all India traditional trade with a 33% market share compared to 28% in the previous year.

Modern trade

In its modern trade distribution channel, the Company has enhanced its presence to 7,530 stores, while growing market share from 36.9% to 39% in value terms. Initiatives undertaken by the Company towards retail activation and dominating shelf-space, has resulted in improved same-store sales and category share. The Company’s strong business development team undertakes significant research and analysis to identify the right city, right catchment area and right store. This facilitates the Company in consistently growing its market share.

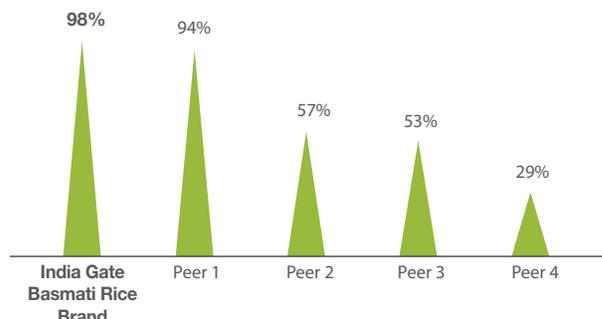
Top 5 Brands (% Share in Modern Trade) – Value wise



Highest All India Modern Trade Market Share of KRBL Limited

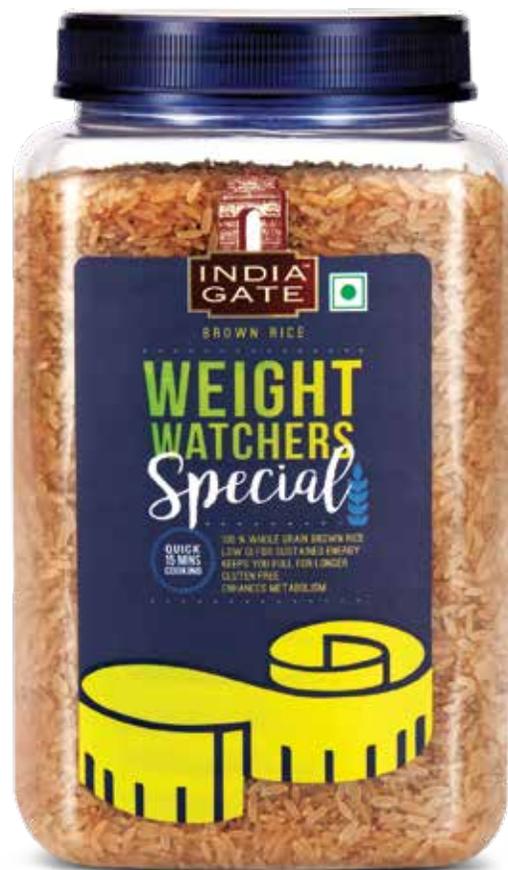
In value terms, India Gate Basmati Rice is a leading brand dominating the all India modern trade with a 39% market share compared to 37% in the previous year.

Top 5 Brands Weighted Value Distribution in Packaged (in%) – Value wise



Highest All India Weighted Value Distribution in Packaged Basmati Rice Category in Modern Trade (%)

In terms of Weighted Value Distribution (percentage of stores that sells our products based on their weighted importance), 98% of the modern trade stores sell our packaged Basmati Rice products.



(Source: AC Nielsen MAT March, 2018)



E-commerce

The Company has continued to focus on strengthening its e-commerce channel in FY2017-18, with an eye on cashing in on the rising opportunity from the online distribution network. The Company followed the twin strategy of forming a dedicated team of professionals to build capabilities and devise effective strategy and simultaneously tying-up with major players like Amazon, Flipkart, Big Basket, Grofers, Shopfilo and JBL among others, to drive sales through this channel.



KRBL expects that with nearly 40-45% Basmati volumes in India still being sold in loose form, there is enough headroom for the branded players to enhance market share in the consumer pack segment.

Bulk Packaging Segment

The bulk packaging segment of the Company caters to the requirements of institutional buyers such as hotels, restaurants and caterers. The sales in this segment in FY2017-18 grew by 6% in value terms as compared to last financial year.

Contrary to the general industry approach towards growing this segment by aggressively focusing on quantity and prices, due to the perception that brand equity does not matter in institutional sales, KRBL has managed to push its growth in this segment riding on the back of establishing its strong brand presence.

Some of the Company's prominent institutional buyers in this segment include Taj Group of Hotels, The Leela and ITC Hotels.

Though imposition of GST has brought in some tough competition in this segment, the distinct quality features of the India Gate rice helps the Company to be a customer preferred brand in this segment. The technical aspects of India Gate rice such as fluffy and non-sticky, longer holding time, cooking yield, elongation ratio etc., as well as the Company's ability to deliver consistency in its products have enabled it to weather competition in this segment to a great extent.

Unity and India Gate, the two leading brands of KRBL in the bulk packaging segment, have together accounted for 88% of the total sales in this segment in 2017-18. As part of its on-going brand promotion activities, KRBL has participated in several industry events and exhibitions across India in the year, highlighting the value parameters of its products. The fact that the Unity brand has achieved a 12% growth in value terms compared to last year is a testimony of the success of the Company's effective communication and brand promotion activities.



Super Premium, Super Healthy Product Segment

Super Premium Segment

In a strategic initiative to further move up in the brand value chain, KRBL has forayed into Super Premium Segment to position the Company's most premium and health-oriented products. With the rising awareness of health food and rapidly growing super-premium food segment in India, the Company focused on capitalising this opportunity by re-launching some of the existing products with sharper consumer positioning and also by launching new products.

Products in this category include India Gate Classic, India Gate Brown Rice (Basmati and Non Basmati variant) and India Gate Quinoa. The Company expects that by following

an aggressive and focused growth strategy in this segment, it could achieve significant enhancement in its brand equity and margins.

In 2017-18, sales revenue from this category grew by 1.4%. Brown rice growth increased by 43% in volume and 68% in value.

With the twin objective of further moving up in the brand value chain and to capitalize on the rising awareness of health food and rapidly growing super-premium food segment in India, KRBL has launched more products in the super premium segment in 2017-18. Besides, the Company has also relaunched some of the existing products with sharper consumer positioning in this segment.

The Company has undertaken a targeted Ad and marketing campaign in the year to spread awareness about the health attributes of its products to further consolidate its position in this growing market segment. This has brought rich dividends to the Company, with its sales revenue from this segment growing by 1.4% in 2017-18.

Some of the products which were relaunched with sharper positioning in this segment include India Gate Weight Watchers Special and India Gate Brain Metabolism Booster. With its health attributes such as low in Glycemic Index (GI) which helps in boosting metabolic process, the India Gate Weight Watchers Special targets the fast-

rising fitness conscious young and young-at-heart among the population.

India Gate Brain Metabolism Booster, on the other hand, is meant for the working professionals and school-going children as this product is enriched with GABA (gamma-aminobutyric acid) neuro transmitters, which help in increasing focus, improving sleep quality and reducing anxiety.



Sales and distribution

With the metros and class 1 cities, which together accounts for about 78% of the total packaged Basmati rice demand, reaching almost the saturation level, leading to a slowdown in growth momentum, the Company as of late changed the track by aggressively wooing consumers in the Rest of Urban and Rural markets. The move has started paying off rich dividends as majority of the Company's domestic sales growth are now coming from these two markets.

