



SARVA GUINA SAMPANNA

KRBL LIMITED • ANNUAL REPORT 2007-08

Corporate Information

Board of Directors

Chairman & Managing Director

Anil Kumar Mittal

Joint Managing Directors

Arun Kumar Gupta

Anoop Kumar Gupta

Directors

Vinod Ahuja

Shyam Arora

Ashok Chand

Ashwani Dua

Dr. N. K. Gupta

Gautam Khaitan

Priyanka Mittal

Company Secretary

H. K. Agarwal

Auditors

M/s. Vinod Kumar Bindal & Co.

Chartered Accountants

Shiv Shushil Bhawan

D-219, Vivek Vihar, Phase-I

New Delhi - 110 095

Corporate Advisors

M/s. Rajeev Goel & Associates

Advocates

138 - A, Pocket - F

Mayur Vihar - II

Delhi - 110 091

Bankers

State Bank of India

Canara Bank

Corporation Bank

HDFC Bank Ltd.

Hongkong & Shanghai Banking Corporation Ltd.

Karnataka Bank Ltd.

Kotak Mahindra Bank Ltd.

Oriental Bank of Commerce

Punjab National Bank

State Bank of Bikaner and Jaipur

State Bank of Hyderabad

State Bank of Patiala

State Bank of Travancore

Union Bank of India

Registered Office

5190, Lahori Gate, Delhi - 110 006

Corporate Office

81-B, Central Avenue, Sainik Farms

New Delhi - 110 062

Works

- 9th Milestone, Post Dujana
Bulandshahar Road
Distt. Gautam Budh Nagar - 203 207, U.P.
- Village Bhasaur (Dhuri)
Distt. Sangrur - 148 024, Punjab
- 29/15-29/16, Village Jindpur
G. T. Karnal Road, Alipur, Delhi - 110 036
- Plot 258-260, Extended Lal Dora
Alipur, Delhi - 110 036

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Directors' Report

Dear Shareholders,

Your Directors take pleasure in presenting their 15th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2008.

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

| | Year Ended 31.03.2008 | Year Ended 31.03.2007 |
|---|--------------------------|--------------------------|
| Total Turnover | 100678 | 91988 |
| Profit before Interest & Depreciation | 15388 | 12126 |
| Less: Interest & Financial Charges | 6464 | 4579 |
| Less: Depreciation | 2410 | 1753 |
| Profit before Tax | 6514 | 5794 |
| Current Taxation (Net of MAT Credit) | 1032 | 727 |
| Fringe Benefit Tax | 35 | 35 |
| Deferred Taxation | (28) | 81 |
| Profit after tax for the year | 5475 | 4951 |
| Balance of Profit brought forward from the preceding year | 15503 | 11506 |
| Appropriations | | |
| Proposed Dividend on Equity Shares | 486 | 486 |
| Tax on Dividend | 83 | 68 |
| Transfer to General Reserve | 500 | 400 |
| Balance of Profit carried to Profit & Loss Account | 19909 | 15503 |

* Sell Rate: 1 US \$ = Rs. 39.55 Exchange Rate as on 31st March, 2008 (Previous Year as on 31st March, 2007, 1 US \$ = Rs. 43.20)

* Buy Rate: 1 US \$ = Rs. 43.05 Exchange Rate as on 31st March, 2008 (Previous Year as on 31st March, 2007, Nil)

2. YEAR IN RETROSPECT

The Gross Sales and other income for the financial year under review were Rs. 100678 Lacs as against Rs. 91988 Lacs for the previous financial year registering an increase of 10%. The Profit Before Tax is Rs. 6514 Lacs and the Profit After Tax of Rs. 5475 Lacs for the financial year under review as against Rs. 5794 Lacs and Rs. 4951 Lacs respectively for the previous year, improved by 13% and 11% respectively. EBITDA margin of the Company is also increased to 15.29% as against 13.18% for the previous year.

