



# INVESTOR PRESENTATION

## December, 2013

Confidential

# IMPORTANT NOTICE



## *Safe Harbor*

*This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to KRBL Limited and its affiliated companies (“KRBL”) future business developments and economic performance.*

*While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.*

*These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.*

*KRBL undertakes no obligation to periodically revise any forward looking statements to reflect future / likely events or circumstances.*

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# INVESTMENT HIGHLIGHTS



## Leading Market Position

- ❖ World's largest Rice Millers and Basmati Rice Exporters.
- ❖ India's largest selling Branded Basmati Rice Company.
- ❖ Strong Brand presence through collaborations with global retail chains.
- ❖ Leading position in Saudi Arabia's market- world's largest Basmati Rice market.
- ❖ Largest contract farming basmati rice in the world

## Best-in-Class Operations

- ❖ India's first fully integrated and scalable rice company.
- ❖ Rice manufacturing capacities of 195 MT per hour.
- ❖ Good realizations – export price per MT commands a premium of more than 14% over the Industry average.
- ❖ Wide marketing network with presence at 6,40,000 retail outlets spread over all towns and cities of the Country.
- ❖ 35% basmati seeds in India are provided by KRBL.

## Leading Brands

- ❖ "India Gate", the flagship brand of Company, is the topmost selling rice in the Branded Rice segment, both in India and Overseas market.
- ❖ Brand include – India Gate, Taj Mahal, Doon, Nur Jahan and many more.
- ❖ 25% share in the Branded Basmati exports from India.
- ❖ 30% share in the branded Basmati sale in domestic market.

## Strong Financial Performance

- ❖ 3-year net sales growth CAGR of 16% and EBITDA growth CAGR of 12%.
- ❖ 3-year average return on capital employed of 13.96%.
- ❖ Strong balance sheet to support organic and inorganic growth plans.
- ❖ Short-term loan of the company rated A1+ by ICRA, indicating highest credit quality

# BUSINESS OVERVIEW



- ❖ Founded in 1889 in Faisalabad, Pakistan and incorporated in 1993, KRBL is India's first integrated rice company.
- ❖ Engaged in seed development and multiplication, contract farming, production and marketing of Basmati rice.
- ❖ Being an integrated player, the Company generates value-added by-products like bran oil, de-oiled cakes and uses rice husks for captive powerplant.
- ❖ Branded Basmati rice Company, with manufacturing capacities of 195 MT / per hour.
- ❖ Has set up a seed farm and a 4MT per hour seed grading plant for its R & D activities and new products testing.
- ❖ Has rice warehousing capacity of 5,00,000 tonnes and paddy storage capacity of 1 million tonnes.
- ❖ Collaboration with Bhuler, world's leading rice machine manufacturer, for process/machine improvement.
- ❖ Emerged as Top Green company in ranking of 25 most popular food companies in India by Greenpeace.