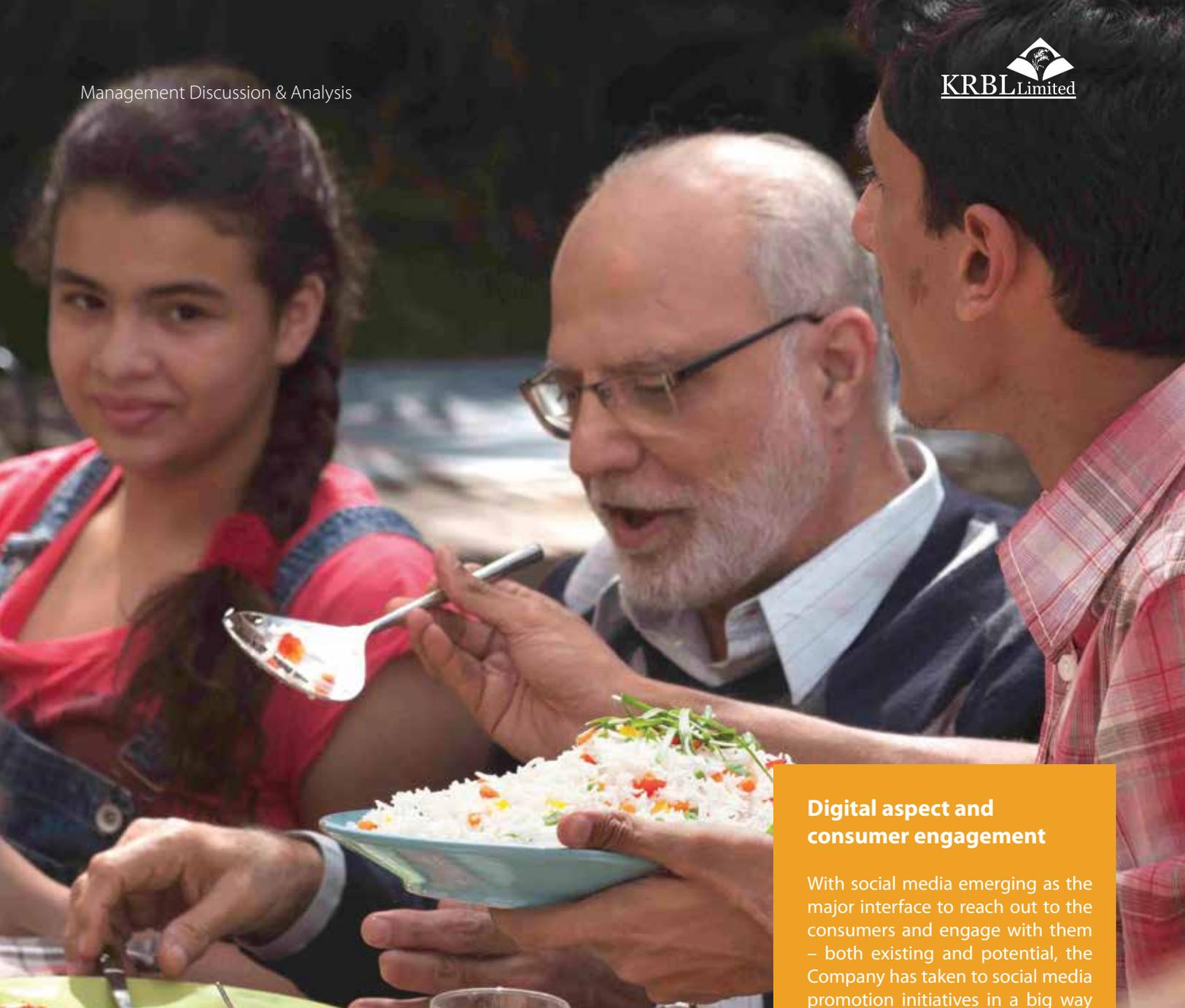
In order to make further inroads into the Rest of Urban and Rural markets, KRBL has devised strategic plans and undertaken initiatives for improving quality of distribution and improving its reach. As part of this strategy, the Company has introduced its non-premium Basmati Rice brands in these markets so as to wean away customers from the unbranded players which have been dominant in these markets hitherto. The move has paid off, helping the Company to expand market share in the region by 41.3% in 2017-18.

In the digital age, the tools for identifying new growth avenues and sales promotion have seen a

drastic change. Adapting to the changed scenario through the 'Go-to-Market' initiative was yet another strategy change initiated by the Company in the year. This initiative has seen KRBL successfully deploying advanced IT processes such as data analytics and digital gadgets to push market growth. The highlights of these initiatives included:

- Switch over to GPS-enabled hand-held devices for the Company's sales force for increasing their operational efficiency. The GPS-enabled hand-held devices, powered with sales force automation software, facilitate track orders on real-time and optimising resources in the field level. This also allows the Company to track the movement of its sales teams for effective coordination.
- Continuing on its efforts to achieve focused growth through identified sales outlets, the Company has achieved geo-tagging of about 50,000 outlets in the year, marking them as direct service outlets. This is aimed at better and effective monitoring of its sales force movement, optimised sales effort and decision making by demarcating key outlets and identifying problem areas for quick remedial actions so as to achieve improved order placement.

Launches more products in the super premium segment to further consolidate its position in the category



Digital aspect and consumer engagement

With social media emerging as the major interface to reach out to the consumers and engage with them – both existing and potential, the Company has taken to social media promotion initiatives in a big way as a core growth strategy for the future. As part of this, the Company has focused on associating with influencers and food bloggers to undertake advocacy programmes. This shall facilitate in spreading digital word of mouth and awareness in social media that is necessary to engage customers.

The Company is also investing in sampling and distribution initiatives whereby it organises food stalls across major retail outlets. This is aimed at enabling the Company to reach out to target audience and induce trial rate.





The Indian food industry is poised for huge growth, increasing its contribution to domestic and world food trade every year due to its immense potential for value addition, particularly within the food processing industry.

In order to cash on this huge growth prospects, KRBL has crafted a two-pronged strategy to keep its leadership position intact going forward, as also to capture additional market share in all its product and brand segments. Thus, besides using its massive pan-India distribution network to enable its product to reach every corners of the country, the Company effectively and imaginatively follows a well planned media strategy to reach out and communicate to its existing and prospective customers and also to position its flagship India Gate brand on top of consumers brand recall.

Initiatives in Media Strategy in FY2017-18

Year 2017-18 was an eventful year for KRBL as far as implementing its well crafted media strategy was concerned. Building on the momentum created through the multi-media Ad and marketing campaign, the Company further stepped up its campaign initiatives this year to increase its brand awareness and popularity. Here are the highlights of some of these initiatives:

- The media activities have led to a 23% increase in its Ad spend in the year. This has, however, produced the desired results by sustaining the leadership position for the Company's India Gate brand with a 31% share of the total share of commercials in the branded rice category. For the Company, spending on the India Gate campaign accounted for 37% of its total media-related expenditure across all channels.
- The sustained brand promotion efforts of KRBL has paid rich dividends in 2017-18 as well, with the awareness level of the Company's brand philosophy spreading

to more number of consumers and households, besides its India Gate brand slowly becoming synonymous with rice.

- KRBL's highly successful brand promotion commercial, created around the 'India ki puraani aadat' theme and featured in a series of TV commercials across various regions have led to significant increase in India Gate's brand recall.
- The highlight of the Company's media activities in the year was its association with

the Big Boss's show for six weeks, helping the India Gate brand to gain significant visibility, thanks to the huge viewership of the Salman Khan-anchored TV show.

- Besides getting associated with the Big Boss show, India Gate Basmati Rice also co-powered 'Vighanharta Ganesh Abhiruchi, a Telegu cookery show and 'Ograne Dabi', a Kannada TV show.



Eyeballs, Ears & More



RADIO

KRBL undertook an extensive promotion campaign through radio in a multi-city, multi-channel package. The highlights of the radio campaign drive are as follows:

- 70% SOE in Radio across similar categories
- 7500+ Spots across Metros



PRINT

The Company made effective use of the print media by selectively choosing publications, including regional publications to reach out to the target audience.

- The Company Ads were featured in selected Women, Fashion Magazines & Dailies
- Total of 96 Insertions were placed in the Year



OUTDOORS

The Company's BTL strategy was centered on choosing strategic locations and innovative ideas.

- 615 Sites across India in LTC, MTC & STC
- Disruptions through innovations

Proud Associations

As part of its strategic initiative to achieve better brand visibility and awareness, KRBL also got associated with Living Foods Epicurean Guild Awards, the most prestigious awards in the food category. This has helped the Company to achieve:



