

A N N U A L R E P O R T ' 2 0 0 3 - 0 4



KRBL

takes

a giant

step

forward...

KRBL

A giant step forward

...KRBL acquires world's largest fully integrated rice milling plant

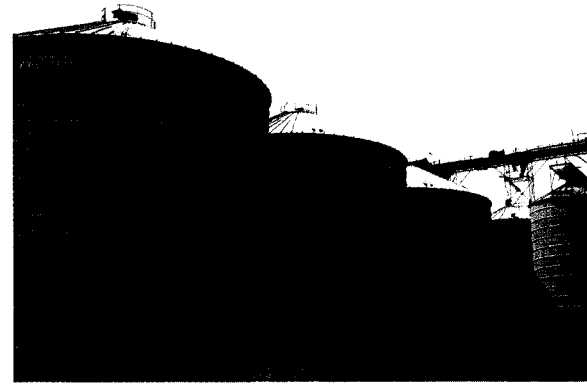
18th December, 2003 marked a historic moment for KRBL.

On that day, KRBL stepped into the big league when it won the Rs. 15.80 crore bid on the erstwhile Oswal Agro Furane plant at Dhuri, Punjab.

Located strategically in the heart of Punjab's rice growing region, the 65-acre Dhuri plant will have a 130 MT/hour rice milling capacity - the largest in the world. At full capacity, it will consume around 12 percent of all the rice grown in Punjab.

The Dhuri acquisition is a big step towards achieving global level scale and efficiencies; enlarging our product basket; extending our marketing footprint and, most important of all, significantly boosting our top line and bottom line growth in the years to come.

Presently undergoing a Rs. 100 crore revamp (in two phases), the Dhuri plant is expected to become fully operational by March 2005.

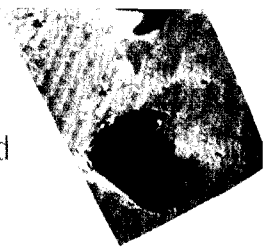


The Dhuri plant will become fully operational by March 2005



A view of KRBL's new fully integrated, rice milling plant at Dhuri, Punjab

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Leveraging by-products across the value chain. Generating multiple revenue streams

With the acquisition of the fully integrated Dhuri plant, KRBL will now be in a great position to harness the potential of the rice value chain.

Bran and husk, two key by-products in the rice milling process will be the stepping stones for a slew of value-embellished products.

Husk, the outer shell of paddy will be used to extract furfural, generate power and produce pharmaceutical grade silica.

Bran, the nutritive brown layer of the kernel will be used to extract edible rice bran oil; and make de-oiled cakes for use as animal feed.

Given the high profitability margins and demand potential, these value-added products will substantially enhance KRBL's turn over and bottom line.



Clockwise: white Basmati, golden parboiled Basmati, husk, brown Basmati, bran, paddy



The sun rises on the world's largest rice milling plant

Harnessing the potential of backward integration

- Rice bran oil, a premium health oil will be packaged and branded for sales all over India.
- Furfural - used in a variety of industries like petroleum, gas, diesel, synthetic rubber, wood resin, varnishes, liquor and perfume - will also shore up our bottom line.
- De-oiled cakes have a huge demand potential in the domestic and overseas markets.
- The plant will use husk to generate 10.5 MW of power at very low cost.

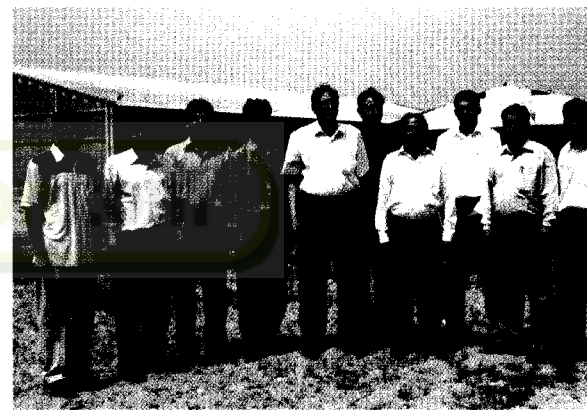
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The Dhuri plant will act as the hub for rice farming in the Punjab region. At full capacity, Dhuri will consume around 12 percent of all the rice grown in the state.

