

ANNUAL REPORT

2005 - 2006

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KRBL Limited

**WORLD'S LARGEST RICE MILLERS
& BASMATI RICE EXPORTERS**

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Board of Directors

Chairman & managing Director

Anil Kumar Mittal

Joint Managing Director

Arun Kumar Gupta

Joint Managing Director

Anoop Kumar Gupta

Directors

Dr. N. K. Gupta

Ashok Chand

Priyanka Mittal

Mahesh C. Jain

Vinod Ahuja

Company Secretary

Ghanshyam Kaushik

Auditors

M/s Vinod Kumar Bindal & Co.
Chartered Accountants
Shiv Shushil Bhawan
D-219, Vivek Vihar, Phase-I,
New Delhi - 110 095

Bankers

State Bank of India
Satate Bank of Patiala
Satate Bank of Hyderabad
Satate Bank of Travancore
Canara Bank
The Karnataka Bank Ltd.
ABN Amro Bank N. V.
Corporation Bank
State Bank of Bikaner and Jaipur
Oriental Bank of Commerce
HDFC Bank Ltd.
IDBI Bank Ltd.
Union Bank of India
Punjab National Bank

Registered Office

5190, Lahori Gate, Delhi - 110 006

Works

- 9th Milestone, Post Dujana,
Bulandshahar Road,
Distt. Gautam Budh Nagar, U.P.
- Village Bhasaur (Dhuri),
Distt. Sangrur, Punjab - 148 241
- 29/15-29/16, Village Jindpur,
G. T. Karnal Road, Alipur,
- Plot 258-260, Extended Lal Dora,
Alipur, Delhi - 110 036
- Survey No. 49/50, Mithi Road,
Adipur, Gandhidham, Gujarat

Directors' Report

Dear Shareholders,

Your Directors take pleasure in presenting their 13th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2006.

1. FINANCIAL RESULTS AND OPERATIONAL PERFORMANCE (Rs. in Lacs)

	Year Ended 31.03.2006	Year Ended 31.03.2005
Total turnover	73231	50596
Profit before interest and depreciation	9051	4389
Less: Interest and financial charges	3001	1091
Less: Depreciation	1189	737
Profit before tax	4861	2561
Provision for current tax	1360	623
(Add)/Less: Provision for tax for the earlier years written back	43	18
Provision for deferred tax	228	292
Fringe benefit tax	24	—
Wealth tax	3	—
Profit after tax for the year	3203	1628
Balance of profit brought forward from the preceding year	9156	8134
Appropriations		
Proposed dividend on equity shares	485	359
Tax on dividend	68	47
Transfer to General Reserve	300	200
Balance of profit transferred to Reserves & Surplus	11506	9156

* 1 US \$ = Rs. 44.58 exchange rate as on 31st March, 2006 (1 US \$ = Rs. 43.72 as on 31st March, 2005)

2. DIVIDEND

The Directors are pleased to recommend the payment of dividend at Rs. 2/- per equity share (20% on a face value of Rs 10/- each) for the financial year ended 31st March, 2006 on 2,43,11,194 equity shares. The total outgo on account of the dividend including dividend tax will be Rs. 5,52,70,678/- (previous year Rs. 4,06,32,612/-) which represents 17.25% of the profit after tax (previous year 24.95%).

The dividend on the equity capital for the year ended 31st March 2006, which, if approved by the members at the forthcoming annual general meeting, will be paid out of the current year's profit to the following:

— Equity shareholders whose names appear in the

Register of Members on 23rd September, 2006; and

— Those whose names as beneficial owners are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

3. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 205A and 205C of the Companies Act, 1956, the Company deposited Rs. 9,000 as unclaimed dividend for 1997-98 in the 'Investor Education and Protection Fund' established by the Central Government.

4. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Anil Kumar Mittal, Mr. Arun Kumar Gupta and Mr. Anoop Kumar Gupta retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

5. EMPLOYEES

During the year under review, no employees, whether employed for the whole or part of the year, was drawing remuneration exceeding the limits as laid down u/s. 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975. Hence the details required under Section 217(2A) are not given.

6. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, we hereby state:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31.03.2006 and of the profits of the Company for that period.
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the annual accounts on a going concern basis.



7. CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a separate section titled 'Report on Corporate Governance' has been included in this Annual Report along with the certificate on its compliance. The Management's Discussion and Analysis Report forms a part of the Corporate Governance report.

8. PUBLIC DEPOSITS

The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposit) Rules, 1975, during the year under review.

9. ACCOUNTS AND AUDIT

The Directors are of the view that the notes appended to the accounts and referred to by the auditors in their report are self-explanatory and do not require elucidation.

10. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars required under Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given as under:

Energy conservation measures taken, additional investment and proposals being implemented for a reduction of energy consumption comprise the following:

Recovery of 100% steam condensate and using in boiler feed water, reduced compressed air pressure to a level actually used in plant, installation of energy efficient lighting system in factory, recovery of head from boiler blow down water, complete automation of rice milling with PLC and various electronic devices for energy unit, installation of energy meter in various departments to study the energy consumption pattern to check on energy consumption, replacing the motor to the correct size to save energy on various equipments, electronic automation of rice milling plant, installation of capacitor in plant to reduce line losses, elimination of star delta starter with soft starter, installation of refrigerated dryers in place of heat less dryers, addition of fuel additive in boiler to improve combustion efficiency.

The impact of the aforesaid measures for a reduction of energy consumption and a consequent impact on the cost of production of goods:

Energy conservation measures helped the Company enhance substantiality. Direct energy costs reduced approximately by Rs. 1 crore per annum on account of the measures taken:

Expenditure on R&D: For the year ended 31.03.2006 (Rs. in lacs)

Capital	24.96	(P.Y. NIL)
Recurring	25.62	(P.Y. 8.50)
Total R&D Expenditure	50.58	(P.Y. 8.50)
As a % of total turnover	0.06	(P.Y. 0.02%)

Technology absorption, adoption and innovation:

Technologies were successfully absorbed, resulting in a high production and new product development to meet existing and new customer requirements. Technology innovations were successfully implemented to increase production and reduce the consumption of raw material, energy and utilities. Some innovations comprised:

- Latest in electronic technology required to automate the rice milling operation, resulting in a substantial energy saving and higher production.
- Automatic monitoring of the temperature of the cooling tower.
- Pre-heating air supply to the boiler F.D. fan to avoid problems during the peak foggy winter season.

Foreign exchange earnings and outgo:

- a. The Company is engaged continuously in exploring new international markets. During the year under review, the Company reported exports (FOB value) of Rs. 367.58 cr (previous year Rs. 292.36 cr). As a result of the exports thrust and related initiatives, your Company was awarded the prestigious APEDA Silver Trophy for the ninth consecutive year.
- b. During the year under review, Company expended Rs. 32,12,36,743 (previous year Rs. 13,62,89,273) in foreign exchange while earnings in foreign exchange were Rs. 379,82,28,485 (previous year Rs. 304,07,00,400). Thus the net inflow in foreign exchange was Rs. 347,69,91,742 (previous year Rs. 290,44,11,127) during the year under review.

10. AUDITORS

M/s. Vinod Kumar Bindal & Co., Chartered Accountants, Delhi, the statutory auditors of the Company are the retiring auditors and being eligible, offers themselves for re-appointment. The Certificate u/s 224(1B) of the Companies Act, 1956 has been obtained from them. Your directors recommend their re-appointment.