1.6
MN

Total Video Views

14.3
MN

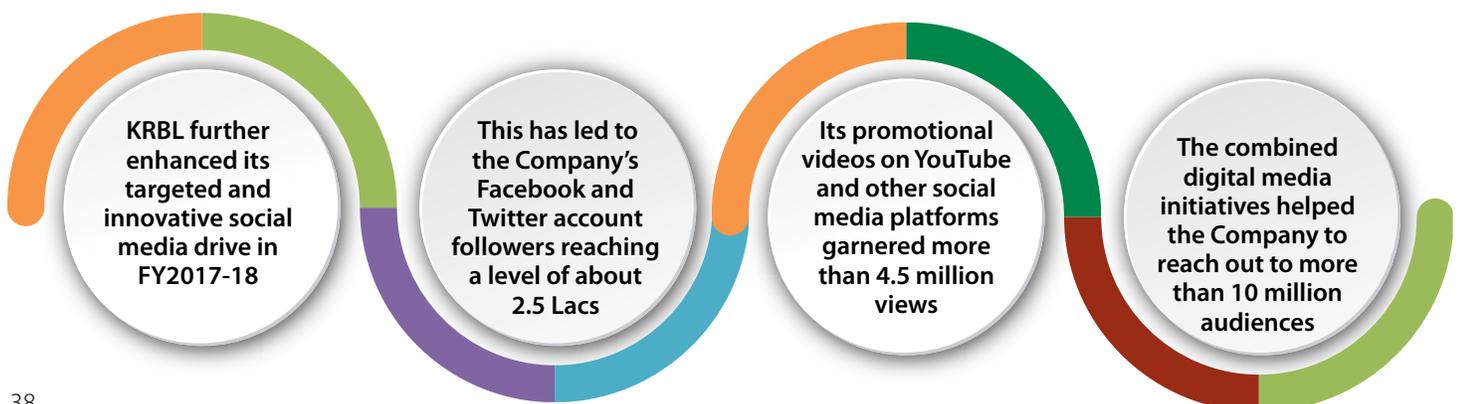
Total Ad Impressions

1.3

MN of Total Engagement

Social Media Deliverables

The Digital Story



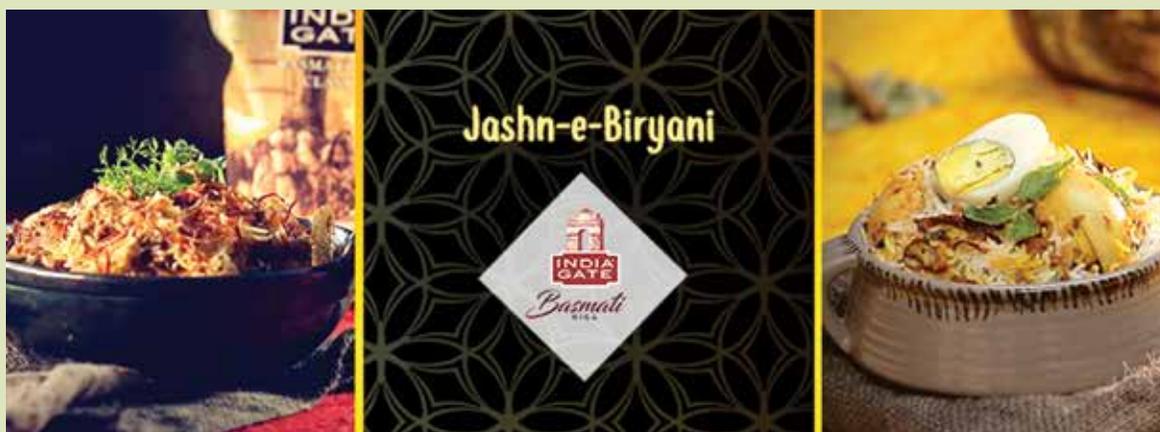
Presence in all E-commerce platforms



Jashn-E-Biryani



During the year, KRBL has also extended its associations with selected digital media platforms for sharing of contents. Its Jashn-E-Biryani series of videos on YouTube, featuring 45 biryani recipe videos, became a big hit with viewers mopping up about 2.5 million views.



Association with several media platforms for content sharing

45 Biryani Recipe Videos

2.5 Mn Views

Launch of a Healthy Lifestyle- Quinoa.life



The Company has also made an innovative web initiative by launching 'Healthy Lifestyle- Quinoa.life' under which it has a website and different segments for promotion, advertising and events. The web initiative has since then been gaining popularity among the Company's target audience.

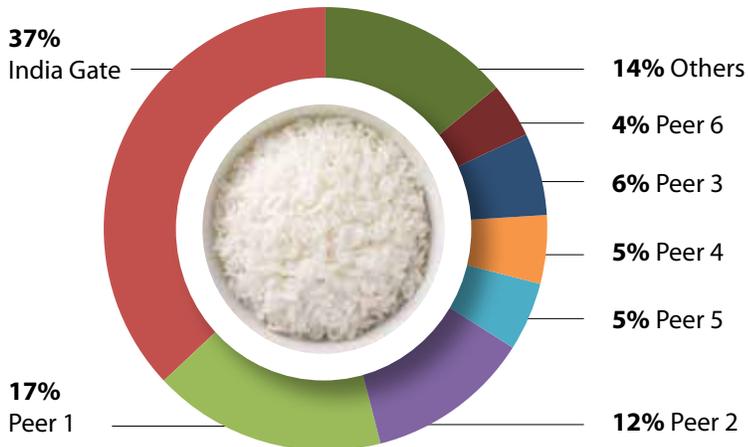


India ki Puraani Aadat - Contd...



As the brand's promise of previous year, company grew its emphasis on the campaign thought of "India ki Puraani Aadat". The continuation of campaign ensured built saliency and top of the mind association in customer's mind for the brand message. Both on and off the screen, the company tried to put its focus on building brand values and promote a healthy lifestyle through the new portfolio of Quinoa, Brown Rice Weight Watchers and Brown Rice Brain Booster. Several initiatives like Corporate Master Chef, on screen associations and a strong digital footprint ensured presence of the brand throughout the year.

Brand Spends- Rice Segment



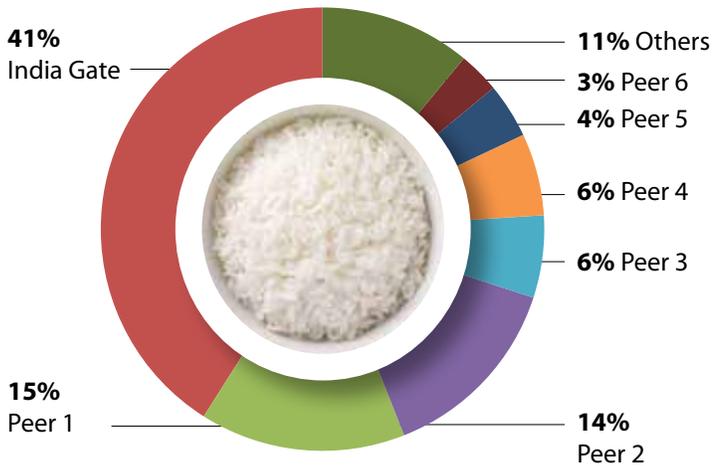
As a true dominant player, India Gate brand has the highest Advertising spends in the segment

Dominating Screen Presence

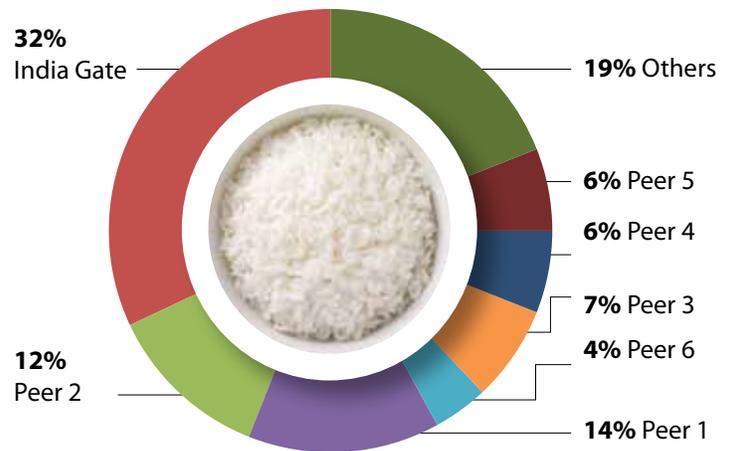


Dominating Screen Presence

Share of Expense



Share of Voice



India Gate Ad Campaign Creates a Buzz in the Market

Old habits die hard. With its 'India ki Purani Aadat' Ad campaign touching a chord with the domestic audience and consumers, the company has worked hard on spreading its brand awareness far and wide by aggressively extending this campaign through more traditional media and digital media platforms in 2017-18. The campaign obviously made more resonance with the customers, with the India Gate brand moving up several notches in both – brand perception scores and brand visibility in various market surveys.

Keeping up the tempo on its brand push, KRBL unleashed a multi-media, multi-region campaign

during the year. Thanks to the strong positioning and the effective media coverage, the Company's brand philosophy has made further inroads into Indian households, leading to India Gate slowly becoming synonymous with rice.

India Gate brand topped the category list with a 31% share of voice on TV and a 37% share of expenditure across multi-media channels.

Another big feat of the past year was co-powering the Epicurean Guild Awards 2018. This has helped KRBL and India Gate brand to grab immense media attention, pushing up the product visibility by leaps and bounds. The event video had a total view of 1.6 million.