## Key Brands



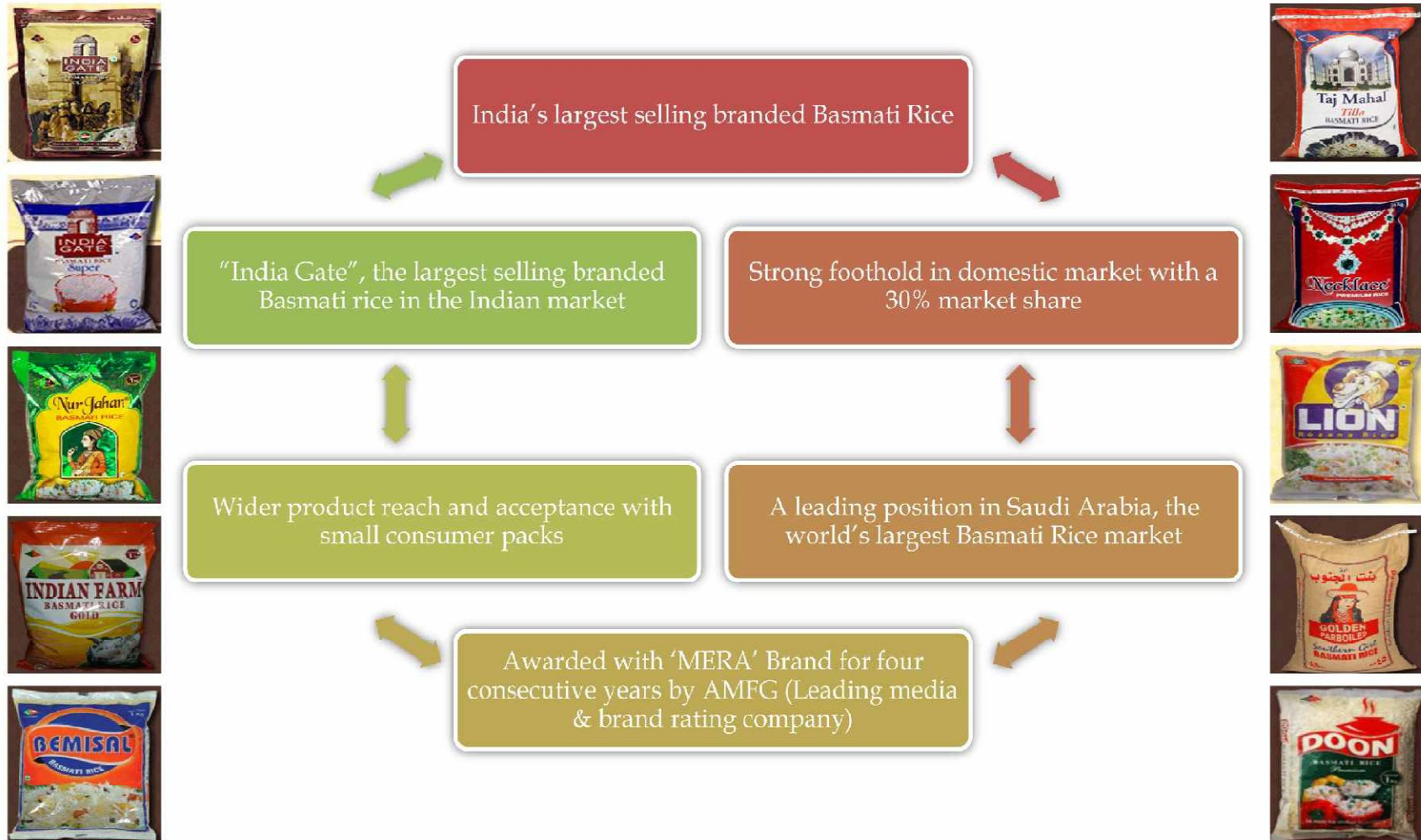
## Industry Recognition



# BUSINESS OVERVIEW



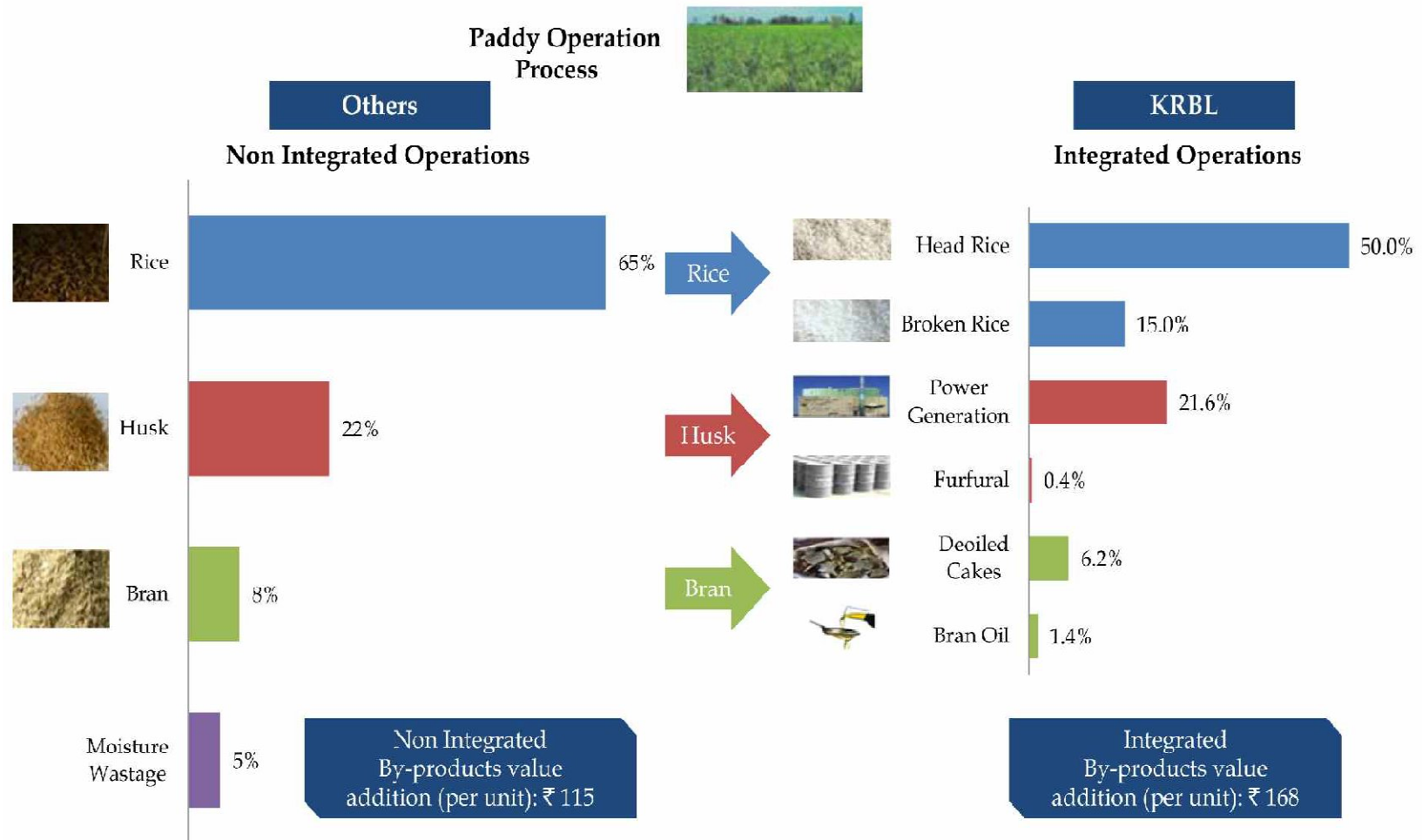
## Brands Strength



# BUSINESS OVERVIEW



KRBL has fully integrated operations leading to better margins due to scale and effective utilization of by products