11. PREFERENTIAL ISSUE

* The Company allotted 34,28,594 equity shares of Rs. 10/- each at a premium of Rs. 145.07625 aggregating Rs. 5316.94 lacs pursuant to the offer of

17,14,297 Global Depositary Receipts (GDRs) made by the Company on 24 February, 2006 to foreign investors in accordance with the provisions of Section 81 and 81(1A) of the Companies Act, 1956 and issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipts Mechanism) Scheme, 1993, on preferential basis and after obtaining the necessary permission from the Government of India, Ministry of Finance, Department of Economic Affairs, FIPB unit. The Company's Global Depositary Receipts (GDRs) were listed on the Luxembourg Stock Exchange (code: US4826571030) at de la Bourse de Luxembourg, 11, av de la Porter – Neuve, L-2227 Luxembourg. The listing fee for the calendar year 2006 was paid. The underlying equity shares were listed on the Bombay Stock Exchange Limited and National Stock Exchange Limited, India.

* The Board of Directors also allotted 30,00,000 equity shares of Rs. 10/- each at a premium of Rs. 80/- per share on 16 June 2006 pursuant to the conversion of 30,00,000 Zero Coupon Warrants, which were issued on 24 December, 2004 to Reliance Commodities, DMCC, Dubai, UAE.

12. INITIATIVES TAKEN TO INCREASE EXPORT AND DEVELOPMENT OF NEW EXPORT MARKET, ETC.

The Company principally deals in agri-products like rice, which are sold throughout the world and in the domestic market under various brand names like: India Gate, Doon, Nur Jahan, Bemisal, Lotus and Aarati.

KRBL Ltd. was again awarded the prestigious APEDA Silver Trophy for the ninth consecutive year for emerging as the largest basmati rice exporter. Your Company is an ISO 9001:2000 certified Company with KOSHAR and HACCP (Hazard Analysis & Critical Control Point) certifications.

13. DEPOSITORY SYSTEM

Your Company's shares are traded compulsorily in an electronic form. Your Company established connectivity with both depositories - National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the depository system, members are requested to avail of the dematerialisation facility with either of the depositories.

Your Company appointed M/s. Alankit Assignments Limited, a Category-I SEBI registered R&T agent as its Registrar and Transfer Agent across physical and electronic alternatives.

14. E-GOVERNANCE

Keeping in tune with e-Governance initiatives the world

over, the Ministry of Company Affairs (MCA), Government of India, initiated the MCA21 project, which will provide an easy and secure access to MCA services in a manner that best suits corporate entities, professionals and the public. The project MCA21 aims to reposition MCA as an organization capable of fulfilling stakeholder aspirations in the 21st century. The MCA21 project is designed to fully automate all process related to the proactive enforcement and compliance of the legal requirements under the Companies Act, 1956, helping companies meet their statutory obligations. The MCA portal is a single point of contact for all MCA-related services, which can be easily accessed over the internet. The scope of the MCA21 project covers only the offices of Registrar of Companies, Regional Directors and the headquarters at New Delhi. It does not include other offices of MCA like Official Liquidators, Company Law Board/Tribunal and the Courts.

The Ministry has already notified the forms, compatible with e-filing, which have been made operational with effect from 28 February 2006. The e-filing is possible only with the use of digital signatures. Your Company is fully equipped to meet its statutory obligations through e-filing.

15. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

The Management's Discussion and Analysis Report on the operations of the Company is provided in a separate section in this report.

16. CASH FLOW ANALYSIS

The Cash flow statement for the year, under reference in terms of Clause 32 of the Listing Agreement with the stock exchanges, is annexed hereto.

17. APPRECIATION

The Board of Directors would like to express their grateful appreciation for the assistance and co-operation received from the bankers, Government authorities, customers, stakeholders and all other persons assisting the Company in its growth. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the executives, staff and workers of the Company.

On behalf of the Board of Directors

Delhi
30th June, 2006

Anil Kumar Mittal
Chairman & Managing Director



Report on Corporate Governance

CORPORATE GOVERNANCE

KRBL has been following the principle of good Corporate Governance, which is consisting of all activities that result in the control of the Company in a regulated manner, aiming to achieve transparent, accountable and fair management.

