

KRBL ,Buffettology Analytics

Number Of Future Year's PAT To Repayment Complete Debt = 1

Current Stock Price = 246

Current Intrinsic Value Based Relative To Government Bond = 340

Past ProfitGrowth = 25

Past Median ROE Return = 18

Past ROE On Retained Earning(Incremental Capital) Return = 15

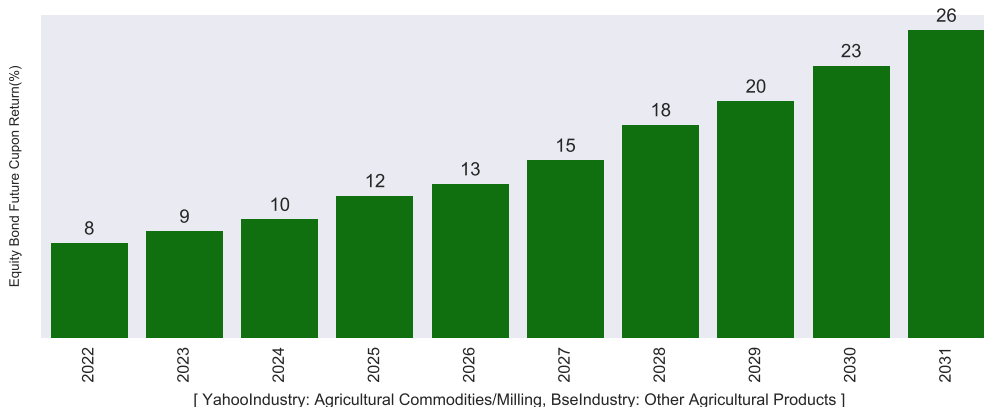
Sector : Fast Moving Consumer Goods

Industry: Other Agricultural Products

Group : Agricultural Food & other Products

Subgroup: Other Agricultural Products

MCap: 5808 ,P/E: 11 ,IncomeGrowth: 10 ,ProfitGrowth: 25 ,TotalPAT: 2483, TotalCFO: 1765, cPAT/cCFO: 0.7