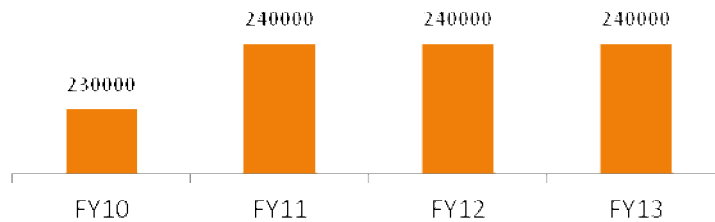


# BUSINESS OVERVIEW



## Contact Farming Enhanced Realizations

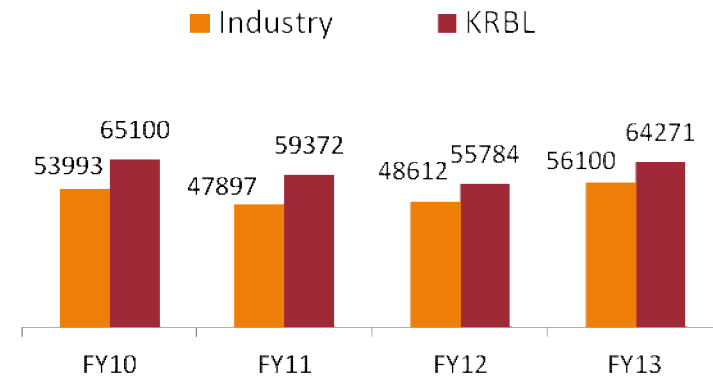
### KRBL's Acreage Under Contact Farming



#### Benefits to Farmers

- ❖ Access to competitive and modern technologies
- ❖ Significant reduction in risk and uncertainty of markets
- ❖ Enhanced earning potential due to improved crop quality and productivity
- ❖ Crop switching - Leading to enhanced realization
- ❖ Good value of paddy without involving intermediaries

### Unit Export Value Realization (/ MT)



#### Benefits to the Company

- ❖ Adequate availability of paddy
- ❖ Ensures good quality of procured paddy
- ❖ Significant savings in transportation and Mandi tax
- ❖ Building lasting, mutually beneficial relationship with the farmers
- ❖ Insulation from fluctuations in paddy prices
- ❖ Enhanced realizations

# BUSINESS OVERVIEW



## State Of The Manufacturing Facilities With Distribution Network In India And Across



### Rice Business

| Plant Location | Function        | Capacity (MT/hr) | Grading & Packing (MT/hr) |
|----------------|-----------------|------------------|---------------------------|
| Ghaziabad      | Rice Processing | 45               | 50                        |
| Dhuri          | Rice processing | 150              | 50                        |
| Delhi          | Grading         |                  | 30                        |
| Total          |                 | 195              | 130                       |

### Energy Business

| Plant Location | Function           | Capacity (MT/hr) |
|----------------|--------------------|------------------|
| Dhuri          | Biomass            | 12.3             |
| Ghaziabad      | Biomass            | 3.5              |
| Sub-Total      | Biomass            | 15.8             |
| Maharashtra    | Wind               | 12.5             |
| Rajasthan      | Wind               | 8.1              |
| Tamil Nadu     | Wind               | 11.85            |
| Karnataka      | Wind               | 11.1             |
| Andhra Pradesh | Wind               | 2.10             |
| Sub-Total      | Wind               | 45.65            |
| Madhya Pradesh | Solar              | 9.13             |
| Sub-Total      | Solar              | <b>9.13</b>      |
| Total          | Biomass/Wind/Solar | 70.58            |

Paddy Storage Area



Processed Rice Storage Area



Testing lab at the plant



# BUSINESS OVERVIEW



Strong brand presence through collaborations with global retail chains

## Collaborations with Retail Chains: India



## Collaborations with Retail Chains: Overseas





All Middle East  
Cooperative Societies

# MANAGEMENT & BOARD



## Extensive Management Expertise in Rice Industry and Operation Across the Value Chain

| Key Executive  |   | Back Ground   |
|--|---|---|
| Anil Kumar Mittal<br><i>Executive<br/>Chairman and<br/>Managing Director</i> |    | <ul style="list-style-type: none"> <li>❖ Visionary behind the success of KRBL Ltd.</li> <li>❖ Having more than 36 years of experience in Rice business</li> <li>❖ Formulates marketing strategy of the company and supervises the marketing functions</li> <li>❖ Founder &amp; Former President of All India Rice Exporters Associations</li> </ul>         |
| Arun Kumar Gupta<br><i>Executive Joint<br/>Managing Director</i>             |    | <ul style="list-style-type: none"> <li>❖ Expert on Basmati Paddy Supply Chain Management. Expert on Paddy Milling Technology</li> <li>❖ Having more than 27 years of experience in Rice business.</li> <li>❖ Executive Member, Basmati Rice Farmers &amp; Exporters Development Forum</li> <li>❖ He is a Commerce Graduate from Delhi University</li> </ul> |
| Anoop Kumar Gupta<br><i>Executive Joint<br/>Managing Director</i>            |    | <ul style="list-style-type: none"> <li>❖ Financial Architect &amp; Chief Strategist of the Company</li> <li>❖ Having more than 26 years of experience in Rice business</li> <li>❖ Former Executive Committee Member of All India Rice Exporters Associations</li> <li>❖ He is a Science Graduate from Delhi University</li> </ul>                           |
| Priyanka Mittal<br><i>Whole-time<br/>Director</i>                            |   | <ul style="list-style-type: none"> <li>❖ Young Turk bringing Management Innovation into the Company</li> <li>❖ Specialist on International Marketing of Agri and Food Products</li> <li>❖ She is a Business Management Graduate from University of Southern California, USA</li> </ul>  |
| Rakesh Mehrotra<br><i>Chief Financial<br/>Officer</i>                        |  | <ul style="list-style-type: none"> <li>❖ Has over 27 years of experience in the field of finance</li> <li>❖ Has previously worked with some of the leading corporate like Surya Group, Lakhani Group, Sanjay Dalmia Group, Mafatlal Group and Onida Group</li> <li>❖ He is a Chartered Accountants from ICAI and Commerce Graduate from BHU</li> </ul>      |
| Ashok Chand<br><i>Whole-time<br/>Director</i>                                |  | <ul style="list-style-type: none"> <li>❖ Has over 36 years of experience in the field of engineering and food processing industry</li> <li>❖ Has previously worked with some of the leading FMCG and consumer companies in the world</li> <li>❖ He has also obtained Certificate of Entrepreneurship from IIM, Ahmedabad</li> </ul>                         |