The details of the Corporate Governance compliance by the Company as per the revised Clause 49 of the Listing Agreement with the Stock Exchanges are as under:

KRBL'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

KRBL's Corporate Governance philosophy is based on ethical values including honesty, integrity, justice, transparency and responsiveness to stakeholders. KRBL upholds its commitment to the highest standards of Corporate Governance. Your Company believes that the governance process should ensure to safeguard the interest of the stakeholders and their societal expectations. The Company is ensuring best principles of Corporate Governance by ensuring disclosure of material information, integrity of financial reporting, continuous improvement of the internal control and sound investor relations.

KRBL's main objective is to follow practices of good corporate governance in order to safeguard the interest of the Company and its shareholders.

BOARD OF DIRECTORS

Composition of Directors:

The Board comprises 8 members- 4 Executive Directors and 4 Non-Executive Directors, of which 4 are independent.

The composition and category of Directors as on 31.03.2006 is given hereunder:

Name of Directors	Category
Mr. Anil Kumar Mittal Chairman & Managing Director	Promoter/ Executive
Mr. Arun Kumar Gupta Joint Managing Director	Promoter/ Executive
Mr. Anoop Kumar Gupta Joint Managing Director	Promoter/ Executive
Dr. N. K. Gupta Director	Non-Executive & Independent
Mr. Ashok Chand Director	Executive & Independent
Ms. Priyanka Mittal Director	Promoter & Non-Executive
Mr. Mahesh C. Jain Director	Non-Executive & Independent
Mr. Vinod Ahuja Director	Non Executive & Independent

During the financial year ending 31.03.2006 11 Board Meetings were held on 21.04.2005, 27.06.2005, 29.07.2005, 16.08.2005, 15.10.2005, 31.10.2005, 28.11.2005, 06.01.2006, 30.01.2006, 24.02.2006 and 27.03.2006.

Attendance of each Director at the Board Meetings, Last Annual General Meeting, Number of other Directorship and Membership / Chairmanship of the Committee in various companies are as under:

Name of Directors	Attendance Particulars		No. of Directorship and Committee Membership / Chairmanship		
	Board Meeting	Last AGM on 26.09.2005	Other Directorship ⁽¹⁾	Committee Membership ⁽²⁾	Committee Chairmanship ⁽²⁾
Mr. Anil Kumar Mittal	11	Absent	—	—	—
Mr. Arun Kumar Gupta	10	Present	—	—	—
Mr. Anoop Kumar Gupta	11	Present	—	—	—
Dr. N. K. Gupta	6	Absent	3	2	—
Mr. Ashok Chand	10	Present	—	—	—
Mr. Mahesh C. Jain	10	Present	—	2	2
Mr. Vinod Ahuja	7	Absent	4	1	—
Ms. Priyanka Mittal	11	Absent	—	2	—

(1) Directorship in companies registered under the Companies Act, 1956 but excluding directorship in private Companies.

(2) Only Covers Membership/Chairmanship of Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee.



Membership and Chairmanship in other Committees

No Director of the Company is a member in more than 10 committees or chairman of more than 5 committees across all companies in which he/she is a director.

CODE OF CONDUCT

KRBL Code of Conduct

The KRBL Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors, Senior Management and Employees of the Company. The Code of Conduct of the Company covers substantial development, disclosure of material information, integrity of financial reporting, continuous improvement of the internal control system and sound investor relations.

Declaration as required under Clause 49 of the Listing Agreement

All Directors and Senior Management of the Company have affirmed Compliance with the KRBL Code of Conduct.

New Delhi
30th June, 2006

ANIL KUMAR MITTAL
Chairman & Managing Director

KRBL Code of Conduct for Prevention of Insider Trading

KRBL has a Code of Conduct for Prevention of Insider Trading in the shares of the company. The code prohibits the Directors and Employees of the company from purchasing or selling of share while possession of unpublished price sensitive information as per the requirements of provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992.

BOARD COMMITTEES

Audit Committee

1. Terms of Reference:

The Audit Committee has been mandated with the same terms of reference as specified in the revised Clause 49 of the Listing Agreements with the Stock Exchanges and covers all the aspects stipulated by the SEBI Guidelines. The current terms of reference also fully confirm to the requirements of section 292A of the Companies Act, 1956.