KRBL also invested significantly in voice ads through radio in 2017-18 by running two radio campaigns between November 2017 and March 2018. Through a total of six channels, the campaigns covered major cities such as Delhi, Chennai, Mumbai, Pune, Bangalore, Jaipur, Jodhpur, Kolkata, Indore, Bhopal and Patna.

In the print media, besides some of the daily publications, KRBL's association was mainly with the Women and Fashion magazines to reach out to its target audience. The Company made a total of 96 ad insertions in the year.

As they say, the proof of pudding is in its eating. So what better way to show the aroma and intoxicating taste of the India Gate Basmati rice than showing the recipes for various types of Biryani made from the Basmati rice through videos. KRBL's 'Jashn-E-Biryani' series videos, showing 45 Biryani recipes were a major hit with consumers/viewers, with the videos getting 2.5 million views on YouTube.

So the jury's decision is unanimous: India Gate rice delivers superior quality Basmati rice in every meal and every bite.





Agri Business – International Market

Over the years, KRBL has built up a vast dealer network across all major international market which has made it a popular household name in all these markets. With its products being exported to as many as 81 countries, the Company is the largest player in the Branded Rice Segment with maximum global reach.

During 2017-18, the Company has further strengthened its export presence by venturing into new markets like Europe, especially Netherlands, Belgium, Sweden, Guadeloupe, Germany and strengthening its existing presence in middle east among others. The Company reported export sales of Rice for ₹ 1,299.90 Crores in the 2017-18, an increase of 20.16% from ₹ 1,081.80 Crores in the corresponding period of previous fiscal year.

The Company's flagship Basmati brand India Gate continued its reign as the undisputed leader in this segment in 2017-18, with its market share in the UAE market reaching 35%, taking a pole position compared to its peers. It is also amongst the most recognised brands in several Western, Australian and South East Asian markets.

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Highlights of Export Market



India Gate and Bab Al Hind #2 in Indian Basmati white rice segment in Saudi Arabia

North Africa Leadership in North Africa with a total import share of 11% with KRBL brands.

India Gate #1 Indian Basmati brand in Canada both in Ethnic and Modern Trade.

Nurjahan #1 brand Dominance in South Africa with a total import share of 29% Nurjahan #1 brand in South Africa.

India Gate and Bab Al Hind leadership in Kuwait with 19.7% market share.

India Gate dominance in Oman with India Gate and Nurjahan in Indian Basmati Segment.

India Gate #1 Indian Basmati brand in UAE: 35% market share; Next peer at 11% market share.

India Gate India Gate is the most aspirational brand in Singapore and Hong Kong with a total import share of over 9%.

India Gate & Nurjahan #1 & #2 Indian Basmati brand in Qatar with 27%.

India Gate #1 Premium Indian Basmati brand in Bahrain and Lebanon.

India Gate #1 Dominance in the Australasia region. India Gate # 1 brand in Australia and New Zealand with a total import share of 26%.



New Product Launches in the International Market in 2017-18

India Gate Sprouted Brown Rice

Launch Rationale

The product is introduced as a healthy food product to meet the changing customer preferences for better quality products with added health/nutritious benefits. KRBL is constantly innovating on its offerings to the ever changing consumers by bringing the best to the world. Our strategic transition to a healthy food company has brought us to this healthy and innovative product. The product was announced during the Gulf food 2018, held in Dubai early this year and was officially launched in March 2018, focusing on the needs of the future consumers and leveraging on our strong presence in the middle east region.

A first of its kind product, India Gate Sprouted Brown Rice incorporates the state-of-the-art technology of controlled germination for nutritionally enriching the grains with GABA neurotransmitter which plays a vital role in spreading a calming effect on the body and thus enhancing the sleep cycle.

Product USP

Sprouted Brown Rice contains Tocotrienols and Gamma Oryzanol. The high Inositol levels in Sprouted Brown Rice helps accelerate fat metabolism, boost immune system and regulate blood sugar levels. This product also prevents headache, reduces anxiety and stress, enhances focus and improves brain

function and memory retention. We have also filed for patent on the manufacturing process of the product.

Positioning

Its versatile nature has allowed its incorporation in a number of dishes including traditional recipes without compromising on taste.



India Gate Flax Seed

Launch Rationale

Being nutrient-dense super-seed, with a nutty flavour and delightful crunch, this product addresses consumers need for 'add on' products which are a combination of wholesomeness and taste.

Product USP

India Gate Flax Seed is an excellent source of Omega 3 fatty acids and PUFA which keep a check and balance on the cholesterol level. It is rich in Vitamins B6, Folate, Thiamine and contains plant-based protein source. While being rich in Dietary Fiber, the Flax Seed is low on sodium and sugar.

Positioning

The product is positioned as well-balanced choice as it contains all essential minerals, vitamins and fatty acids, making it one of the best ways to optimize and elevate human health.



India Gate Chia Seed

Launch Rationale

This product is a perfect fit for the health conscious consumers as it is the ultimate super food containing protein, fibre, minerals, vitamins and essential fatty acids, making it a one stop solution for nutritive needs of all age groups.

Product USP

One shot of Chia Seed is equivalent to one glass of milk intake. It's easy supplementation and combined effect of nutrients contribute to complete nourishment, helping consumers to achieve a healthier lifestyle.

Positioning

This product can be an add-on to all your snacks and meals without altering the taste. Due to its simplicity in consumption, the product is suitable to all age groups who are into healthy lifestyle, specifically to children due to its high nutritional offering.





International agri business performance

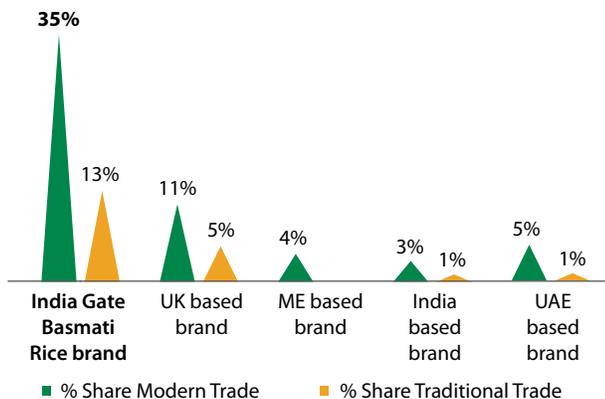
As the most preferred rice brand, India Gate has 76% market share in the 'premium' category (on RSP basis) in the GCC markets. India Gate's Classic variant is the most preferred brand in Saudi Arabia, Kuwait, UAE, Qatar, Bahrain and Oman.

India Gate Chia Seeds, India Gate Sprouted Brown Rice and India Gate Flax Seeds were announced in the Middle East during the Gulf Food festival in mid-February 2018 and were officially launched in March 2018. It is listed across all retail and e-commerce network. Consumers are taking the health foray very positively and Company is trying to increase awareness

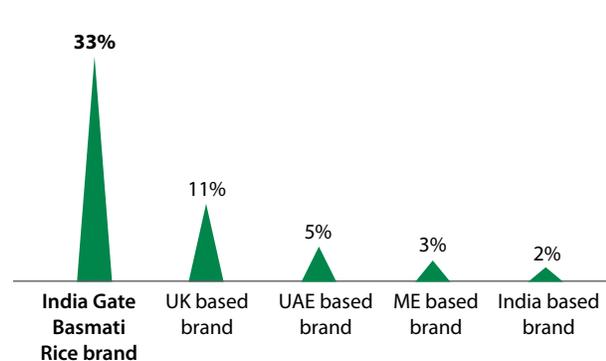
via digital and conventional marketing formats. The Company is tapping the e-commerce and non-conventional retail outlets by tying up with diet centres, gymnasiums and healthy product outlets. The pack is available globally in 1 lbs poly packing in earthen colours to denote Company philosophy to supply nature's goodness to its consumers.

Market Share of various Rice Brands in UAE Basmati Rice Market:

Top 5 Brands Channel Wise (%)



Top 5 Brands - Value Wise (%)

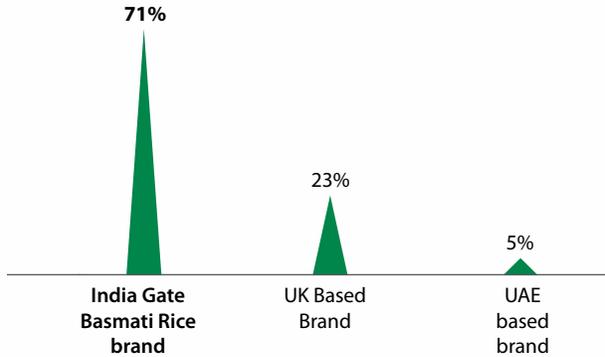


In terms of Channel wise share, India Gate Basmati Rice is the leading brand in UAE Basmati Rice market with 35% market share in Modern trade and 13% in Traditional trade.