3. 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, 2008 on 24311194 equity shares. The total

outgo on account of the dividend including dividend tax will be Rs. 5,68,85,763/- (previous year Rs. 5,54,41,678/-), which represents 10.39% of the profit after tax (Previous year 11.20%).

The dividend on the equity capital for the year ended 31st March, 2008, which, if approved by the members at the forthcoming annual general Meeting, will be paid out of the current year's profit within 30 days of declaration.

4. TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

In terms of Section 205A(5) and 205C of the Companies Act, 1956, the Company has deposited Rs. 119850/- being the unclaimed dividend for the year 1999-2000 (interim) in the "Investor Education and Protection Fund" established by the Central Government.

5. ACCOUNTS & 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.

6. SEGMENT REPORTING

A separate reportable segment forms part of Notes to the Accounts.

7. CASH FLOW ANALYSIS

The Cash Flow Statement for the year, under reference in terms of Clause 32 of the Listing Agreement entered by the Company with the Stock Exchanges, is annexed hereto.

8. SUBSIDIARY COMPANY

The Trading License dated 14.02.2007 of KRBL DMCC subsidiary of the company was expired on 13.02.2008 and the same has been renewed by DMCC and a fresh License dated 14.02.2008 issued. Mr. Anoop Kumar Gupta, Director of the Company has been named as Manager in the Trading License. The possession of office space in AG Tower is yet to take place. In the financial year 2007-08 no business activities was carried out except return from investment. As required under Section 212 of the Companies Act, 1956, the audited annual account for the period ended 31.03.2008 alongwith the Directors' and Auditors' Report are attached with the Annual Report.

9. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with

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Accounting Standard AS-23 on Accounting for Investment in Associates, your Directors provide the audited Consolidated Financial Statements in the Annual Report.

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 and they are not disqualified for such appointment/reappointment within the meaning of Section 226 of the said Act.

11. PUBLIC DEPOSITS

The Company has not accepted any deposits from 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.

12. 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:

A. Conservation of Energy:**(a) Energy Conservation Measures Taken:****At Ghaziabad Unit**

1. 3.5 MW Rice Husk based Power Plant commissioned in May 2007. This has replaced the existing DG sets.
2. Installation of AC Drive on cooling water pump.
3. Installation of level sensor in husk bunker to reduce the ideal running hrs. of fuel handling systems.
4. Insulation on steam line to reduce heat loss to atmosphere.
5. Replacement of 40 W copper choke tube lights with electronic choke 28 W tube lights in plant.
6. Installation of real clock timer to switch on/off lights as required.
7. Installation of photos switch to switch on/off lights in indoor plant.
8. Use of fuel additive in boiler to improve combustion efficiency.

9. Installation of power capacitor on feed pump of boiler.

At Dhuri Unit

1. Health of all the motors in the plants is being monitored with the help of load manager and the repairs/rectifications are being implemented accordingly.
 2. Power factor is maintained at 0.95 and actions are in hand to further improve it to 0.97.
 3. Routine inspection of all the belt drives is being done by standard tension meters and defective belts are being replaced in time.
 4. "V" belts transmission is replaced with Flat belt transmission for 6 no's blowers in rice plant. All the husker motors are fitted with flat belt system in parboiled rice line no. 1.
 5. Instrument air compressor (200 KW Motor) is being operated with variable frequency drive.
 6. Eight other motors are fitted with variable frequency drives in rice plant.
 7. All the steam pipelines and vessels are being inspected for insulation adequacy. Damaged insulation is repaired/replaced immediately.
 8. Thermodynamic and bucket type traps in solvent extraction plant are replaced with float type traps in solvent extraction plant.
 9. Schedule cleaning of heat exchanger of various plants is being carried out.
 10. An O₂/CO₂ analyzer is used for monitoring and controlling flue gas of the boiler.
 11. A low pressure boiler of 14 TPH capacity is commissioned in August, 2007, to avoid the running of high pressure boilers at very low load, thus achieving the saving of fuel and power.
 12. Aluminum blades of 3 no's of cooling tower fans for turbine cooling tower have been replaced with FRP blades (37.5 KW Motors).
 13. Approximately 50% of the plant condensate is being recycled back to the boilers.
- (b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy: Company has invested Rs. 2750 Lacs on installation of 3.5 MW power plant and 14 TPH low pressure boiler.
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:



Energy conservation measures have helped the Company in its drive towards cost reduction substantially. Direct energy costs reduced approximately by Rs. 800 Lacs during the year over previous year on account of measures taken. By above measures energy saved per day is approximately 4500 units (Ghaziabad).

- (d) Total energy consumption and energy consumption per unit of production:

Total energy consumption are as under:

| Unit | 2007-08 | 2006-07 |
|-----------|----------|----------|
| Ghaziabad | 16990709 | 14904118 |
| Dhuri | 21408704 | 10360625 |

Energy consumption per MT of production are as under:

| Dhuri | 2007-08 | 2006-07 |
|------------------|---------|---------|
| Rice Bran Oil | 275 | 283 |
| Rice | 73 | 77 |
| Furfral | 2668 | 3317 |
| Ghaziabad | | |
| Rice | 90 | 102 |

B. Technology Absorption:

- (e) Efforts made in Technology Absorption

FORM B [See Rule 2]

Form for disclosure of particulars with respect to absorption

Research and development (R & D)

- Specific areas in which R & D carried out by the company
 - Development, testing and specification setting of packaging materials.
 - Formulation and evaluation of Agricultural inputs to enhance farm productivity, crop quality and for other such applications.
 - The Company is conducting its R & D activities for developing the process of manufacturing Liquid Glucose, Maltodextrin and Gluten.
- Benefits derived as a result of the above R & D
 - Cost reduction, import substitution and strategic resource management.
 - Quality evaluation of finished products and raw materials.
 - Ensuring product quality.

- Value addition to existing by product i.e. Rice Kinki resulting into higher realization by production of Liquid Glucose, Maltodextrin etc. in the years to come.

- Entering new market segments.

3. Future plan of action

- Reducing packaging weight / volume.
- Roll out of new range of differentiated products of international quality.
- Improvement of process and resource use efficiencies.
- Enlarge the scope of Agri-inputs options.
- All the efforts are being continued in the directions of product/process development as mentioned above.

4. Expenditure on R & D (Rs. In Lacs)

- Capital 1.49 : (P.Y. 2.50)
- Recurring 49.61 : (P.Y. 42.08)
- Total 51.10 : (P.Y. 44.58)
- Total R & D expenditure as a percentage of total turnover 0.05 : (P.Y. 0.05)

Technology absorption, adaptation and innovation

- Efforts, in brief, made towards technology absorption, adaptation 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.

- Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.:

Power Plant at Ghaziabad was commissioned which has replaced the existing DG Sets.

Low density Boiler was commissioned to cope with existing turbine depending on the usage.

- In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year):

- Technology imported:

Company continuously import Plant and Machinery like High Poly Polisher, Sorted-Z4, Indent Cylinder, Strech Wrapping Machine Forks Lift, Heater Assb from Germany, UK, USA, Austria, Japan, Thailand, etc. for grading and sortex of rice to the satisfaction of the customers.

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(b) Year of import : 2007-08

Has technology been fully absorbed: Technology imported and fully absorbed.

If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action: NA.

C. Foreign Exchange Earnings and Outgo:

(f) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

The Company mainly 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, India Gate Classic. Company's brand India Gate Classic has got a overwhelming response in overseas market. Company has made its Dhuri plant fully operational to have economies of scale of mass production to become more competitive in international market.

Your Company is an ISO-9001-2000 certified Company with KOSHAIR and HACCP (Hazard Analysis & Critical Control Point) Certifications.