The audit committee reviews with the management and both the statutory auditors and internal auditors all aspects of the financial results, effectiveness of internal audit processes, taxation matters and the Company's risk management strategy.

2. Composition, Name of Members and Chairperson

The Audit Committee comprises of 4 non-executive directors, of which 3 are independent. The Chairman is Mr. Mahesh C Jain, who is a Master of Business Administration, has considerable financial expertise and experience. The composition of the Audit Committee is as follows:

Mr. Mahesh C. Jain	- Non-Executive & Independent	- Chairman
Dr. N. K. Gupta	- Non-Executive & Independent	- Member
Mr. Vinod Ahuja	- Non-Executive & Independent	- Member
Ms. Priyanka Mittal	- Non-Executive & Daughter of CMD	- Member

Mr. Ghanshyam Kaushik, Company Secretary of the Company acts as the secretary to the Audit Committee.

Mr. Mahesh C Jain, Chairman of the Audit Committee attended the previous Annual General Meeting of the Company held on 26.09.2005.

Four Audit Committee Meetings were held during the year. These were held on 27.06.2005, 29.07.2005, 31.10.2005 and 30.01.2006.

Name of Directors	No. of Meetings Attended
Mr. Mahesh C. Jain	4
Dr. N. K. Gupta	2
Ms. Priyanka Mittal	4
Mr. Vinod Ahuja	2



Remuneration Committee

The remuneration of the Executive and Non-Executive Directors is decided by the Board of Directors subject to and within the ceiling approved by the shareholders of the Company. Therefore no separate Remuneration Committee has been constituted.

Mr. Anil Kumar Mittal has been appointed as Chairman & Managing Director of the Company for a period of five years w.e.f. 02.12.2004, Mr. Arun Kumar Gupta & Mr. Anoop Kumar Gupta have been appointed as Joint Managing Directors of the company for a period of five years w.e.f. 02.12.2004,

Mr. Ashok Chand has been appointed as Whole Time Director of the Company for a period of five years w.e.f. 25.09.2004 on the terms and conditions which has been approved by the shareholders at its Annual General Meeting held on 29.09.2004.

The Board of Directors of the Company has been duly authorized by the Shareholders to vary or increase the remuneration of Director within ceiling fixed by the shareholders. Given below are the details of actual payments made to Executive / Non- Executive Directors for the period 01-04-2005 to 31-03-2006.

Name of Director	Sitting Fee (Rs.)	Salaries and Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Anil Kumar Mittal	Nil	6,00,000	Nil	6,00,000
Mr. Arun Kumar Gupta	Nil	6,00,000	Nil	6,00,000
Mr. Anoop Kumar Gupta	Nil	6,00,000	Nil	6,00,000
Dr. N. K. Gupta	Nil	Nil	Nil	Nil
Mr. Ashok Chand	Nil	9,68,040	Nil	9,68,040
Ms. Priyanka Mittal	Nil	Nil	Nil	Nil
Mr. Mahesh C. Jain	Nil	Nil	Nil	Nil
Mr. Vinod Ahuja	Nil	Nil	Nil	Nil

Shareholding of Non-Executive Directors

Dr. N. K. Gupta	-	Non-Executive & Independent	-	2900
Ms. Priyanka Mittal	-	Non-Executive & Daughter of CMD	-	25000

Shareholders Committee

1. Terms of Reference

In order to give appropriate level of focus to shareholders and investor related matters, the company has a 'Shareholders Committee' which look into various issues relating to shareholders like transfer, transmission, issue of duplicate share certificates, dematerialization of shares as well as non-receipt of dividend, non-receipt of Annual Report, non-receipt of Share Certificates after transfer and delays in transfer of shares and other miscellaneous Complaints.

2. Composition

The Committee comprises 3 Non-Executive Directors, out of which 2 are independent. Mr. Mahesh C Jain,

Non-Executive/Independent Director is Chairman of the Shareholders Committee.