In value terms, India Gate Basmati Rice is the largest selling Basmati Brand in UAE Basmati Rice market with 33 % Market Share.

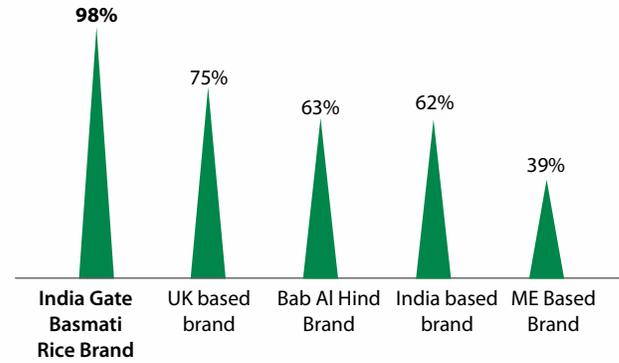
(Source: AC Nielsen Middle East - Period ending April 2017 - March 2018)

Top 3 Brands - Value Wise (% share in premium Basmati Rice segment)



In value terms, India Gate Basmati Rice is the only dominant premium segment brand in the UAE Basmati Rice market with a 71% market share.

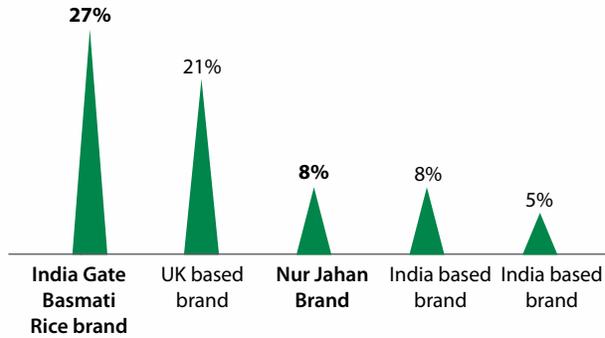
Top 5 Brands Weighted Distribution (%)



In terms of weighted distribution (percentage of stores that sells our products based on weighted importance of the store), India Gate Basmati Rice is the leader in the UAE Basmati Rice market with 98% of the stores selling our products. While our other rice brand 'Bab Al Hind' is sold by 63% of the stores.

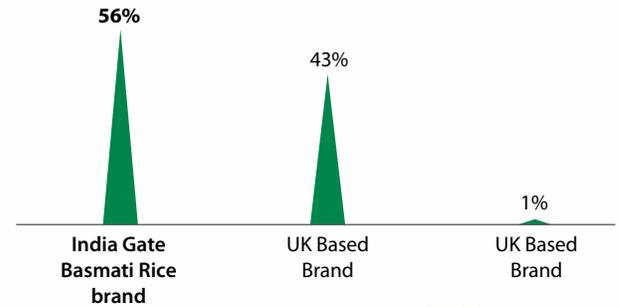
Market Share of various rice brands in Qatar Basmati Rice Market:

Top 5 Brands - Value wise (%)



In value terms, India Gate Basmati Rice is a leading brand in Qatar Basmati Rice market with 27% market share. While, Nur Jahan Basmati Rice is gaining traction with 8% market share.

Top 3 Brands - Value Wise (% share in premium Basmati Rice segment)

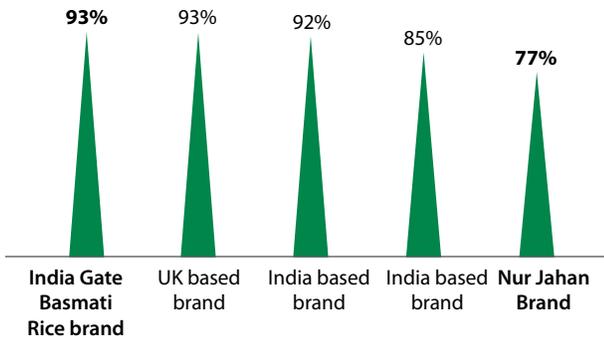


In value terms, India Gate Basmati Rice is the leading premium Indian Basmati Rice brand in the Qatar Basmati Rice market with a 56% market share.

(Source: AC Nielsen Middle East - Period ending April 2017 - March 2018)



Top 5 Brands Weighted Distribution (%)

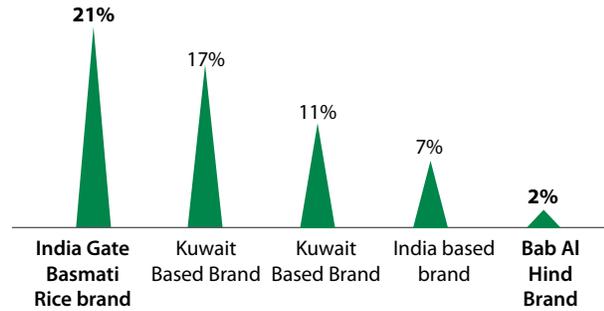


In terms of weighted distribution (percentage of stores that sells our products based on weighted importance of the store), India Gate Basmati Rice is sold by 93% of the stores in the Qatar Basmati Rice market. While our other rice brand 'Nur Jahan' is sold by 77% of the stores.



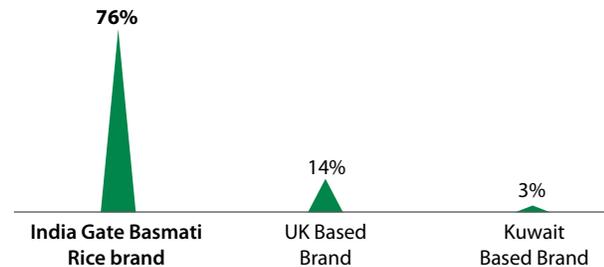
Market Share of various rice brands in Kuwait Basmati Rice Market:

Top 5 Brands - Value wise (%)



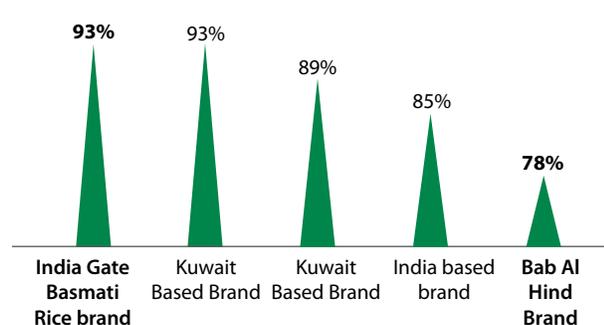
In value terms, India Gate Basmati Rice is a leading brand in Kuwait Basmati Rice market with 21% market share. Being a newly introduced brand in the market, Bab Al Hind is slowly & steadily picking up pace with respect to other brands.

Top 3 Brands - Value Wise (% share in premium Basmati Rice segment)



In value terms, India Gate Basmati Rice is the leading premium Indian Basmati Rice brand in the Kuwait Basmati Rice market with a 76% market share.

Top 5 Brands - Value wise (%)



In terms of weighted distribution (percentage of stores that sells our products based on weighted importance of the store), India Gate Basmati Rice is the leader in the Kuwait Basmati Rice market with 93% of the stores selling our products. While our other rice brand 'Nur Jahan' is sold by 78% of the stores.

(Source: AC Nielsen Middle East - Period ending April 2017 - March 2018)



Media Initiatives in the International Market

KRBL Taps into Digitally Savvy Consumers in MENA Region

Year 2017-18 witnessed KRBL unleashing a number of digital and social media initiatives to reach out to its existing and potential consumers across MENA region through a carefully crafted multi-media strategy. These included:

#India Gate Rice MENA

handled across social media platforms like Facebook, Twitter, Instagram and YouTube have enabled India Gate Brand to create awareness, engagement, inspiration and address consumer query with minimum turnaround time.

India Gate Chef Fiesta

KRBL undertook a digital campaign in association with movie 'CHEF', starring Saif Ali Khan which was captioned as # India Gate Chef Fiesta. The Campaign invited amateur chefs from across UAE and converting them into professional chefs by utilizing India Gate products to showcase their culinary art.

Celebrity Chef Association

KRBL has appointed celebrity Chef Nishant Choubey as its Brand ambassador to represent the India Gate Brand across the globe. Chef Nishant has represented India Gate Brand at Gulfood 2018 and also at various international cooking events. According to Chef Nishant, he loves India Gate Quinoa as it has superior taste profile over its peers and is so versatile that can be used in every day meal.