(g) total foreign exchange used and earned

The Company is engaged continuously in exploring new international markets. During the year under review, the Company reported exports (FOB value) of Rs. 482,60,46,450/- (Previous Year Rs. 424,52,35,076/-).

During the year under review, Company expended Rs. 15,66,97,584/- (Previous Year Rs. 19,88,70,727/-) in foreign exchange while earnings in foreign exchange were Rs. 489,24,12,582/- (Previous Year Rs. 437,60,45,030/-). Thus the net inflow in foreign exchange was Rs. 473,53,15,458/- (Previous Year Rs. 417,71,74,303/-) during the year under review.

13. DIRECTORS

In accordance with the provisions of section 255 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company, Mr. Ashok Chand and Mr. Vinod Ahuja retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers themselves for re-appointment. Your Directors recommend their re-appointment.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Gautam Khaitan, who was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on

27.10.2007 to hold office upto the date of next Annual General Meeting of the Company. Mr. Gautam Khaitan has accorded his consent to continue as a director of the company and your directors recommend his appointment.

Due to some personal reason Mr. Mahesh C. Jain resigned from the Directorship and the Board of Directors at their meeting held on 27.03.2008 accepted his resignation and he is no more a director of the Company w.e.f. 28.03.2008. Mr. Mahesh C. Jain was also Chairman and Member of the Audit Committee and Shareholders/Investors Grievance Committee.

14. PERSONNEL

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 as amended. Hence the details required under Section 217 (2A) are not given.

15. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii. 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 31.03.2008 and of the profits of the Company for that period;
- iii. 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;
- iv. that the directors have prepared the annual accounts on a going concern basis.

16. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges, a separate section titled 'Report on Corporate Governance' has been included in this Annual Report along with the Certificate on its compliance.

17. DEPOSITORY SYSTEMS

As the members are aware, the Company's shares



are compulsorily tradable in electronic form. As on March 31, 2008, almost 88.68% of the Company's paid-up capital representing 21560010 equity shares are in dematerialized form with both the depositories as compared to 76.29% representing 18546022 equity shares for the previous year ending March 31, 2007.

Your Company has established connectivity with both depositories – National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through RTA M/s. Alankit Assignments Ltd. In view of the numerous advantages offered by the depository system, member holding shares in physical mode are requested to avail of the dematerialization facility with either of the depositories.

Your Company has 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.

18. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

A detailed review of operations, performance and future outlook of the company is given separately under the head "Management Discussion & Analysis Report" as stipulated under clause 49 of the Listing Agreement with the stock exchanges.

19. Company received another notice from the Director General of Foreign Trade on 19.07.2007 alleging the exports of cereals against the prescribed norms. The reply to show cause notice was submitted on 02.08.2007. There has been no response/development from Director General of Foreign Trade thereafter.

However, the Company has taken legal advice from the senior advocate, expert in the related field that no adverse consequence would result.

20. COMPANY'S EQUITY SHARES ARE LISTED ON THE FOLLOWING STOCK EXCHANGES:

- I. National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (East), Mumbai-400051

- II. Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Tower, 25th Floor,
Dalal Street, Mumbai-400001

The Company has paid the annual listing fees for the financial year 2008-2009 to the stock exchanges.

The Company has paid custodial fees for the year 2008-2009 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of number of beneficial accounts maintained by them as on March, 31, 2008.

- III. The Global Depository Receipts (GDRs) of the Company are listed at Luxembourg Stock Exchange (Code: US4826571030), at de la Bourse de Luxembourg, 11, av de la Porter – Neuve, L-2227 Luxembourg.

21. APPRECIATION

The Board of Director take this opportunity to thank the Bankers, Government authorities, Regulatory authorities, Stock Exchanges, Customers, Stakeholders for the assistance and co-operation received and all other persons assisting the Company in its growth. The Board of Directors wishes to express their appreciation to all the employees for their outstanding contribution to the operation of the Company during the year.