KRBL ,GrahamDoddGreenwald Valuation

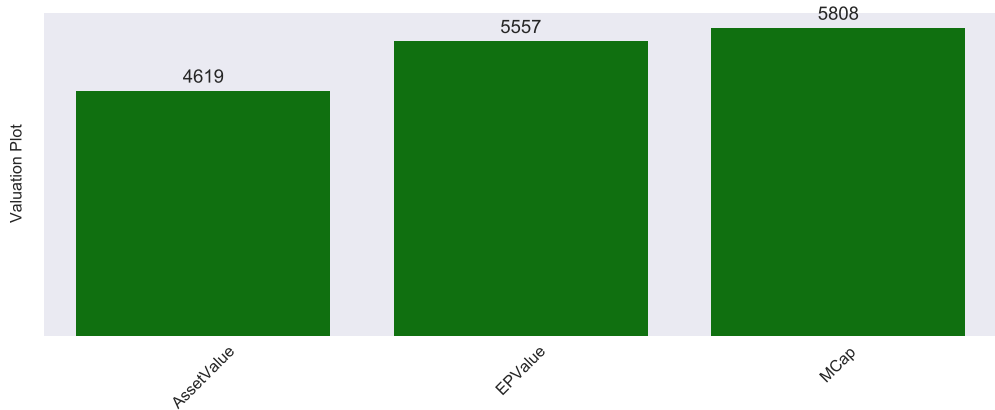
Normalized EBIT Margin(%) = 16.6

Normalized Total Income(Cr) = 4014.3

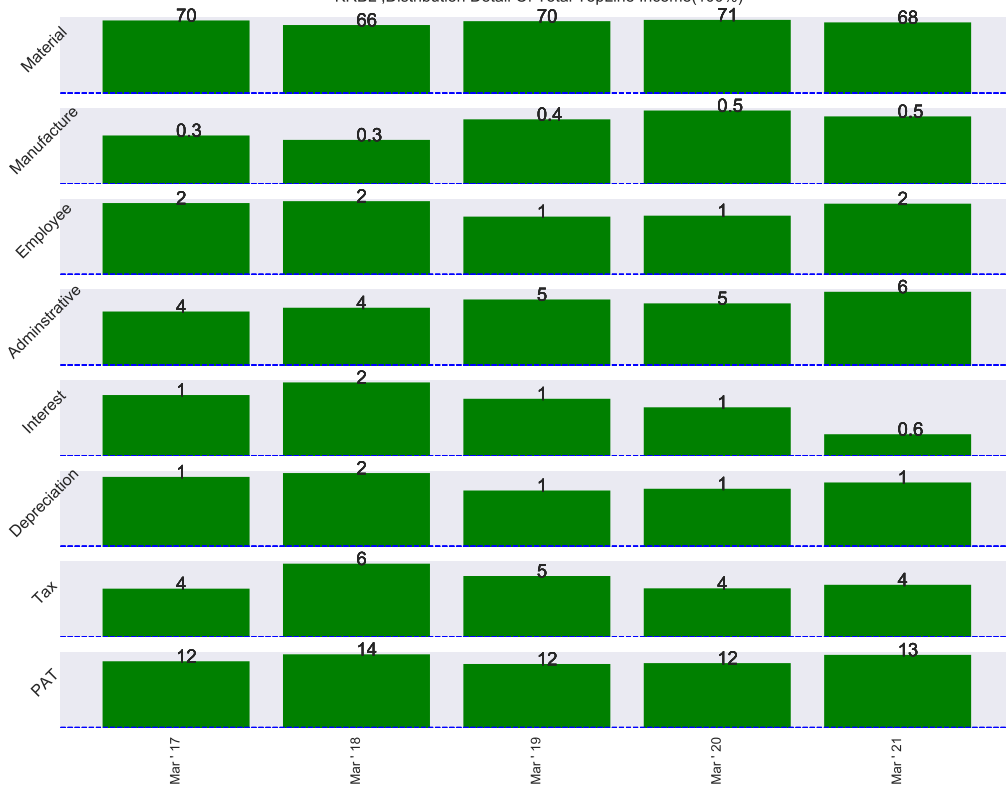
Expected EBIT(Cr) = 666

Cost Of Equity = 12.0

Expected Earning Power Value(Cr) = 5557

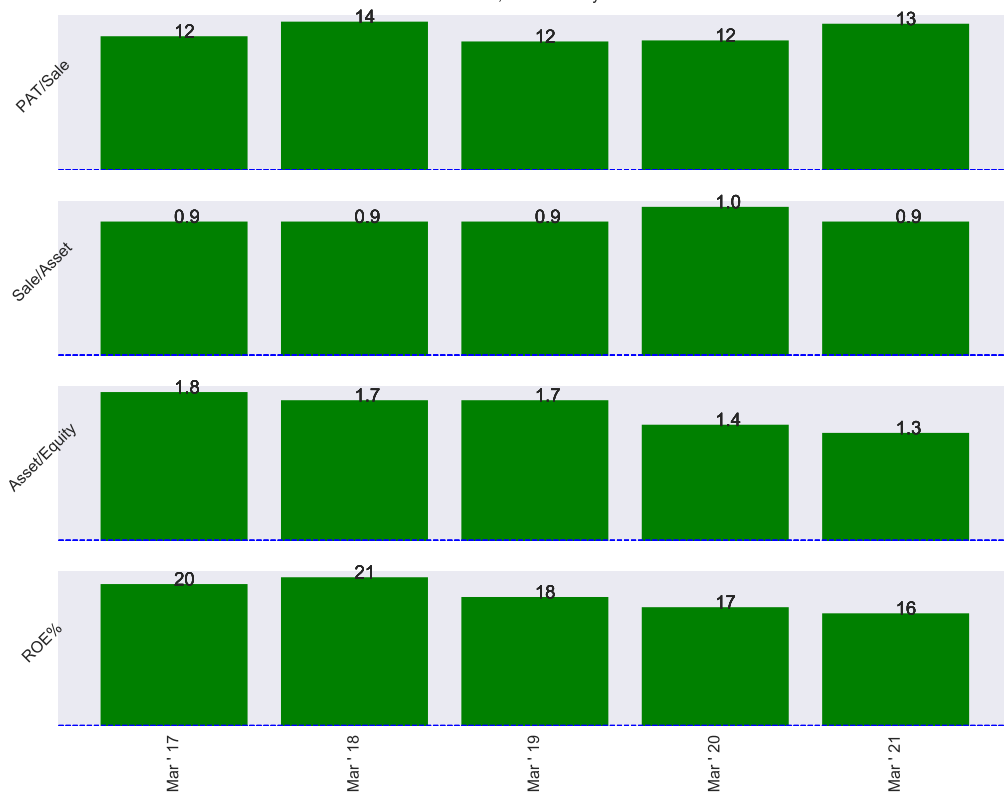


KRBL ,Distribution Detail Of Total TopLine Income(100%)



[Income: 6.2, Material: 5.5, Manufct: 15.5, Person: 6.1, Admin: 15.1, Interest: -19.0, Depect: 4.0, Tax: 8.4, PAT: 8.8]

KRBL ,DuPont Analysis



[1Y:30, 2Y:28, 3Y:-12, 4Y:-14, 5Y:-8, 6Y:5, 8Y:23, 10Y:29, 12Y:22, Max(20Y):20]

[KRBL ,Price: 246.8, IncomeGrowth: 10.5, P/E: 11.7, BSEF/E: 11.9, P/B: 1.5, P/OCF: 3.3, P/E(AvgPAT): 16.0, Median-ROE: 18.5, Median-ROCE: 17.6]

Expected Growth Rate = $17.9 \times 0.89 = 13.49\%$

PV Based On Growth Stock Fixed Part = 198.53

Cost Of Equity = 11.99%

PV Based On Income(Dividend) Stock = 58.43

Accumulated OA = 1765

Investment Flow(%) From Operation = 15

Accumulated IA = -281

Finance Flow(%) From Operation = 75

Accumulated FA = -1341

MCap: 5808, TotalAsset: 4619, Ratio: 1.3

(in Cr.)	Current	1	2	3	4	5
ExpectedGrowthRate	13.49	13.49	13.49	13.49	13.49	13.49
NetIncome	559.41	634.87	720.52	817.72	928.03	1053.22
ReinvestmentRate	0.89	0.89	0.89	0.89	0.89	0.89
ReinvestmentValue	497.87	565.03	641.26	727.77	825.95	937.37
FCFE	61.54	69.84	79.26	89.95	102.08	115.85
PV of FCFE	61.54	62.36	63.2	64.04	64.9	65.77