KRBL will extend its model of contract farming (introduced in western U.P.) to this region. In the first phase, around 50,000 acres of land for contract farming has been targeted. The programme will raise farmer awareness about best agriculture practices, and enable farmers to identify and source superior agricultural inputs. This will positively impact the quality of harvest and improve price realisations of farmers.

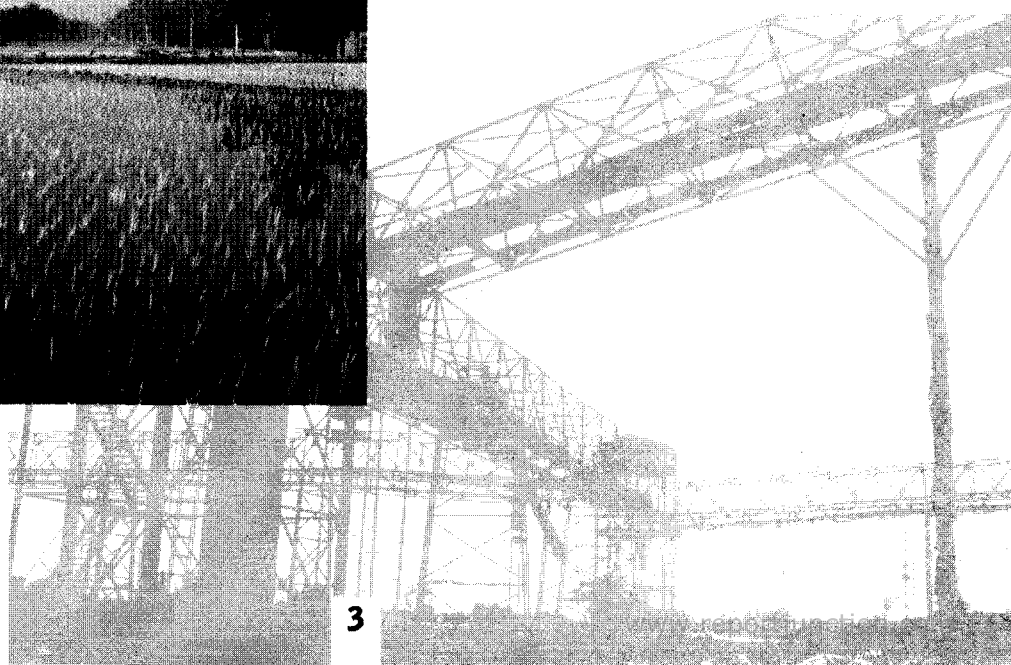
Although Dhuri will focus on Indian long grain rice (non Basmati) and its by-products, a 30 MT/hour capacity Basmati milling plant will also be established in the time to come.



KRBL's core project team at Dhuri plant



The Dhuri plant is expected to consume 12 percent of all the rice grown in Punjab



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Building equitable partnerships with farmers. Ensuring crop quality and productivity

KRBL is committed to building lasting and mutually beneficial relationships with India's rice farmers.

The objective is to empower them; and enhance their earning potential by helping them to improve crop quality and productivity.

We advise them regularly on best agricultural practices such as soil testing, seed treatment, nursery sowing, transplantation, crop, fertiliser, water and pest management; and post-harvesting techniques and storage.

We also guide them in procuring critical inputs like seeds, fertilisers and pesticides. Equally importantly, we ensure a fair and timely payment of their dues.

These initiatives are deepening and broadening our partnership with farmers.



With KRBL by their side, Basmati farmers can look forward to a secure and prosperous future

Contract farming

KRBL was among the first in the rice industry to introduce commercial corporate farming in India.

We have earmarked 87,000 acres of land for contract farming in Uttaranchal, Uttar Pradesh and Punjab. In the next 3-4 years, contract farming acreage will go up to 200,00 acres.

Culturing seeds

We have established a special 700-acre seed farm. Here, 'breeder' seeds (sourced from IARI, G. B. Pant University and HAU) are grown as 'foundation' seeds before being certified and distributed to farmers. In this way, we are able to ensure that the paddy is of a uniformly high quality.



KRBL is committed to improve crop quality and productivity in the Basmati-growing regions



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Middle East's leading super market chain and KRBL in a strategic marketing partnership

Basmati is the core strength of KRBL.

As the world's largest Basmati exporter, we dominate markets across the Basmati-eating world. But this has not made us complacent. We are constantly striving to reinforce our leadership position.