KRBL Creates a Buzz with its PR Drive in Gulf Region

In continuation of its endeavours to engage closely with its consumers and customers, KRBL has intensified its Public Relation reach out within the Gulf region.

The key objective of the Company's PR activities was to strengthen the brand presence in the region and create awareness for its new introduction - India Gate Quinoa, marking the entry of the brand into the healthy food category in the region.

The PR strategy included disseminating press releases and write-ups introducing the new product and highlighting its benefits, developing innovative health stories and features describing various health attributes of the new brand offering and its USP. The PR strategy also aimed at positioning the brand as a leader in the industry by identifying and arranging interviews of top Company executives in prominent publications, creating a buzz about the brand in the region and interacting with target audience through regular blogger seeding programs. It also used crafting creative media alerts based on occasions and features relevant to the local media by sharing tips and recipes thereby creating editorial opportunities for the brand.

Below is the summary of the mileage received for the brand through consistent PR activities and a focused strategy to enhance the image of the brand in the region and build awareness amongst the target media and audience.



PR Activity	Total	No. of Coverage
Interviews	6	Print = 3 Online = 14
Media Alerts & Recipes features	14	Print = 9 Online = 133
Press Release	5	Print = 5 Online = 14
Blogger Collaborations	10	Online = 11 Reaching out 1.5 Million fans
Advertorial	3	Print = 3
Exclusive Articles	1	Print = 1 Online = 1
Total PR Value Estimated	1.2 Million USD	

(*Above shown results are achieved within last 6 months)

KRBL's Traditional Marketing Initiatives in MENA Region

During the year, KRBL has reinforced its brand essence by continuously investing and communicating with its consumer universe which is inclusive of variety of languages, ethnicity, culture, eating habits and geographical locations.

Aggressive media strategy comprising of Television and Radio communication was adopted by KRBL to reach out to Arabic, Asian and Western expat target audience within the MENA region, promoting India Gate Classic, India Gate Super and India Gate Quinoa.



- Aggressive full year campaign with 25000 FCT on STAR ASIA NET Middle East carried out promoting India Gate Classic and India Gate Super to South Indian population across the GCC region.
- Half year campaign with 14660 FCT on COLORS Television Middle East with commercial and sponsorships on Big Boss 11 and many other popular

family entertainment programs catering to Asian target audience.

- Half year aggressive campaign with 24000 FCT on Zee TV Africa to promote India Gate brand within the South African Markets.

- Actively Promoting India Gate Quinoa with 2 months of Radio campaign across Channel 4 and Al Rabia which caters to Arabic and Western expat target audience of UAE.

Consumer Activation in GCC

At KRBL we have always believed that it is a company which is built by its farmers and loyal consumers. Thus, we always want to reward our loyal consumers who believe in the brand and quality of our products. As part of this strives to reward our consumers, we launched a scheme to offer a FREE Rice Cooker with every pack of 20kg India Gate Classic Rice across the Gulf and LEVANT regions.



KRBL's Foray into the Health Food Segment in the Middle East

After reigning in as the undisputed leader in the Basmati Rice segment with its flagship brand India Gate in the global market for two decades, KRBL has announced further expansion of its product portfolio in the regional health food segment in the Middle East by launching three new healthy food products at the Gulfood 2018 expo.

KRBL has evolved into a health food company and has launched India Gate Sprouted Brown Rice, India Gate Chia Seeds and Flax Seeds.

To play on the synergy with its flagship brand India Gate, the new

offerings from KRBL are positioned as brand extensions and christened as India Gate Sprouted Brown Rice, India Gate Chia Seed, and India Gate Flax Seed in the Gulf region. The quality and reliability of the products are maintained by choosing only the best crop cultivated in the Company's own extended farmland. The crop is cultivated using sustainable farming practices and precision agriculture, to take care of the social, environmental and economical aspects. By adding Flax seeds and Chia seeds in its product portfolio, KRBL has set a new precedence in the healthy food segment.



KRBL has evolved into a health food company and has launched India Gate Sprouted Brown Rice, India Gate Chia Seeds and Flax Seeds.



KRBL's Participation at 'Gulfood 2018'

KRBL participated in a big way at Gulfood 2018, the largest annual food and beverage exhibitions, held at Dubai World Trade Centre. The food expo brings together the entire global food industry that caters to the \$5 trillion global market, under one roof. The annual expo, besides being a must to attend event for the trade, is a major attraction for the consumers as companies showcase their latest culinary concepts and products at the event.

No doubt, the three new product offerings from KRBL - India Gate Sprouted Brown Rice, India Gate Chia Seed and India Gate Flax Seed, were the major attractions during the 5-day Gulfood 2018 Expo.

The ribbon cutting ceremony at the new products launch function was performed by Hon'ble Chairman and Managing Director of KRBL, Mr. Anil Kumar Mittal and Director Sales & Marketing, Ms. Priyanka Mittal. The Hon'ble CMD described the company's decision to launch these new products as part of its continued initiative to expand its newly created 'Healthy food Portfolio'. Ms Priyanka Mittal hoped that the newly launched products will give a boost to regions quest for living a healthy lifestyle.

The three new products launched by KRBL comes close on the heels of the company introducing another star brand - India Gate Quinoa, earlier this year.

Live Cooking & Health Tips

'Gulfood 2018' attracted more than 100,000 trade visitors, most of whom were treated to taste mouth-watering dishes prepared live by India Gate Chef and Brand Ambassador Nishant Choubey at the KRBL Stall. Mr. Choubey demonstrated his culinary art by preparing dishes like India Gate Sprouted Brown Rice Nase Goreng, Chia Seed and Flax seed Lettuce wrap, Quinoa Biryani and many other dishes using the India Gate new products.

During this event, consumers also had an opportunity to meet and interact with India Gate Nutritionist, Ms. Abir who gave health tips to consumers on how they can include India Gate Healthy products in their daily life to live a healthy lifestyle.

Energy Division

For the Energy vertical of KRBL, FY2017-18 turned out to be a great year, with its vision to emerge as a significant diversified power generator bearing more fruits. The total installed capacity of the Company's power division, which has presence in Biomass, Wind and Solar Power, has reached 146.94 MW during 2017-18.

In FY2017-18, the total income from sale of electricity has increased by 26% to ₹ 123.71 Crores, as against ₹ 97.99 Crores in 2016-17 on account of higher generation due to first full year operation of the 27.3 MW wind power plant at Gujarat, which was commissioned in FY2017-18.

Besides helping to meet the entire captive requirements for power of the Company, the Energy has also opened up a new revenue stream.

Installed Power Generation Capacity	
Particulars	2017-18
Total Wind power project capacity	114.35 MW
Total Solar power project capacity	15.00 MW
Total Biomass capacity	17.59 MW

Power Generated		
Details of Project	Details of Units Generated	
	2017-18	2016-17
(A) Wind		
Maharashtra		
Dhule (1.25*10 MW)	1,50,99,718	1,87,67,772
Sangli (2.10*10 MW)	3,09,94,362	2,27,49,200
Tamil Nadu		
Tirupur (1.50*4 MW)	1,29,12,740	1,35,88,331
Tirunelveli (2.10*1 MW)	35,14,361	33,01,821
Karnataka		
Kalmangi (1.50*6 MW)	2,14,54,617	2,39,06,694
Bellary (2.10*1 MW)	41,81,339	45,78,822
Rajasthan		
Ajmer (1.50*4 MW)	87,01,054	93,61,512
Jaisalmer (2.10*1 MW)	24,69,005	24,85,744
Rathkuriya (1.25*3 MW)	47,60,563	53,86,847

Power Generated		
Details of Project	Details of Units Generated	
	2017-18	2016-17
Andhra Pradesh		
Gandikota (2.10*1 MW)	38,96,984	46,57,765
Tallimadugulla (2.10*4 MW)	1,55,83,296	1,82,68,574
Madhya Pradesh		
Mahuriya (1.50*4 MW)	1,02,14,077	1,12,34,842
Garora (1.50*4 MW)	80,02,830	84,17,106
Gujarat		
Bhanvad (2.10*13 MW)	7,06,46,652	2,08,06,617
Sub Total (A)	21,24,31,598	16,75,11,647
(B) Solar		
Madhya Pradesh		
Rajgarh (2.50*1 MW)	41,28,907	42,76,893
Susner (6.63*1 MW)	1,12,76,427	1,14,34,027
Rojhani (5.60*1 MW)	95,21,330	96,13,739
Ichhawar (0.27*1 MW)	4,93,626	10,48,533
Sub Total (B)	2,54,20,290	2,63,73,192
TOTAL (A+B)	23,78,51,888	19,38,84,839

Power Business		
Plant Location	Function	Capacity (MW)
Dhuri	Biomass	12.34
Gautam Budh Nagar	Biomass	5.25
Sub-Total (A)	Biomass	17.59
Maharashtra	Wind	33.50
Rajasthan	Wind	11.85
Tamil Nadu	Wind	8.10
Karnataka	Wind	11.10
Andhra Pradesh	Wind	10.50
Madhya Pradesh	Wind	12.00
Gujarat	Wind	27.30
Sub-Total (B)	Wind	114.35
Madhya Pradesh	Solar	15.00
Sub-Total (C)	Solar	15.00
Total (A+B+C)	Biomass / Wind / Solar	146.94



Research and Development

R&D is one of the main focus areas for KRBL, which has pioneered several cropping methodologies and harvesting techniques, besides collaborating with other agricultural academic/research institutions to develop new Basmati seed varieties. The Company's core R&D strength is its modern seed farm and product testing centre. The thrust is on continuous upgradation of seed quality, for which the Company works in close coordination with the Indian Agriculture Research Institute (IARI), New Delhi.