# MANAGEMENT & BOARD

## Board of Directors

Anil Kumar Mittal

*Chairman & Managing Director*

Arun Kumar Gupta

*Joint Managing Director*

Anoop Kumar Gupta

*Joint Managing Director*

Priyanka Mittal

*Whole Time Director*

Ashok Chand

*Whole Time Director*

Vinod Ahuja

*Independent Director*

Shyam Arora

*Independent Director*

Ashwani Dua

*Independent Director*

Dr. Narpinder Kumar Gupta

*Independent Director*

Devendra Kumar Agarwal

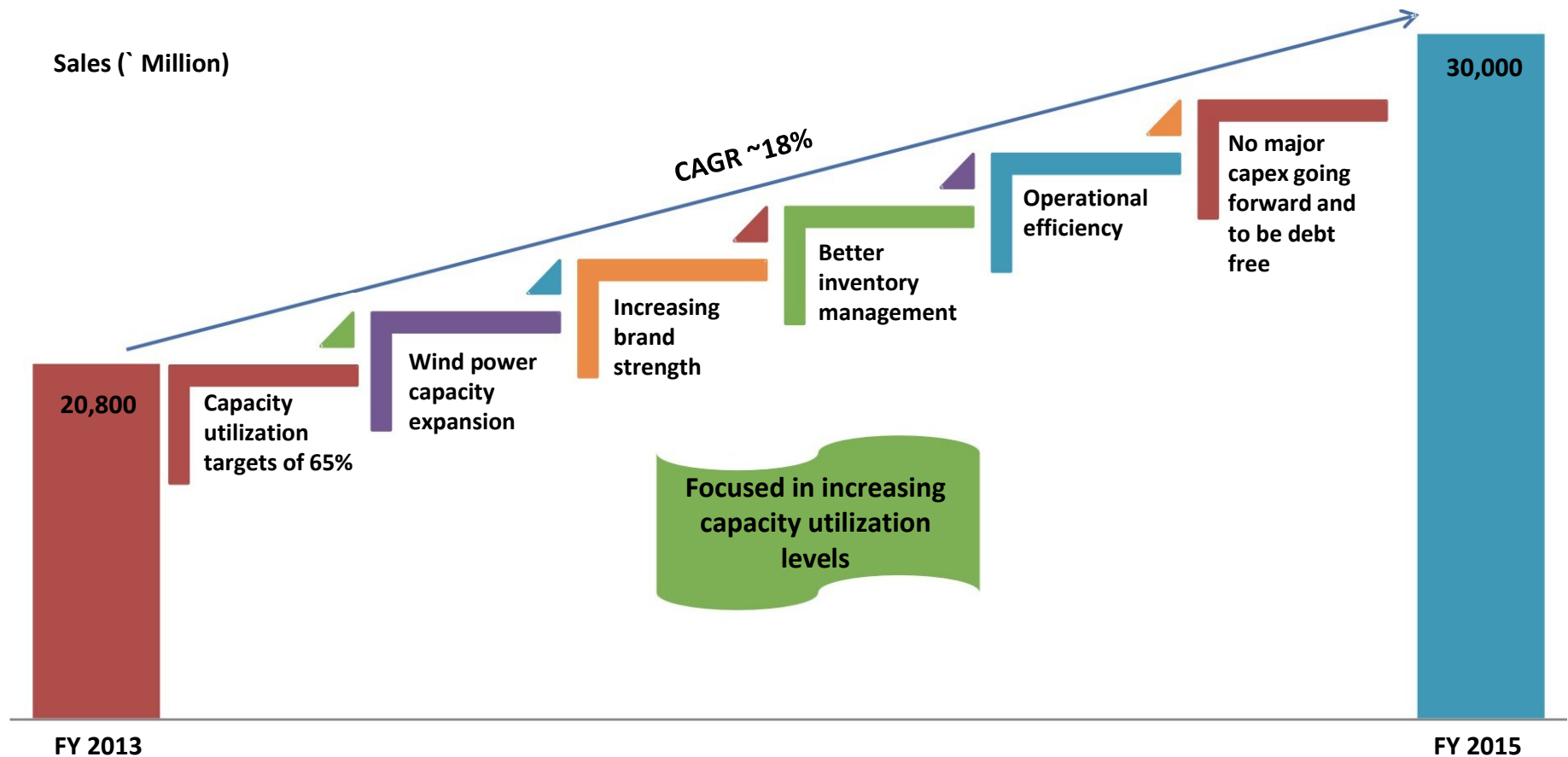
*Independent Director*

| Name                     | Audit Committee | Remuneration Committee | Investor Grievance Committee | Independent |
|--------------------------|-----------------|------------------------|------------------------------|-------------|
| Devendra Kumar Agarwal   | Chairman        | Member                 | Member                       | √           |
| Ashwani Dua              | Member          | Chairman               | Chairman                     | √           |
| Dr Narpinder Kumar Gupta | Member          | Member                 | Member                       | √           |
| Vinod Ahuja              | Member          | Member                 | Member                       | √           |

# STRATEGY



## Clearly Defined Group Strategy



# WIDE DISTRIBUTION NETWORK



|                                     |                         |
|-------------------------------------|-------------------------|
| Distributor/Dealer Network in India | 550                     |
| Retail Outlets in India             | 640000                  |
| Presence in Domestic Retail Chain   | 20                      |
| Distribution Network                | 28 States               |
| Presence in the Rural Market        | All over India          |
| Purchase Centre                     | 182 centers in 5 states |
| Overseas Registrations              | 45                      |
| Export Countries                    | 33                      |

## Collaborations with Retail Chains

### India

- Reliance Retail
- Pantaloons Food - Big Bazaar
- D Mart
- Aditya Birla - More
- Spencer's
- Hyper City
- Sabka Bazaar