Our marketing alliance with Omar Ali Balsharaf (a leading super market chain and FMCG trader in Saudi Arabia) has strengthened our presence in the Middle East - the world's biggest Basmati market.

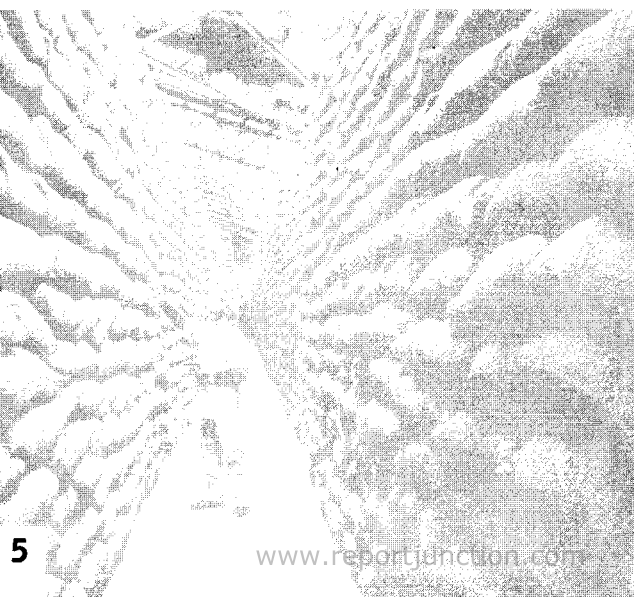
Recently, Saudi nationals have picked up a 16.70 percent stake in KRBL, valued at US \$ 5.90 million. This is a testimony to the confidence international investors place in KRBL, and in India Gate - our flagship brand. Quite clearly, this move will give a huge fillip to our efforts to promote India Gate in the Arab world.

KRBL's export success story

- Accounts for 11 percent of India's Basmati exports.
- Won the APEDA award (instituted by Government of India) for registering the country's largest Basmati exports for the last seven years.
- 52 percent share in the American Basmati market
- Exports to USA, Saudi Arabia, Kuwait, Africa, Iran, Mauritius, Norway, Canada, Singapore, Indonesia, Egypt, Yemen, Jordan
- KRBL products retail at Costco, Kroger, Kmart, Walmart, Sams Club
- KRBL is HACCP certified and its products have the Kosher validation and the approval of the US Food & Drug Administration.



KRBL products retail at premium stores all over the Basmati-eating world



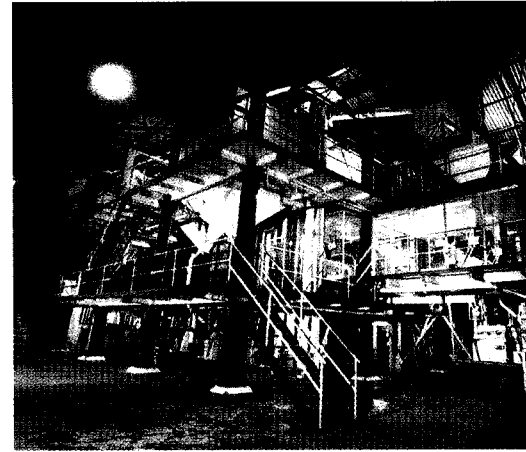
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Continuous upgradation and expansion of our Dadri plant. KRBL stays a jump ahead

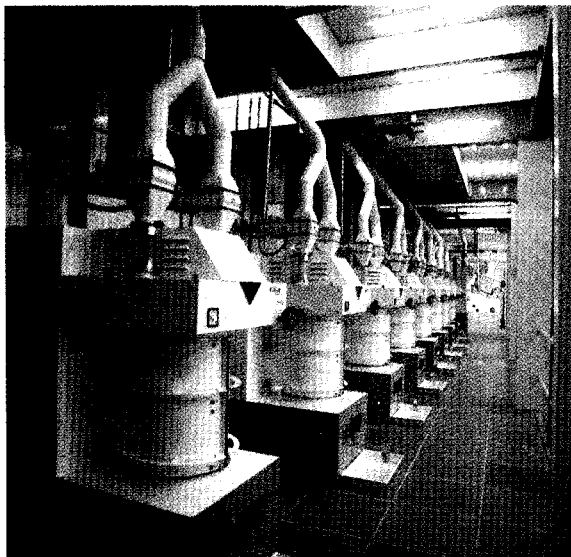
Till we acquired Dhuri, our Dadri facility was the largest rice processing plant in India. However, its importance has in no way been diminished.