Mr. Ghanshyam Kaushik, Company Secretary acts as Compliance Officer to the Committee.

- During the financial year ended 31st March, 2006, three investors complaints were received. All complaints have been resolved to the satisfaction of shareholders within a reasonable time.

4. Meetings and Attendance

The Committee has been holding regular meetings to ensure compliance with the provisions of the Companies Act, 1956 and the Listing Agreement and ensure proper services to investors. During the financial year ended 31st March, 2006, fifteen meetings have been held. The attendance of members at these meetings are as follows:

Name of Member	Category	Number of Meetings Attended
Mr. Mahesh C Jain	Non-Executive & Independent Chairman of the Committee	15
Dr. N. K. Gupta	Non-Executive & Independent Member of the Committee	7
Ms. Priyanka Mittal	Non-Executive & Daughter of CMD Member of the Committee	15

GENERAL BODY MEETINGS

Location and time of last three Annual General Meetings are as under:

Year	Venue	Date	Time
2005	4, Bougainvillea Avenue, Village Rajokari, New Delhi - 110 037	26.09.2005	11.00 A.M.
2004	Grand Plaza, Alipur, Pallamod, Main G.T. Karnal Road, Delhi - 110 040	29.09.2004	11.00 A.M.
2003	Jacaranda, India Habitat Centre, Lodhi Road, New Delhi - 110 003	29.09.2003	12.30 P.M.

There was no Extra Ordinary General Body Meeting held in the last three years.

Special Resolution passed in the previous Three AGMs

- I. In the AGM on 26th September, 2005
 - i. Issue of GDRs/ADRs/ECBs/FCCBs/SPNs
- II. In the AGM on 29th September, 2004
 - i. Issue of 30 Lacs Zero Coupon Warrants convertible into 30 Lacs Equity Shares on Preferential basis
 - ii. Reappointment of Mr. Anil Kumar Mittal as Chairman & Managing Director and revision in Remuneration
 - iii. Reappointment of Mr. Arun Kumar Gupta as Joint Managing Director and revision in Remuneration
 - iv. Reappointment of Mr. Anoop Kumar Gupta as Joint Managing Director and revision in Remuneration
 - v. Reappointment of Mr. Ashok Chand as Whole Time Director and Revision in Remuneration
 - vi. Appointment of Mr. Mahesh C Jain as Whole Time Director and fixation of Remuneration
 - vii. Amendment in Main Object Clause of Memorandum of Association by adding new object.
 - viii. Commencement of business mentioned in the other object clause of Memorandum of Association
 - ix. Amendment of Capital Clause of Memorandum of Association by increasing Authorised Capital from Rs. 25,00,00,000/- to Rs. 30,00,00,000/-
 - x. Amendment of "Article 3 – Share Capital" under the Head SHARES of Articles of Association
 - xi. Amendment of "Article 82 – Remuneration of Directors" Under the Head DIRECTORS GENERAL PROVISIONS
- III. In the AGM on 29th September, 2003
 - i. Delisting of Equity Shares from Delhi Stock Exchange and Ahmedabad Stock Exchange
 - ii. Issue of 30 Lacs Equity Shares on Preferential basis

Postal Ballot

- Whether Special Resolutions were put through Postal Ballot last Year No
- Are votes proposed to be conducted through Postal Ballot this Year Yes

DISCLOSURES

Disclosure on materially significant related party transactions

Related party transactions as required by the Accounting Standard (AS) 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India (ICAI) have been disclosed at Point No. 14 of Schedule 17 of the Annual Accounts. Member may refer to the notes to accounts for details of related party transactions. However, these are not having potential conflict with the interest of the company at large.

Details of Non-Compliances, Penalties, Strictures by Stock Exchanges/SEBI/Statutory Authorities on any matter related to Capital Markets during the last three years

The Company has complied with the requirement of regulator authorities on Capital Market and no penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during the last three years.

Whistle Blower Policy

The Company does not have any Whistle Blower Policy as of now but no personnel is being denied any access to the Audit Committee.