- V. Mart
- N'Mart
- Wal-Mart
- Food Bazar
- Vishal Mega Mart
- Star Bazar
- Auchan

### Overseas

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>▪ All Middle East Cooperative Societies</li> <li>▪ Carrefour</li> <li>▪ Costco</li> <li>▪ Fiesta</li> <li>▪ 4 Square</li> <li>▪ Geant</li> <li>▪ HEB</li> <li>▪ IGA</li> <li>▪ Giant</li> </ul> | <ul style="list-style-type: none"> <li>▪ Lulu</li> <li>▪ New World</li> <li>▪ On the Spot</li> <li>▪ Pack 'n Save</li> <li>▪ Shop Rite</li> <li>▪ SPAR</li> <li>▪ Spinney's</li> <li>▪ The Great Canadian Superstore</li> <li>▪ Woolworths</li> <li>▪ Write Price</li> </ul> |
|--|--|

# DOMINANT MARKET POSITION

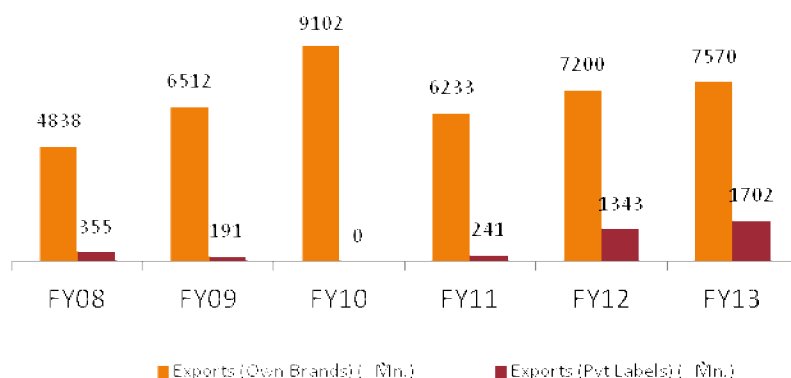


## KRBL Market Share in Traditional Trade

| Shares in 1 Kg Pack | Valume Share in % | Share in 5 Kg Pack | Valume Share in % | Share in 10 Kg Pack | Valume Share in % |
|---------------------|-------------------|--------------------|-------------------|---------------------|-------------------|
| KRBL                | 35.9              | KRBL               | 39.3              | KRBL                | 27.3              |
| LT Overseas         | 17                | LT Overseas        | 17.9              | Sachdeva and Sons   | 21                |
| Kohinoor Foods      | 13.2              | Kohinoor Foods     | 9.2               | LT Overseas         | 19.9              |
| Shakti Bhogh Foods  | 3.7               | D.S.Export         | 5.8               | Sunstar Overseas    | 9.6               |
| Karorimal Kashiram  | 3.6               | Shakti Bhogh Foods | 5.2               | Kohinoor Foods      | 7.1               |

Source: AC Nielsen ORG-MARG Survey, 2012; Company

## More than 83% of total sales is through KRBL's own brands



## Leadership in export segment

| Rank | FY11       | FY12       | FY13       |
|------|------------|------------|------------|
| 1    | India Gate | India Gate | India Gate |
| 2    | Train      | Unity      | Train      |
| 3    | Telephone  | Al Wisam   | Pusa       |
| 4    | Alwissam   | Train      | Alwissam   |
| 5    | Mohsen     | Telephone  | 1121 Pusa  |