Our Dadri plant continues to be the nerve centre for processing and packing Basmati rice. In the year under review, we have increased its milling capacity from 27.5 MT/hour to 37.5 MT/hour. Front line technology has been added, making it the most sophisticated rice milling plant in the country.

The research lab has also been refurbished and expanded. And is now engaged in pioneering research in improving the genetic blue print of the Basmati seed. The R&D facility also plays a key role in testing the paddy harvest of the season, and ensuring that international milling standards are fully met in all KRBL plants.



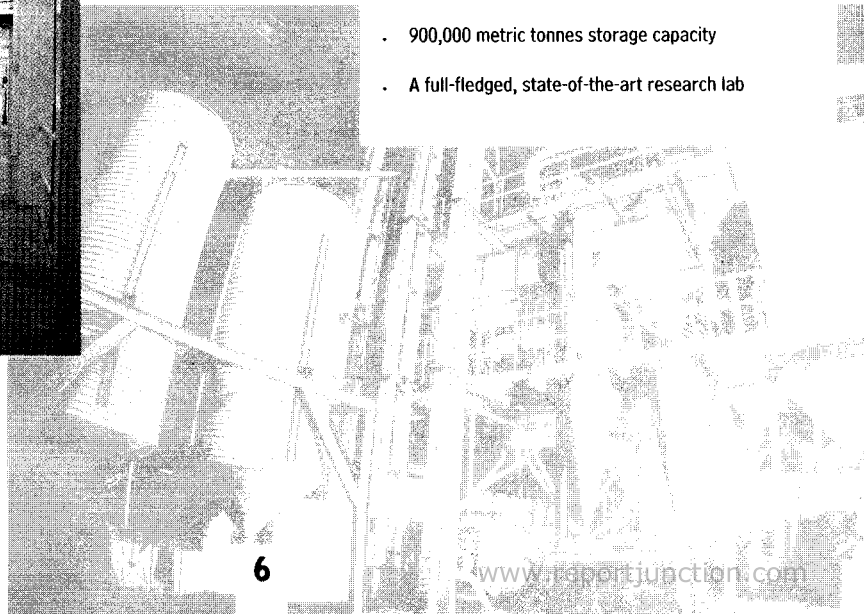
KRBL's Dadri plant, India's most sophisticated Basmati rice processing facility



KRBL's investment in rice processing technologies has touched Rs. 90 crores

Country's most advanced rice milling plant

- Investment of Rs. 90 crores
- Latest technology from Germany, Japan, Denmark, UK, USA, Austria
- 325,000 sq.m plant
- 38 MT/hour milling capacity
- 1,25,000 MT/annum parboiling capacity
- 40,000 tonnes/annum pouch packaging capacity
- 900,000 metric tonnes storage capacity
- A full-fledged, state-of-the-art research lab



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KRBL continues to forge ahead in the domestic market. Building market share across segments

KRBL's export success story is being repeated in India. Renowned the world over for impeccable quality, high hygiene standards and on time deliveries, we are establishing similar benchmarks in India.

In just four years, we have cornered around 8 percent share of the packaged Basmati market. Brands such as India Gate, Doon, Nur Jahan, Bemisal, Lotus and Aarati are making a significant impact across quality segments. India Gate is fast emerging as the first choice of Basmati eaters all over India.

In the current fiscal, two new brands - Indian Farm and Unity - have been launched. We've also entered the high value brown Basmati segment under the India Gate brand.

Our distribution and retail network now covers almost the entire rice consuming universe in the country.

In the traditional bulk packaging market, our market share is around 10 percent. Institutional sales, a relatively new area for us, is picking up momentum and showing great promise.