The Company pioneered the development of premium PUSA

1121 seed variety, which is considered superior than the Pakistan Basmati seed variants.

The Company's R&D cell undertakes extensive research on various parameters such as:

- Chemistry, quality and ageing of Basmati rice to constantly improve quality.
- Includes a team of experienced rice professionals and farmers, who blend their traditional knowledge with modern technology focussed on improving pre and post harvesting techniques.
- Core R&D strength comes from its

modern seed farm and product testing centre.

- Primary focus on seed quality upgrading, constant improvement of process and enhancement of operational efficiency.

The Company is certified/registered by:

- FSSC 22000 issued by SGS
- SGS HACCP registered
- SQF Code Edition 7.2 issued by SGS
- USFDA registered
- BRC Certification issued by SGS

This is a clear endorsement of its strong quality thrust.

Strengths, Weaknesses, Opportunities & Threats

Strengths

Strong Legacy & Brand Equity

Highly established Company with a successful track record of over 129 years in the agri-food industry.

Decades of market presence and strong brand reputation contributes to KRBL's global leadership in the Basmati Rice market.

Management Strength & Committed Team

Committed and experienced management team capable of steering the Company on the growth path in all sorts of market conditions.

The strong top management is ably assisted by a team of dedicated, committed and talented people to enable the realisation of the Company's vision.

Integrated Value Chain & R&D Capabilities

Continuous efforts for modernisation of operations and supply chain, besides presence across the entire value chain enables controlling costs and quality.

State-of-the-art R&D capabilities help to develop high yielding varieties of rice seeds and also innovative rice products to cater to changing customer preferences.

Strong Farmer Relations & Dealer Network

Contact farming operations (providing high quality seeds, knowledge on best agricultural practices and facilitating them in sourcing quality inputs) ensures consistency in quality.

Strong supply chain network enables products to reach pan-India retailers on time to avoid stocking out.

State-of-the-art Plants & Storage Facilities

Greenfield and brownfield expansion in capacities, along with technological upgradations at plants lead to economies of scale, and improvement in productivity and product quality.

Investments in large automated facilities for storage and warehousing enhances operational efficiencies and facilities in stocking rice for ageing.

Strategic Investments in Environment-friendly Energy Sources

Strategic investments in captive power generation capacities ensures consistent power supply at lower cost for uninterrupted production.

Investments in eco-friendly non-conventional power generation capacities reduces carbon emission.

Weaknesses

Climate Dependent

Shortfall in rainfall and adverse climatic conditions can adversely impact rice plantation and production.

Risk of Crop Damage

Rice, being an agricultural commodity, is prone to plant diseases that can damage the crop.

High working capital

Sizeable investments in capital and time are required for creating facilities for ageing of rice for enhancing and maintaining quality, making it a high working capital industry.

Inventory losses

Fluctuations in the market prices of paddy can lead to inventory losses.



Opportunities

Evolving Lifestyles & Consumer Preferences

Increasing health and brand consciousness on the part of consumers is pushing up demand for branded rice across modern retail chains.

Global market expansion & Increased Consumption

There has been consistent increase in demand globally, especially in the Middle East region for Basmati rice, thanks to the rising popularity and awareness about the high quality, aromatic and aesthetically pleasing features of this rice.

Changing Quality Consciousness & Consumer Perception

Consumers' increasing preferences for super-premium and healthy food instead of low quality and cheap ones is leading to rise in demand for Basmati Rice.

Greater Access to World Market

Increasing acceptance of rice as a staple diet has enhanced accessibility of Basmati rice in Global Markets.

Threats

Competition from Unorganised Segment

Despite the recent trend of increasing preferences for branded products, unorganised players, operating at low margins and accounting for nearly 40-45% of the Basmati market, pose a threat to the large organised players. Non-inclusion of unbranded rice products in GST has further compounded the situation.

Economic Slowdown & Currency Fluctuations

Looming threat of tariff war started by the US administration, coupled with geo-political tensions in Iran, Russia, etc and sharp fluctuations in currency exchange valuations could adversely impact international/export business.

Competition from Pakistan

Increasing competition from Pakistan may impact India's dominance in the global Basmati market.



Risks Mitigation

Economic Risk

Sharp fall in the exchange value of Rupee vis-à-vis Dollar and other major currencies in the recent months and a fresh imposition of economic sanctions against Iran is expected to adversely impact India's import bill, leading to a possible increase in fiscal and current account deficits and firming up of inflation and bank interest rates. This in turn can adversely impact the overall industry, including the rice industry.

The recent Government announcement on a significant increase in the MSP for rice and some other commodities for the current year is expected to further increase the price of rice in the Indian market. This should help the Company in achieving a higher growth rate in value terms. On the economic front, IMF forecasts Indian GDP growth to be at 7.4% in 2018-19 and 7.8% in 2019-20. Besides, the global economy is also projected to register further increase in growth rate in 2018, with an overall expansion in economic activities in most of the economic regions. This shall facilitate in supporting the Company's international business.

Raw Material Risk

Production of premium quality rice necessitates consistent supply of premium paddy as the key raw material. Inability to procure good quality paddy at right prices can impact production and adversely impact the Company's profitability.

Risk Mitigation

The continued efforts on the part of the Company to further strengthen its farmer relations, built and nurtured over decades through a well-established contact farming system, insulate it from this risk. In addition to this, the Company has a wide farming network spread across 250,000 acres in the states of Western Uttar Pradesh, Uttarakhand, Punjab and Haryana.

Premiumness and Quality Risk

KRBL brand reputation and customer loyalty is established on the foundation of premium and high quality products demanded by consumers across the globe. Inability to maintain this premium quality can negatively impact goodwill.

Risk Mitigation

The ability of the Company to procure good paddy, invest in research and development, better equipment and manufacturing facilities, and continuously improve operations has facilitated in consistency in the quality of products. The Company's continuous efforts to rise up in the quality value chain with introduction of new products enable it to remain relevant to the changing preference of consumers, who are looking for healthy and nutritionally superior foods.



The Company's strong farmer relations, built over decades through a well-established contact farming system, insulate it from this risk.

Competition Risk

Rice markets across the globe are witnessing rising competition from unbranded and unorganised players, as well as imitations and private labels. Besides, the rising competition from Pakistan Basmati Rice markets is also negatively impacting India's dominance in the global market.

Risk Mitigation

The Company's strategic decision to continuously invest in its brand promotion and marketing initiatives have been yielding rich dividends, with it moving up consistently on the brand awareness front, helping it to retain its leadership position. The presence of a wide range of the Company brands at various price points also enables it to grab market share from the unbranded segment. The Company is also making further penetration into the rural markets by continuously strengthening and expanding its distribution network. Besides, the Company is also following a multi-pronged strategy to step up its presence in all the trade channels – traditional, modern and e-commerce.

The geographical indication (GI) recognition to Indian Basmati Rice shall be crucial factor in countering competition from Pakistan market. This recognition allows only the aromatic Basmati Rice grown in the Indo-Gangetic plains to use the term 'Basmati Rice'. This shall enable the Indian players the much-needed immunity for the international markets.

Foreign Exchange Risk

The Company has exports presence in a number of countries. A significant depreciation of Indian rupee can negatively impact revenues.

Risk Mitigation

The Company has in place a well-structured foreign exchange risk management policy to hedge all foreign exchange exposures.

