

Forward looking statement: In this annual report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written and oral, that we periodically make contain forward looking statements that set out anticipated results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as `anticipate', `estimate', `expects', `project', `intends', `plans', `believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions, should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

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Corporate Information

Board of Directors

Chairman & Managing Director

Mr. Anil Kumar Mittal

Joint Managing Directors

Mr. Arun Kumar Gupta

Mr. Anoop Kumar Gupta

Directors

Mr. Vinod Ahuja

Mr. Shyam Arora

Mr. Ashok Chand

Mr. Ashwani Dua

Dr. N. K. Gupta

Mr. Gautam Khaitan

Ms. Priyanka Mittal

Chief Financial Officer

Mr. Rakesh Mehrotra

Company Secretary

Mr. Dhiraj Kumar Jaiswal

Auditors

M/s. Vinod Kumar Bindal & Co.

Chartered Accountants

Shiv Shushil Bhawan

D-219, Vivek Vihar, Phase-I

New Delhi - 110095

Registered Office

5190, Lahori Gate, Delhi - 110006

Corporate Office

81-B, Central Avenue, Sainik Farms New Delhi - 110062

Bankers

State Bank of India

The Hongkong & Sanghai Banking corporation Ltd.

Standard Chartered Bank

ICICI Bank

Corporation Bank

HDFC Bank

Indusind Bank

State Bank of Bikaner & Jaipur

Yes Bank

Kotak Mahindra

Oriental Bank of Commerce

State Bank of Travancore

Union Bank of India

Karnataka Bank

Works

*Ghaziabad Factory

9th Milestone, Post Dujana

Bulandshahar Road

Distt. Gautam Budh Nagar - 203207, U.P.

*Dhuri Factory

Village Bhasaur (Dhuri)

Distt. Sangrur - 148 024, Punjab

*Alipur Unit 1

29/15-29/16, Village Jindpur

G. T. Karnal Road, Alipur,

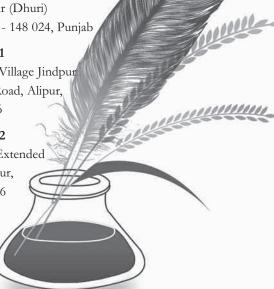
Delhi - 110036

*Alipur Unit 2

Plot 258-260 Extended

Lal Dora, Alipur,

Delhi - 110 036





What every grain aspires to be

t is all in the grain. When one speaks of an achiever, we say that the quality of excellence, perseverance, and the ability to overcome circumstances is ingrained within him. We are what we aspire and work to be. Taken at an organic level, we can see that the seed is the effect concealed, whereas the flower, the fruit and the grain are the effect revealed. Yet, both the cause and effect are intrinsic to every seed as a latent possibility.

Excellence in this light is an ingrained element within each one of us, that we seek to nourish, sustain and nurture.

In the global market, for that elemental staple food, "rice", India Gate is what every gain aspires to be.

To be branded as the best in the world, to proudly adorn the India flag proclaiming itself to be the best Basmati in the country that gave birth to this special grain, to be the cynosure of all eyes in the shop shelf, to be the dish of choice served to the most important guests, to be the cause célèbre of every occasion be it social, political, or religious.

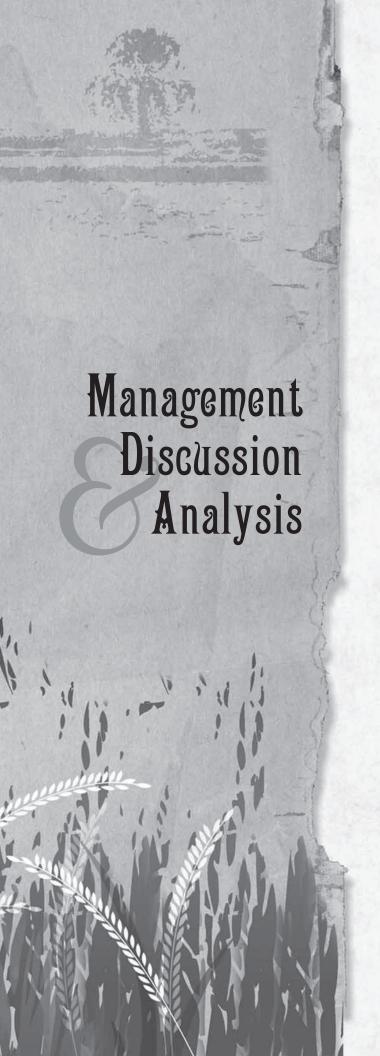
Yet, not every grain can be India Gate. We choose the best amongst the best for the brand, going from farm to farm in the valleys of the Himalayan foothills, searching for the grain that has the aroma, the length, the form and the taste. We select these grains with exacting attention to quality and age them in our special warehouses and package them to retain their special qualities.