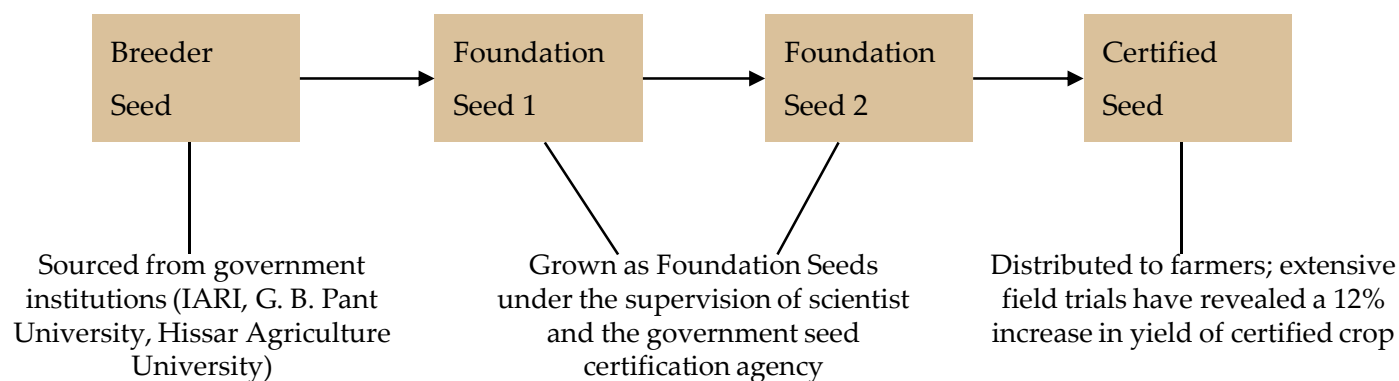
# FOCUS ON R&D



## Seed Development and Multiplication (QSDIP Programme)

- Dedicated wing comprising eminent agricultural experts to continuously research and develop pedigree seeds in line with farmers and market demand.
- KRBL has established a 300 hectare seed farm and a 4 MT / hour capacity seed grading plant.

### *Process Flow*



- Collaboration with Buhler, world's leading rice milling manufacturer, for process / machine improvement
- Working closely with farmers to improve pre-post harvesting techniques

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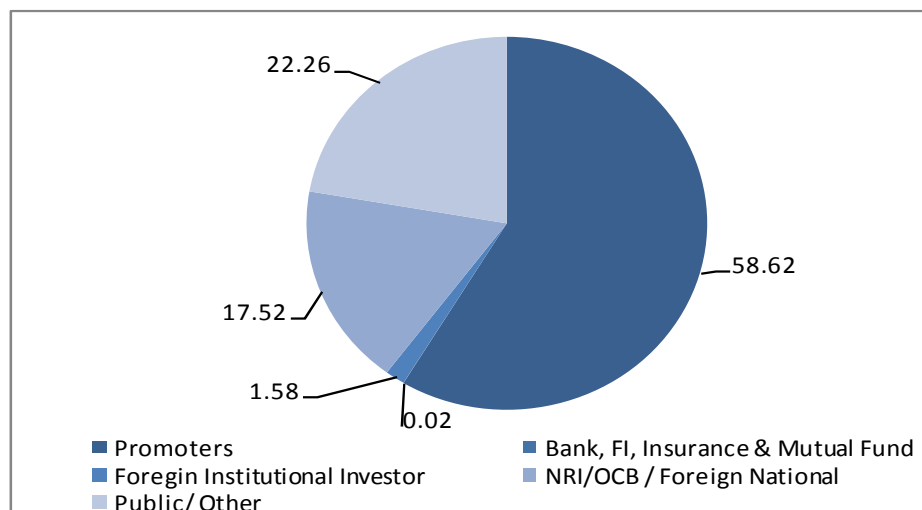
## Future Plans

- Increasing size of the seed farm to 700 hectares
- KRBL plans to distribute high yielding certified seeds to farmers through Contact Farming programme; High yielding seeds are being developed in collaboration with ICAR
- A corpus of ` 10 Cr has been planned for grass root level agricultural research

# FINANCIAL OVERVIEW



## Shareholding Pattern



Share Holding Information as on 31-12-2013

## Market Data

|                                       |        |
|---------------------------------------|--------|
| Market Cap (₹ In Million)             | 9,681  |
| Share Price (₹)                       | 41.02  |
| Book Value Per Share (₹) (31.03.2013) | 31.35  |
| 52 Week High / Low (₹)                | 43/19  |
| Outstanding Shares (million)          | 236    |
| Free Float                            | 41.6%  |
| BSE Ticker                            | 530813 |
| NSE Ticker                            | KRBL   |

Market Data as on 17-1-2014

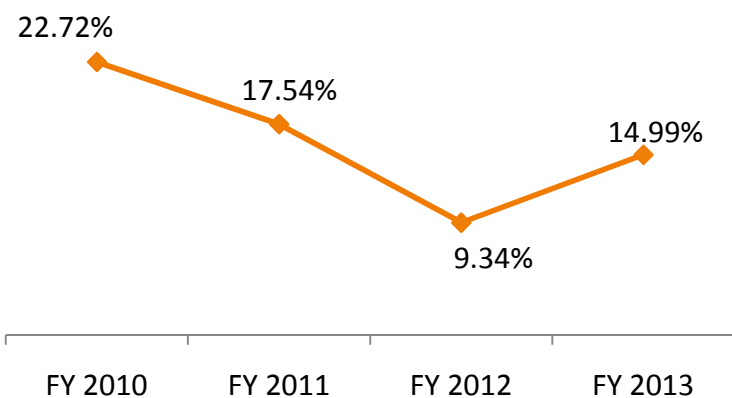
## Institutional/Bodies Shareholders Holding

| Institutional/Bodies Shareholders Holding   | %    |
|---|------|
| Reliance Commodities DMCC                   | 9.72 |
| Copthall Mauritius Investment Limited       | 0.71 |
| Quant Foreign Value Small Cap Fund          | 0.63 |
| HSBC Bank (Mauritius) Limited               | 0.16 |
| Standard Chartered Bank (Mauritius) Limited | 0.05 |