Cost Risk

The nature of Company's business requires significant storage facilities for ageing rice to enhance its premiumness. This involves huge capital and operational cost, which in turn makes the business capital intensive. Inability to compensate for this can lead to decline in margins.

Risk Mitigation

The ability of the Company to provide significantly higher quality than competitors enables it to command higher prices for its premium products which easily covers various costs involved.

Besides, the Company also has other lower variant brands that enable it to have regular cash flows.

The Company's diversification to power generation further enables it to reduce energy costs, while contributing significantly to the bottom-line as excess power is sold in the open market.

Regulatory Risk

Any regulatory policies that adversely affect the industry would impact the Company's business.

Risk Mitigation

The Company's diversified model with brands catering to bottom of pyramid consumers to super premium consumers insulates it from this challenge. Presence in diverse countries also facilitates in negating downfall in sales from one country with focussed increase in sales in the other.

Product Concentration Risk

The Company's main product is Basmati Rice which makes it susceptible to operational risks as any impact on the Basmati Rice business will badly hit the overall revenues.

Risk Mitigation

As a strategic diversification measure, the Company has ventured in several value-added products and Power business. The Company's multi-brand, multi-product strategy spanning various consumer price points further facilitates in countering this risk.

Geo-political Risk

Fresh imposition of trade and economic sanctions by the US against Iran, one of India's biggest export markets for Basmati Rice - poses a serious risk to exports.

Risk Mitigation

Since trade sanctions against Iran affects a whole lot of imports-exports by India, including crude oil, the Government of India is working on various ways, including negotiating with the US administration, on how to get India off the hook from imposing the sanctions.

Besides, the Company has been working on mitigating such country-specific risks by strategically diversifying to newer regions like US, Europe, Australia and New Zealand. Africa and China are other markets that have opened upto Indian Basmati Rice.

Climate Dependency Risk

Short fall in rainfall and adverse climatic conditions can adversely impact rice plantation and production.

Risk Mitigation

This being a common issue, the Government has been taking several measures and making heavy investments for water conservation and irrigation systems to increasingly make Indian agriculture less dependent on seasonal rains. Further Basmati crop growing areas such as Punjab/Haryana/Himachal Pradesh/Uttarakhand/Western UP are very well irrigated and therefore risk of deficit rains is minimal on Basmati crop. The Company, on its part, also works with its farmers to improve irrigation facilities in those areas.

Risk of Crop Damage

Rice, being an agricultural commodity, is prone to plant diseases that can damage the crop.

Risk Mitigation

The Company's R&D department has been working on developing new rice seed varieties which are less prone to diseases. Our Agri Extension Team regularly visits the farmers and keep checking the quality of crop and advise the farmers accordingly. The Company also conducts workshops and trainings for its farmer partners on various measures to take proper care of their crops.

Risk of High working capital

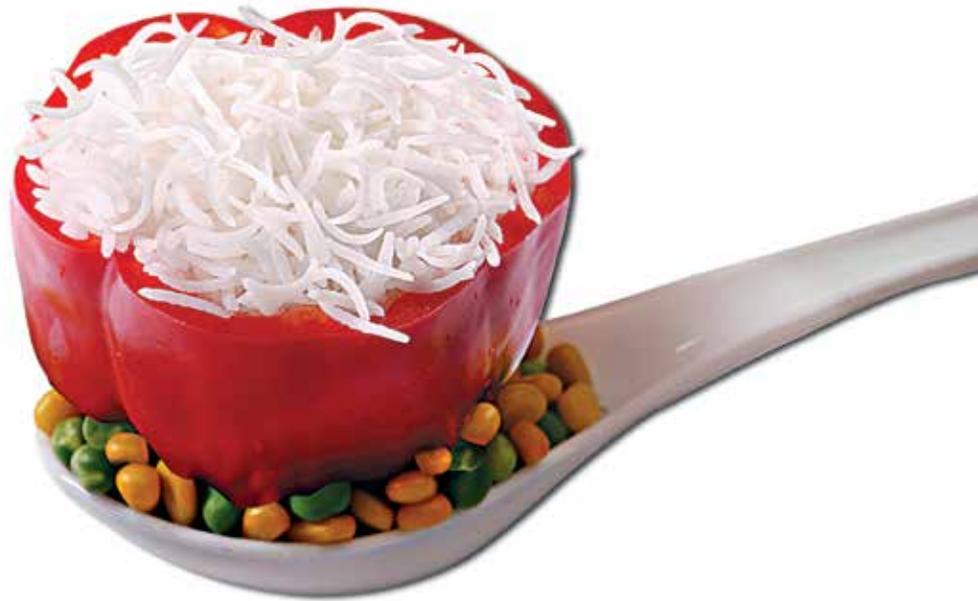
Sizeable investments in capital and time are required for creating facilities for ageing of rice for enhancing and maintaining quality, making it a High working capital-intensive industry.

Risk Mitigation

We are branded Basmati players and our USP is offering Aged Rice 18-24 Months for certain brands to our customers and therefore this became our strength and not weakness.

Human Resource (HR) Development

People relations are integral to KRBL's growth strategy. The Company has built-up a dedicated and committed team focussed on steering ahead the Management's vision of sustaining the position of being the world's biggest and most preferred rice player. The Company, with its strong HR practices, strives to enhance employee competitiveness by investing in training and skill development. Inspired by the ongoing digital trend and its effectiveness, the Company has also leveraged the digital platform to train its employees and provide



the team relevant data anytime, anywhere on the go. This allows the employees to remain updated with market information, which is important in making critical decisions.

The Company lays great importance to incentive and welfare schemes, which forms an integral part of its HR programme. This enables it to ensure high levels of people motivation and bonding throughout the KRBL hierarchy. Employees are encouraged and motivated to grow across the organisation, while personal and professional growth is ensured through regular interventions.

The Company believes in ethical growth through a transparent and honest work culture. The approach is collaborative, leading to mutual growth of the Company and its employees. With effective efforts being made towards maintaining harmonious and friendly relations with the workers, the Company did not see any labour problems affecting its business during the year under review. As on March 31, 2018, the Company had a total of 2,197 employees.

Information Technology

Information technology (IT) has been one of the key factors driving the robust growth of the Company and facilitating it to effectively manage its vast network of distribution channels. KRBL is consistently scaling up its IT investments to upgrade its technological processes and develop a framework capable of harnessing the mega opportunities coming in from the online channel.

The Company has implemented SAP for its employees and distributors, facilitating real-time tracking at the distributor and sub-distributor level too. This has led to strengthening of the supply chain efficiencies, with increased qualitative control. Processes have been standardised across the Company to ensure streamlining of the systems across the operational value chain. The Company is also investing massively in data analytics to devise effective sales and distribution strategy.

Audit Systems

With its focus on transparency, ethics and corporate governance of the highest levels, the Company established strong internal controls, which continue to boost its leadership and growth across regions and brands. The Company maintains proper accounting control and monitoring of operational efficiency. Policies are structured to ensure stringent compliance with applicable laws and the Company works towards maintaining the reliability of financial and operational information.

The Company's Audit Committee periodically reviews all audit reports, audit plans, significant audit findings, adequacy of internal controls and compliance with Indian Accounting Standards (Ind AS). The Committee, after detailed reviews, also suggests improvements where it is deemed necessary.

Outlook

KRBL, being an agile and proactive company, will be continuing on the path of a future-ready company to further cement its market position in the coming years. While the Company has already started some initiatives in this direction by adopting a new strategy of launching consumer-centric products instead of price-centric products, and foraying into the 'healthy food' segment, it will aggressively pursue these strategies in the coming years as well, which shall enable it to sustain its success in the short-to-medium terms. The Company's continued efforts to create a niche for itself through

positioning itself as a premium player shall enable it to generate better margins and enhance its return on equity. By maintaining a robust financial position and balance sheet leveraged only to the extent of its working capital, the Company is well positioned to surge confidently ahead to further augment growth.

The Company will continue with its focused approach on technology and infrastructure up-gradation on a continuous basis. It will be undertaking additional initiatives to strengthen relations with farmers and build robust people team, which will further enhance the Company's competitive position in the industry, domestically and globally.

As part of its efforts to ensure diversified source of earning for the Company, KRBL shall continue to strengthen its portfolio of renewable energy, which not only facilitates it in reducing carbon footprint but also contributes to the bottom-line through reducing captive power consumption costs and sale of excess power.

More importantly, the Company will continue to focus on growing its core rice business by expanding domestic distribution network as well as product basket expansion and diversification through launch of innovative and value added products in the coming years.