Then we bring it to you, the discerning gourmands who will not settle for anything but the best.

After all, when need for the taste, aroma and flavor of the ultimate in rice are ingrained within you, nothing but India Gate will do.

Truly, it is what every grain aspires to be.







"RBI's intervention has helped the nation somewhat recover its growth levels and the Centre for Monitoring Indian Economy (CMIE) expects India's real GDP growth to accelerate to 8.7% in FY12"

Leading the global growth story, India reported exemplary performance during 2010-11 and its economic progress continues well into 2012. India's enviable growth rates have made it Asia's third-largest economy, though the high rates of inflation have slowed down the growth of the Indian economy. However, RBI's intervention has helped the nation somewhat recover its growth levels and the Centre for Monitoring Indian Economy (CMIE) expects India's real GDP growth to accelerate to 8.7% in FY12. Agriculture sector, which contributes more than 17% of GDP growth, is expected to perform exceptionally well.

Union Finance Minister Mr. Pranab Mukherjee, who has placed the Indian agriculture and allied sector on top of the national growth agenda in Budget 2011-12, has estimated that this sector would grow by 6% this fiscal year. This projection should ease government's worries on food inflation, especially in view of the various measures announced in the budget by the Finance Minister to improve the agriculture and allied Sector.

GLOBAL RICE OVERVIEW

Propelled by growing consumption demand, world production of rice has increased steadily over the last few decades - going up from about 200 Million Tonnes (MnT) of paddy rice in 1960 to 696 MnT in 2011.

The recovery of Latin America's production, particularly in the Mercosur block, gave the world harvest a significant boost during 2010. The world rice production reached a new record in 2010, at 464 MnT (696 MnT paddy), up 1.8% from the previous season, FAO said.

FAO data shows that the global paddy production in 2011 stood at 718.3 MnT (478.9) MnT, milled basis). This is 17 MnT, or 2.5%,

* Source: 'Food Outlook-Global Market Analysis - June 2010', Food and Agriculture Organisation (FAO), United Nations



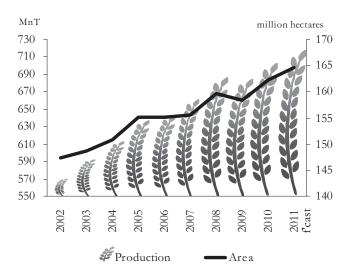
above the good 2010 outcome, striking a new record. The increase has come from a 1.5% expansion of plantings to 164.7 million hectares and a 0.9% gain of yields to 4.37 tonnes per hectare.

Although still preliminary, FAO's outlook for production in Asia remains favourable, pointing to a 2.5% expansion to 649.8 MnT (433.3 MnT, milled basis). A sizeable increase in India is expected to sustain this growth, but prospects are also positive in Bangladesh, Cambodia, China (Mainland), Indonesia, Iraq, the Democratic People's Republic of Korea, Thailand and Vietnam.

Furthermore, assuming a return to average growing conditions, production is expected to recover in the Chinese Province of Taiwan, the Republic of Korea, the Lao People's Democratic Republic, Myanmar and Pakistan, while it may fall in Japan and Sri Lanka.

Global rice utilization in 2011-2012 is estimated to rise by 2% to 472 MnT (milled basis), 399 MnT to be consumed as food, that is, 7.4 MnT more than the previous year. An additional 61 MnT are expected to be destined to seeds, non-food uses and post-harvest losses, and 12.3 MnT to feed. Average per caput food consumption is forecast to rise by 1 percent to 57.1 kilos per year, with intake rising to 68.2 kilos in developing countries and remaining at around 12.2 kilos in developed countries. (Source: FAO Rice Market Monitor, July 2011)

Global Rice Paddy Production and Area



INDIAN RICE OVERVIEW

The Indian Met Department (IMD) has predicted a normal monsoon across the country with total rainfall at 98% of the Long Period Average (LPA). It is noteworthy that last year, too, the weather department had predicted rainfall at 98% of LPA, which was surpassed as the country received a 102% share. This year, for the country as a whole, seasonal rainfall during the monsoon upto 6th July was 1% above the LPA. The cumulative seasonal rainfall was 37% above the LPA over northwest India and 1% above LPA over the southern Peninsula; however, it is deficient by 4% over central India and 9% over the Eastern & Northeastern India. Overall, however, the climatic conditions are favourable for a good rice season.