Cost Of Equity in Stable Growth = 12.99%

Terminal Value of Equity = $602.86 / (0.13 - 0.06) = 8624.65$

Growth Rate in Stable Growth = 6.0%

Value of equity(Cr) = PV of FCFE during high growth + PV of terminal value

Reinvestment Rate Stable Growth = $6.0\% / 12.99\% = 0.46$

= $320.27 + 4683.19 = 5003.46$

FCFE in Year 6 = $1053.22(1.06)(1 - 0.46) = 602.86$

Number Of Share Is(Cr) = 23.54

Value Per Share Is = $5003.46 / 23.54 = 212.55$

MCap: 5808, Debt: 274, Equity: 3924, Cash: 0

ConCallTranscript: Yes, InvestorPresentation: Yes

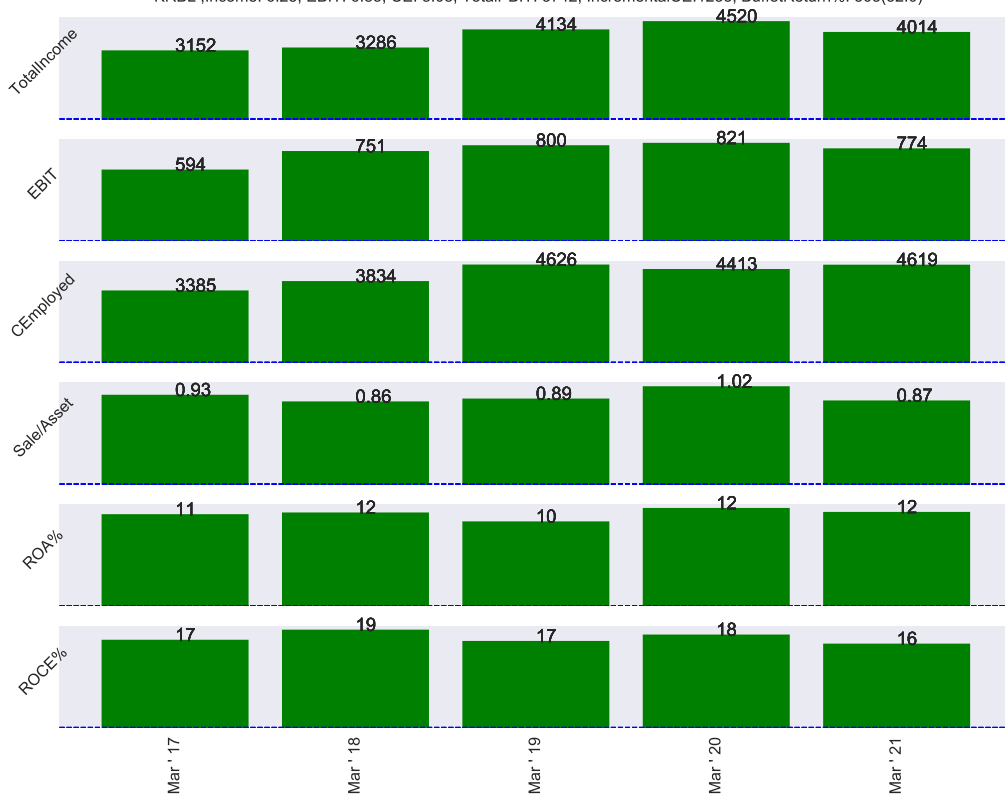
[Value: 212.6, DividendBasedValue: 58.4, Intrinsic-P/E: 9.3, Intrinsic-PEG: 0.7, Intrinsic-P/B: 0.3, Intrinsic-Growth: 13.51]

[%ing: 59.5, Debt/Equy: 0.1, DivdYld: 1.1, Indus: Agricultural Commodities/Milling]