On behalf of the Board of Directors

Delhi
28th June, 2008

Anil Kumar Mittal
Chairman & Managing Director

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Report on Corporate Governance

CORPORATE GOVERNANCE

KRBL adheres to good corporate practices and is constantly striving to better them and adopt the best practices. Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values.

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 philosophy of Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and in meeting its obligations to stakeholders and is guided by emphasis on transparency, accountability and integrity. 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. Over the years Company is continuously striving to strengthen the process and system of corporate governance.

KRBL's main objective is to follow practices of good corporate governance in order to safeguard the interest of the Company and its shareholders. KRBL believes that all its actions must serve the underlying goal of enhancing overall shareholder value on sustained basis.

BOARD OF DIRECTORS

Composition of Directors:

The Company has 10 Directors with an Executive Chairman. Of the 10 Directors, 5 (50%) are Executive Directors and 5 (50%) are Non-Executive Independent Directors. The composition of Board is in conformity with Clause 49 of the Listing Agreements.

The composition and category of Directors as on 31.03.2008 is given hereunder:

| Name of Directors | Category |
|-----------------------|---|
| Mr. Anil Kumar Mittal | Promoter / Executive - Chairman & Managing Director |
| Mr. Arun Kumar Gupta | Promoter / Executive - Joint Managing Director |
| Mr. Anoop Kumar Gupta | Promoter / Executive - Joint Managing Director |
| Dr. N. K. Gupta | Non-Executive & Independent - Director |
| Mr. Ashok Chand | Executive - Whole Time Director |
| Ms. Priyanka Mittal | Promoter / Executive - Whole Time Director |
| Mr. Vinod Ahuja | Non-Executive & Independent - Director |
| Mr. Shyam Arora | Non Executive & Independent - Director |
| Mr. Ashwani Dua | Non Executive & Independent - Director |
| Mr. Gautam Khaitan * | Non Executive & Independent - Additional Director |

* Appointed as Additional Director on 27.10.2007 to hold office upto the date of Annual General Meeting to be held on 29.09.2008.

Mr. Mahesh C. Jain resigned from the Board w.e.f. 28.03.2008.

During the financial year ending 31.03.2008 10 Board Meetings were held on 16.04.2007, 09.06.2007, 28.06.2007, 30.07.2007, 27.10.2007, 30.11.2007, 13.12.2007, 19.12.2007, 29.01.2008, 27.03.2008.



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 27.09.2007 | Other Directorship ⁽¹⁾ | Committee Membership ⁽²⁾ | Committee Chairmanship ⁽²⁾ |
| Mr. Anil Kumar Mittal | 10 | Present | 1 | — | — |
| Mr. Arun Kumar Gupta | 9 | Present | 1 | — | — |
| Mr. Anoop Kumar Gupta | 9 | Present | 1 | — | — |
| Dr. N. K. Gupta | 8 | Absent | 3 | 2 | — |
| Mr. Ashok chand | 10 | Present | — | — | — |
| Mr. Mahesh C Jain ⁽³⁾ | 10 | Present | — | 2 ⁽³⁾ | 2 ⁽³⁾ |
| Mr. Vinod Ahuja | 6 | Present | 4 | 2 ⁽⁴⁾ | — |
| Ms. Priyanka Mittal | 7 | Present | — | 2 ⁽⁵⁾ | — |
| Mr. Shyam Arora ⁽⁶⁾ | 3 | Absent | — | — | — |
| Mr. Ashwani Dua ⁽⁶⁾ | 8 | Present | — | 2 ⁽⁷⁾ | 2 ⁽⁷⁾ |
| Mr. Gautam Khaitan ⁽⁸⁾ | 3 | Absent | 7 | 2 ⁽⁷⁾ | 2 ⁽⁷⁾ |