To add to the positive scenario, the government of India recently announced an increase in Minimum Support Prices (MSP) across the board, ranging from 6% to 10%. The hike, which follows a similar increase last year, is aimed at boosting farm output for the government's proposed Food Security Bill and also at compensating for the increase in cost of production. This augurs well for continued consumption demand in rural areas. Good monsoon season, which represents 70% of the country's rainfall, should also bring down food inflation.

While normal rains (as expected by the IMD) are expected to moderate food inflation going forward, slower economic growth in developed economies (mainly US and Japan), monetary tightening induced slowdown in emerging economies (mainly China & India) and end of QE2 are expected to ease the elevated commodity prices and moderate inflation over the next 3 to 6 months.

INDIA - RICE TRADE

For the Indian rice industry, the developments in the Middle East, particularly payment disruptions with the Islamic Republic of Iran, have failed to derail the country's trade in this important commodity. Overflowing state granaries encouraged the authorities in India to take further steps to relax the rice export ban in July, to permit the delivery of 1.5 MnT of rice to foreign markets.

Although a more cautious approach was previously sustained, faced with high domestic food inflation and the pending introduction of the National Food Security Act, the decision came in the backdrop of difficulties to find storage space. In fact, by 1st July, there were 26.9 MnT of rice in public stocks. According to the government notification, 1.0 MnT of non-Basmati rice may be traded by the



"The global demand for Basmati rice has risen steadily over the years, with consumption growing at a CAGR of around 22% over a four years period (FY08-11)"

private sector, subject to a USD 400 per tonne minimum export price, while an additional 5,00,000 tonnes have been set aside for delivery through official channels. Combined with a sustained pace of premium variety shipments, FAO now anticipates the provision to enable India to ship 3.0 MnT in 2011, 1.0 MnT above the 2010 estimate and the highest since 2008, when the ban on common rice exports was originally instated.

Despite the negative consequences of the devastating floods that hit the Pakistan in 2010, Pakistan is anticipated to ship 2.7 MnT of rice in calendar 2011, chiefly thanks to large carryovers accumulated from previous consecutive bumper harvests. This level would still imply a 23% contraction from the good 2010 performance - a scenario that augurs well for the Indian rice exporters.

(Source: FAO Rice Monitor, July 2011)

Three Year Export Statement of APEDA Products

Value in ₹Lacs Qty in MT

Product	2008	3-09	2009-10		2010-11	
	Quantity	Value	Quantity	Value	Quantity	Valu
Basmati Rice	15,56,411	9,47,703	20,16,869	10,88,960	21,86,446	10,58,15
Non Basmati Rice	9,31,879	1,68,737	1,39,544	36,530	96,084	22,02
Wheat	1,120	146	30	5	448	7
Other Cereals	39,99,649	3,92,057	28,92,415	2,97,319	31,87,862	3,59,60
Total	64,89,059	15,08,643	50,48,858	14,22,814	54,70,840	14,39,86

(Source: APEDA Rice Monitor, July 2011

INDUSTRY OVERVIEW - BASMATI RICE

Basmati rice, an aromatic variety, is a GI product and grown only in certain parts of India and Pakistan due to conducive agroclimatic and soil conditions and thus enjoys a premium price in the global market. It is estimated that 60% of the global Basmati rice is produced in India and the balance in Pakistan. The global demand for Basmati rice has risen steadily over the years, with consumption growing at a CAGR of around 22% over a four years period (FY08-11). However, the share of Basmati rice consumption as a percentage of total rice consumption in the world stands at a mere 1%. With a huge latent demand on the basis of consumer preference shifting from non-Basmati to Basmati rice, there is a significant growth potential for this industry.

INDIAN OVERVIEW- BASMATI RICE

The rice industry in India is broadly classified into two segments - Basmati rice (drier and long grained) and non-Basmati (sticky and short grained). According to the crop survey by APEDA (Agricultural and Processed Food Products Export Development Authority), the total Basmati rice production is aprox at 7 MnT in 2010-11 crop year, around 10% higher than the output of 6.4 MnT recorded in the previous year. The increase in production has been made possible by increasing the area under cultivation, which currently stands at 7,76,000 hectares. Over 80% of Basmati rice grown in India is produced for export. In the past few years, export of Basmati rice has increased significantly due to bumper local harvest, strong demand from the Gulf and Middle East countries and opening up of newer markets in the US, Europe and Australia.