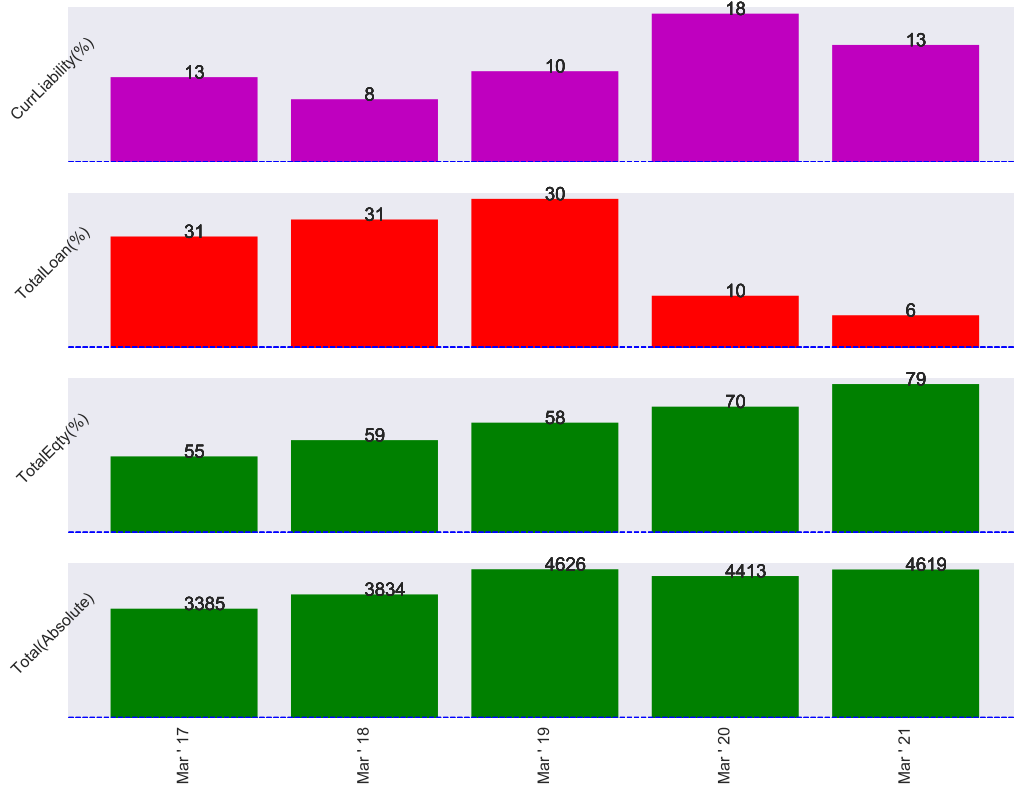
[Name: Krbl Ltd, Group: A , Index: S&P BSE 500]

KRBL Limited produces and sells rice in India. Its Agriculture segment offers agricultural commodities, such as rice, Furfural, seed, bran, bran oil, etc. The company's Energy segment generates power from wind turbine, and husk based and solar power plants. This segment has a total wind power project capacity of 114.35 megawatts, solar power project capacity of 15.00 megawatts, and biomass project capacity of 17.59 megawatts. The company offers its products under the brands of India Gate, Doon, Nur Jahan, Indian Farm, Bemisal, Aarati, Unity, Lotus, Taj Mahal Tilla, Shubh Mangal, - Necklace, Lion, Al Wisam, Train, Al Bustan, Telephone, Southern - Girl, Alhussam, Blue Bird, City Palace, etc. KRBL Limited also exports its products. The company was formerly known as Khushi Ram - Behari Lal. KRBL Limited was founded in 1889 and is based in Noida, India.-

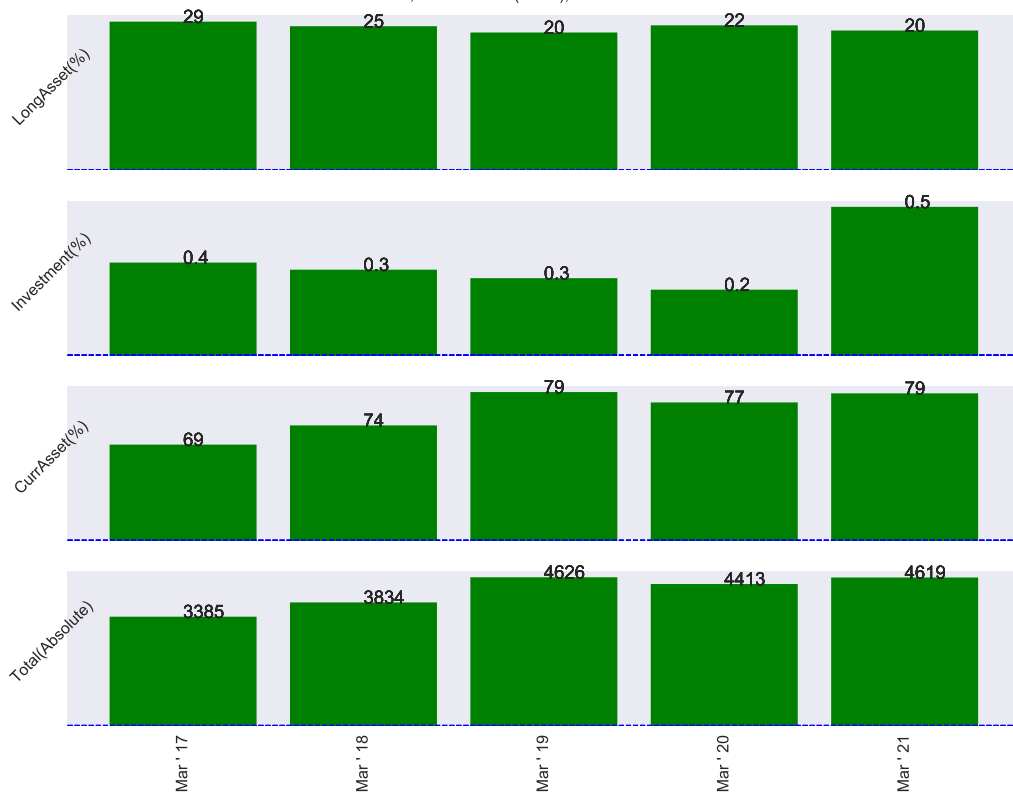
KRBL ,Income: 6.23, EBIT: 6.85, CE: 8.08, TotalIPBIT: 3742, IncrementalCE:1233, BuffetReturn%: 303(32.0)