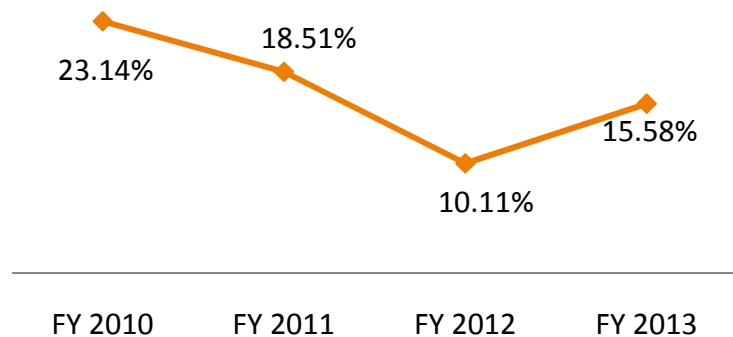
# FINANCIAL OVERVIEW



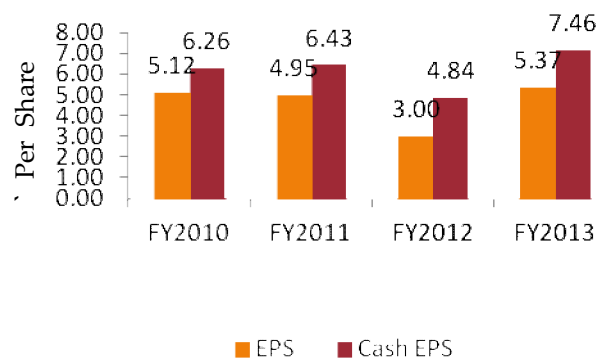
## Return on Capital Employed



## Return on Equity



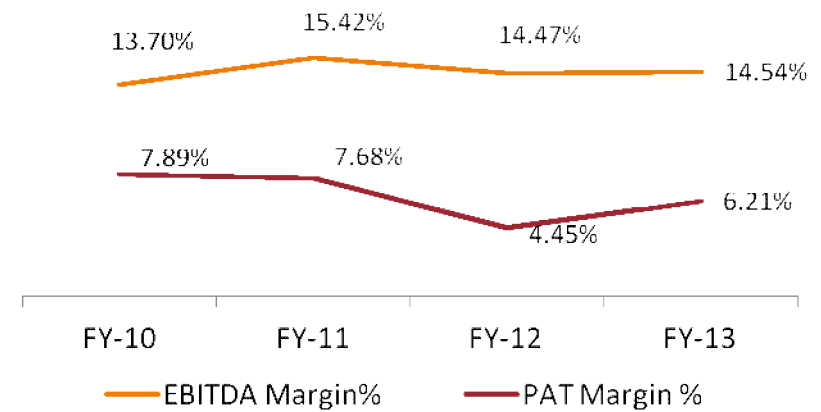
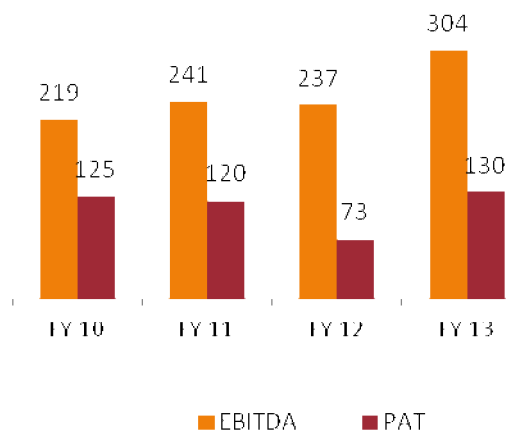
## EPS and CASH EPS



# FINANCIAL OVERVIEW



## P&L Growth and Margin Trends

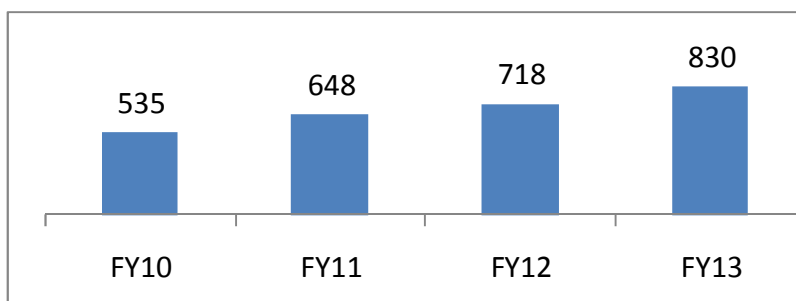


# FINANCIAL OVERVIEW

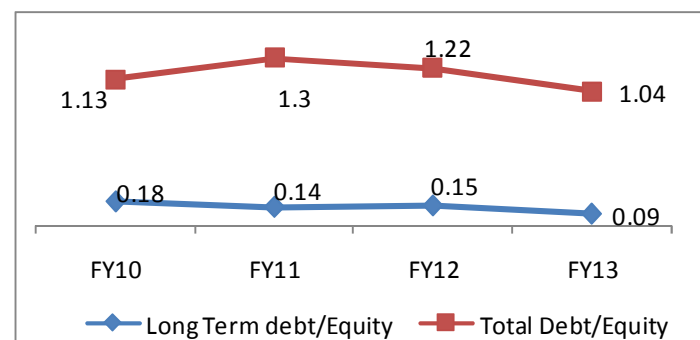


## Balance Sheet Strength

Strong Growth in Net Worth (₹ In Cr.)