Doon and India Gate are strongly entrenched in the domestic markets

Brand portfolio

Consumer packs

India Gate

Doon

Nur Jahan

Bemisal

Indian Farm

Aarati

Lotus

Bulk packs

India Gate

Doon

Nur Jahan

Bemisal

Indian Farm

Aarati

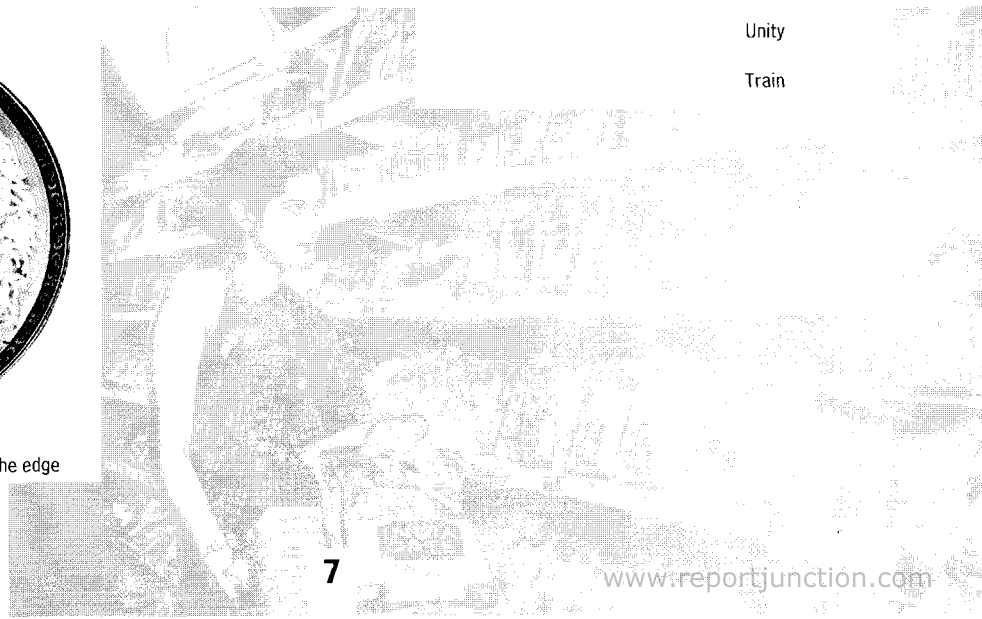
Lotus

Unity

Train

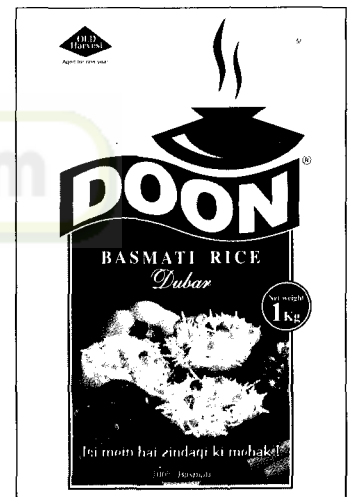
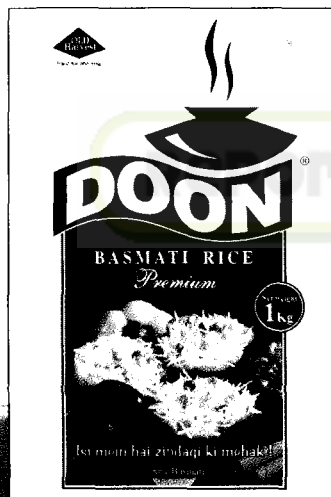
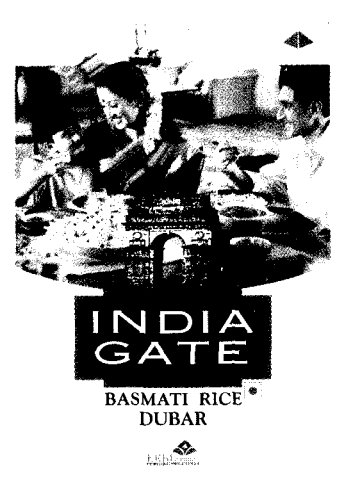
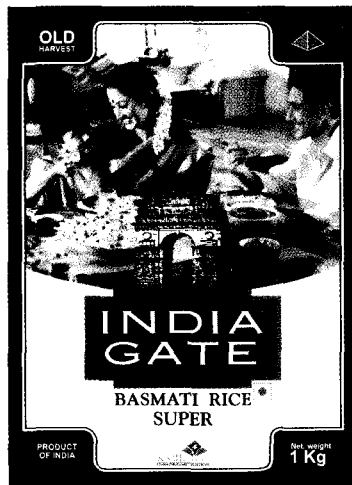


Impeccable product quality has given our brands the edge



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Quality the world prefers



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New product launches