Basmati, with its unique qualities, has led to a favourable shift in the domestic market as well. While the Indian rice industry is growing at a rate of 3-4% per annum, the domestic Basmati rice industry is far outpacing it, with an exciting growth rate of around 11%. The



rise in domestic demand can be attributed to increase in disposable incomes, perception of Basmati rice as a premium product, mall culture and growth of hotels and restaurants.

With the global demand for Basmati rice expected to grow at

15-20%, while the supply of Basmati is increasing at a slower pace than the demand, the widening gap of demand and supply is expected to create room for an increase in premium. This, in turn, would increase realizations and profitability for the Basmati rice industry.

Value in ₹ Lacs Qty. in MT

													
Indian Export Statistic - Basmati Rice													
	2006-07		2007-08		2008-09		2009-10						
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value					
Saudi Arabia	4,99,584	1,24,095	5,43,530	2,03,834	5,24,401	3,10,280	6,40,404	3,29,547					
U. Arab Emts.	1,04,998	30,521	1,93,102	68,983	4,56,146	2,78,620	6,16,125	3,09,465					
Kuwait	1,09,068	30,688	1,13,066	40,168	1,11,547	73,393	1,39,473	1,03,014					
Rest of Middle East	87,428	23,883	1,01,933	32,165	2,62,137	1,53,483	4,68,807	2,57,896					
Rest of the World	2,44,636	70,093	2,31,723	89,306	2,02,177	1,31,924	1,51,946	88,993					
Total	10,45,714	2,79,280	11,83,354	4,34,456	15,56,408	9,47,700	20,16,755	10,88,913					
(Source: APEDA Rice Monitor July 2011)													

COMPANY OVERVIEW

KRBL, with a rich heritage dating back to 1889, stands tall as the world's largest rice millers and Basmati rice exporters. KRBL is a branded Basmati Rice Company, with manufacturing capacities of 195 MT/per hour. KRBL, a professionally managed and passionately driven Company, has carved an enviable position for itself in the rice industry and is backed by its integrated and scalable operations and comprehensive downstream product chain – a first in the country. With a legacy spanning 122 years, the Company enjoys unrivalled domain knowledge, with generations perfecting the Basmati grain over the years.

Known for ushering innovation across the value chain - from seed development and multiplication (QSDIP programme) to contact farming and marketing - the Company seamlessly combines traditional farming knowledge with modern day crop management practices to confer global glory to the Indian Basmati. Pioneering in spirit, the Company is credited with initiating an inclusive farm management programme, which in turn, has helped it avail uninterrupted supply of quality paddy.

Along with its proven operational excellence, the Company also enjoys both global and domestic market leadership. Endorsing this is the fact that it commands an impressive 25% share in the branded Basmati exports from India and 30% share in the branded Basmati sale in the domestic market.

Its carefully evolved, nurtured and marketed bouquet of brands - both for the domestic and international market - such as India Gate, Taj Mahal, Doon, Unity, Nur Jahan, Al Wisam, etc., top the consumers' palate choice across the world. India Gate, the flagship brand of the Company, is the bestseller in the branded rice segment, both in India and in the overseas market. Its top-of-themind association with consumers helps its brands garner premium pricing, at least 20% higher than the prevailing industry average.

Today, the Company's packaged Basmati products enjoy huge brand connect, equity and loyalty in key Basmati markets such as Saudi Arabia, Kuwait, US & Middle East, which together account for major part of its exports revenues. In fact, KRBL enjoys a leading position in Middle East, the world's largest Basmati market. Its growing popularity and ranking as India's largest Basmati rice exporter is manifest in the Company bagging the Agricultural and Processed Food Products Export Development Authority (APEDA) trophy for the past 14 years in continuation. The Company is focused on enhancing its already widespread presence and reaching out to new customers, globally through collaborations and tie-ups with leading retail chains.

Akin to its popularity in the international markets, the Company is also a leading player in the Indian branded Basmati space, with 25% market share of branded Basmati rice. Fuelled by its aggressive marketing and branding initiatives, coupled with its ever increasing distribution network and retail presence, the Company's flagship