Debt-Equity Ratio



- ❖ Asset utilization to improve with higher capacity utilization
  - ❖ Dhuri Plant expected to be at 65% utilization level by FY14, leading to improved EBIDTA margin
  - ❖ UP plant at 100% utilization level
- ❖ Low debt gearing at 1.04x
- ❖ ROE at 15.58% in FY13
- ❖ Strong Inventory build-up enabling extended storage period and hence enhanced margins. Very good inventory gains as company is carrying low-cost inventory in books
- ❖ FY13 inventory stood at Rs.1,260.29 Cr.
- ❖ Raw Material Valued at Rs.23,243 per MT and Finished Goods at Rs.33,920 per MT

# FINANCIAL OVERVIEW



(Fig. in Rs. Cr.)

| Operating Results (Consolidation) | FY 2011  | FY 2012  | FY 2013 |
|-----------------------------------|----------|----------|---------|
| Sales                             | 1,551.27 | 1,631.00 | 2080.39 |
| EBITDA                            | 241.57   | 237.30   | 304.12  |
| Profit Before Tax (PBT)           | 158.06   | 95.25    | 184.20  |
| Taxes                             | 37.73    | 22.22    | 54.34   |
| Profit After Tax (PAT)            | 120.33   | 73.03    | 129.86  |
| <u>Financial Position:-</u>       |          |          |         |
| Gross Fixed Assets (Incl. CWIP)   | 405.50   | 426.28   | 457.77  |
| Current Assets, Loans & Advance   | 1,461.15 | 1553.14  | 1524.45 |
| Current Liabilities & Provisions  | 1122.04  | 1166.97  | 1085.08 |
| Net Working Capital               | 339.11   | 386.17   | 439.37  |
| Share Capital                     | 24.35    | 24.35    | 24.24   |
| Reserves & Surplus                | 623.48   | 693.69   | 806.11  |
| Share Holders Funds               | 647.83   | 718.04   | 830.35  |
| Book Value                        | 26.65    | 29.54    | 34.33   |
| Long Term Loans                   | 91.50    | 106.39   | 77.45   |
| Working Capital Loans             | 746.46   | 768.94   | 758.12  |
| Total Capital Employed            | 739.33   | 824.43   | 907.80  |
| ROCE (%)                          | 17.54    | 9.34     | 14.99   |
| RONW (%)                          | 18.57    | 10.17    | 15.64   |
| No. of Share (in cr.)             | 24.31    | 24.31    | 24.19   |
| Earning Per Share (₹) (Diluted)   | 4.95     | 3.00     | 5.37    |
| Cash EPS (₹) (Diluted)            | 6.46     | 4.84     | 7.14    |

# FINANCIAL OVERVIEW



(Fig. in Rs. Cr.)

## Financial Summary

| OPERATING RESULTS                              | ( FY 2011-12)<br>Consolidated | ( FY 2012-13)<br>Consolidated |
|--|-------------------------------|-------------------------------|
| <b>Gross Sales</b><br>(Including Other Income) | 1639.64                       | 2091.12                       |
| <b>EBITDA</b><br>%                             | 237.30<br>14.55%              | 304.12<br>14.62%              |
| <b>Profit Before Tax (PBT)</b><br>%            | 95.25<br>5.84%                | 184.20<br>8.85%               |
| <b>Profit After Tax (PAT)</b><br>%             | 73.03<br>4.45%                | 129.87<br>6.21%               |
| EPS (in `)                                     | 3.00                          | 5.36                          |

# FINANCIAL OVERVIEW



(Fig. in Rs. Cr.)

## Financial Summary

| OPERATING RESULTS                              | ( FY 2012-13)<br>Q3<br>(Consolidated) | ( FY 2013-14)<br>Q3<br>(Consolidated) | ( FY 2012-13)<br>9M<br>(Consolidated) | ( FY 2013-14)<br>9M<br>(Consolidated) |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <b>Gross Sales</b><br>(Including Other Income) | 501.57                                | 706.80                                | 1593.53                               | 2061.05                               |
| <b>EBITDA</b><br>%                             | 71.12<br>14.24%                       | 111.58<br>15.86%                      | 245.25<br>15.45%                      | 334.77<br>16.32%                      |
| <b>Profit Before Tax (PBT)</b><br>%            | 29.12<br>5.83%                        | 85.92<br>12.21%                       | 152.95<br>9.63%                       | 247.51<br>12.07%                      |
| <b>Profit After Tax (PAT)</b><br>%             | 20.79<br>4.14%                        | 71.08<br>10.06%                       | 109.34<br>6.86%                       | 195.34<br>9.48%                       |
| EPS (in `)                                     | 0.85                                  | 3.01                                  | 4.49                                  | 8.28                                  |

Contact Details

# KRBL Limited

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