- (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.
- (3) Mr. Mahesh C Jain has resigned from the directorship w.e.f. 28.03.2008 and simultaneously resigned from the Membership and Chairmanship of Audit Committee and Shareholders/Investors Grievance Committee.
- (4) Previously he was the member of Audit Committee only and w.e.f. 28.03.2008 he has been appointed as member of Shareholders/Investors Grievance Committee.
- (5) Ms. Priyanka Mittal has appointed as Whole Time Director of the Company w.e.f. 01.04.2008 by the Board of Directors at their meeting held on 27.03.2008 she resigned from the membership of Audit Committee and Shareholders/Investors Grievance Committee w.e.f. 27.03.2008.
- (6) Mr. Shyam Arora and Mr. Ashwani Dua were appointed as Additional Director of the Company by the Board of Directors at their meeting held on 09.06.2007 and appointed as directors at the Annual General Meeting held on 27.09.2007.
- (7) Mr. Ashwani Dua has appointed as Chairman / Member of Audit Committee and Shareholders/Investors Grievance Committee w.e.f. 28.03.2008 and Mr. Gautam Khaitan has appointed as member of Audit Committee and Shareholders/Investors Grievance Committee w.e.f. 28.03.2008.
- (8) Mr. Gautam Khaitan was appointed as Additional Director of the Company by the Board of Directors at their meeting held on 27.10.2007 to hold office upto the date of Annual General Meeting to be held on 29.09.2008. He is eligible and offered himself for reappointment.

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
28th June, 2008

ANIL KUMAR MITTAL
Chairman & Managing Director

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KRBL Code of Conduct of 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**I. 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.

The terms of reference of the Audit Committee are broadly as under:

- Discussion with the statutory auditors before the audit starts, regarding nature and scope of the audit and the post audit outcome.
- Review of financial reporting process and the disclosure of its financial information to ensure that the financial statements reflects a true and fair position.
- Recommending the appointment and removal of statutory auditors and fixation of their remuneration.
- Review of unaudited and audited financial results.
- Review of financial and risk management policies of the Company.
- Review of the adequacy of internal control systems.
- Review the findings of any internal investigations by the internal auditors.

2. Composition, Name of Members and Chairperson

The Audit Committee comprises of four members out of which three are non-executive and one is executive and out of four three are independent. Upto 27.03.2008

Mr. Mahesh C Jain was the Chairman of the Audit Committee and thereafter he resigned from the directorship. Mr. Ashwani Dua is the present chairman and he has considerable financial expertise and experience. The composition of the Audit Committee is as follows:

| | | |
|-----------------------|---------------------------------------|------------|
| Mr. Ashwani Dua | - Non-Executive & Independent | - Chairman |
| Mr. Vinod Ahuja | - Non-Executive & Independent | - Member |
| Mr. Gautam Khaitan | - Non-Executive & Independent | - Member |
| Mr. Anoop Kumar Gupta | - Executive & Joint Managing Director | - Member |

Mr. H. K. Agarwal, Company Secretary of the Company acts as the secretary to the Audit Committee.

Mr. Mahesh C. Jain, Ex-Chairman of the Audit Committee attended the previous Annual General Meeting of the Company held on 27.09.2007.

Four Audit Committee Meetings were held during the year ended March 31, 2008. These were held on 28.06.2007, 30.07.2007, 27.10.2007 and 29.01.2008.

| 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 |
| Mr. Ashwani Dua * | — |
| Mr. Gautam Khaitan * | — |
| Mr. Anoop Kumar Gupta * | — |

* Mr. Ashwani Dua, Mr. Gautam Khaitan and Mr. Anoop Kumar Gupta were appointed as member of the Audit Committee on 27.03.2008 and upto 31.03.2008 no meeting of Audit Committee has been held.

II. Remuneration Committee

The remuneration of the Executive and Non-Executive Directors is decided by the Board of Directors subject to and within the ceiling prescribed under the provisions of Companies Act, 1956 and subject to the approval of the shareholders of the Company at the General Meeting. Therefore no separate Remuneration Committee has been constituted.

Mr. Anil Kumar Mittal has been appointed as Chairman