Pecuniary relationships or transactions with Non-Executive Directors

There is no pecuniary relationships or transactions with Non-Executive Directors.

Material non-listed subsidiary companies as defined in Clause 49 of the Listing Agreement with the Stock Exchanges

The Company is having no non-listed subsidiary company as defined in Clause 49 of the Listing Agreement.



Disclosure regarding appointment or re-appointment of Directors

According to the Articles of Association of KRBL Ltd., one-third of the total strength of directors shall be liable to retire by rotation and, if eligible, offer themselves for re-election at every Annual General Meeting (AGM). All the retiring directors are offering themselves for re-election.

Given below are the abbreviated resumes of the Directors of KRBL LIMITED, who retires by rotation:

- **Mr. Anil Kumar Mittal** (55) is the Chairman & Managing Director of KRBL Limited. He is a Arts Graduate from Delhi University. He is having experience of more than 34 Years in this business. He formulates the marketing strategy of the Company and supervises the marketing functions (Exports as well as Domestic) of the Company with a team of professional under his belt.
- **Mr. Arun Kumar Gupta** (49) is the Joint Managing Director of KRBL Limited. A Commerce Graduate from Delhi University. He is having experience of more than 25 years in this business. He is looking after the processing and production of Rice and has gained expertise in the procurement of quality raw material i.e. Paddy which is a key factor for this industry.
- **Ms. Anoop Kumar Gupta** (47) is the Joint Managing Director of KRBL Limited. A Science Graduate from Delhi University. He is having experience of more than 24 years in this business. He is looking after the Accounts, Finance and Administration work. He is also involved in developing the domestic market.

Further, the relevant details form part of the Notice of the Annual General Meeting, annexed to this Annual Report.

Details of compliance with mandatory requirement

All the mandatory requirement have been appropriately complied with.

Compliance with Non-Mandatory requirements

1. **The Board**
The Chairman of the Company is the executive chairman and hence this provision is not applicable.
2. **Tenure of Independent Directors**
No minimum or maximum tenure for Independent Directors has been specifically determined by the Board of Directors. However, all Directors are liable to be retired by rotation as per the provisions of Articles of Association of the Company.
3. **Remuneration Committee**
The remuneration of the Executive and Non-Executive Directors is decided by the Board of Directors subject to and within the ceiling approved by the shareholders

of the Company. Therefore no separate Remuneration Committee has been constituted.

4. Shareholder Rights

Half-yearly results including summary of the significant events are presently not being sent to shareholders of the Company.

5. Audit Qualification

It is always the Company's endeavor to present unqualified financial statements. There are no audit qualifications in the Company's financial statements for the year under reference.

6. Training of Board Member

There was no Directors' training programme during the year ended 31.03.2006.

7. Mechanism for evaluating non-executive Board Members

Non-Executive Directors were being always evaluated by their own peer in the Board meetings during the year 2005-06, although there was no formal peer group review by the entire Board except the Directors concerned.

8. Whistle Blower Policy

Company does not have any Whistle Blower Policy as of now but no personnel is being denied any access to the Audit Committee.

MEANS OF COMMUNICATION

Financial Results and Annual Reports etc.:

The Quarterly Unaudited Financial Results and the Annual Audited Financial Results as approved and taken on record by the Board of Directors of the company are published during the year under review in leading national newspapers, i.e. The Business Standard, Financial Express, Economic Times, Jansatta, Nav Bharat Times and are also sent immediately to all the Stock Exchanges with which the shares of the company are listed.

The quarterly and annual financial statements, balance sheet, profit & loss account, directors' report, auditors' report cash flow statements, corporate governance report, report on management discussion and analysis and shareholding pattern, etc. can also be retrieved by investors from Electronic Data Information Filing and Retrieval System set up by the National Informatics Center in association with SEBI. The site can be accessed at sebidifar.nic.in.

The website of the Company is www.krblice.com which is presently under construction. As and when the same will be ready the necessary information shall be posted.