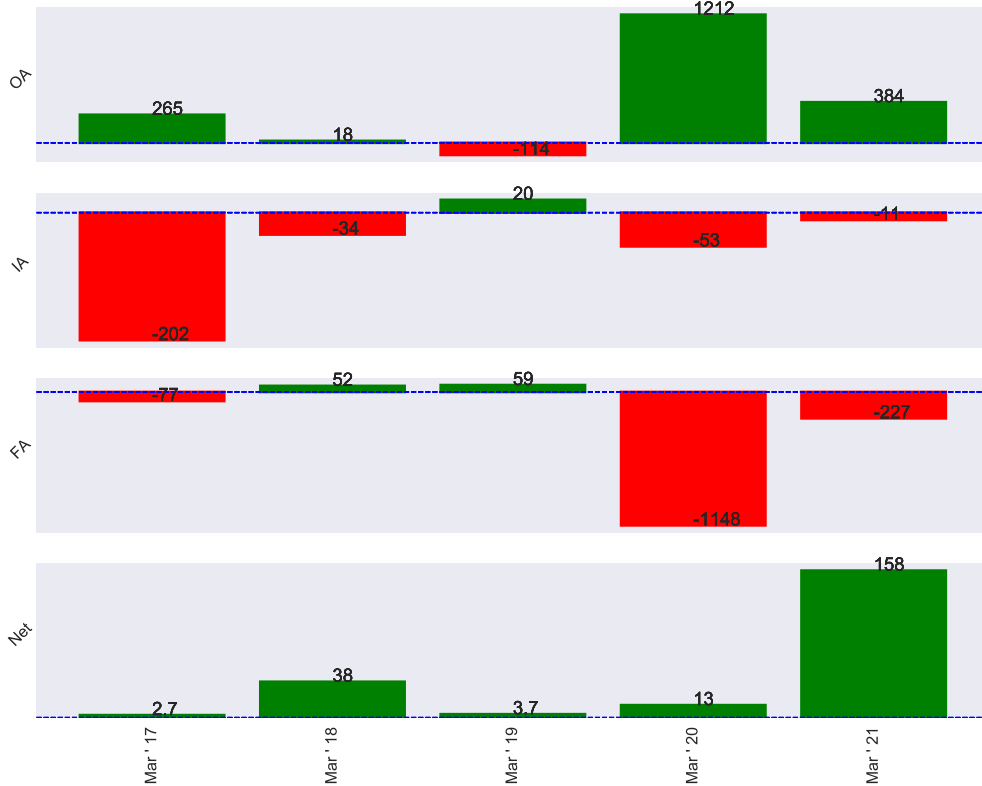
KRBL ,BalanceSheet(Liability), totalEquityCAGR: 18.5



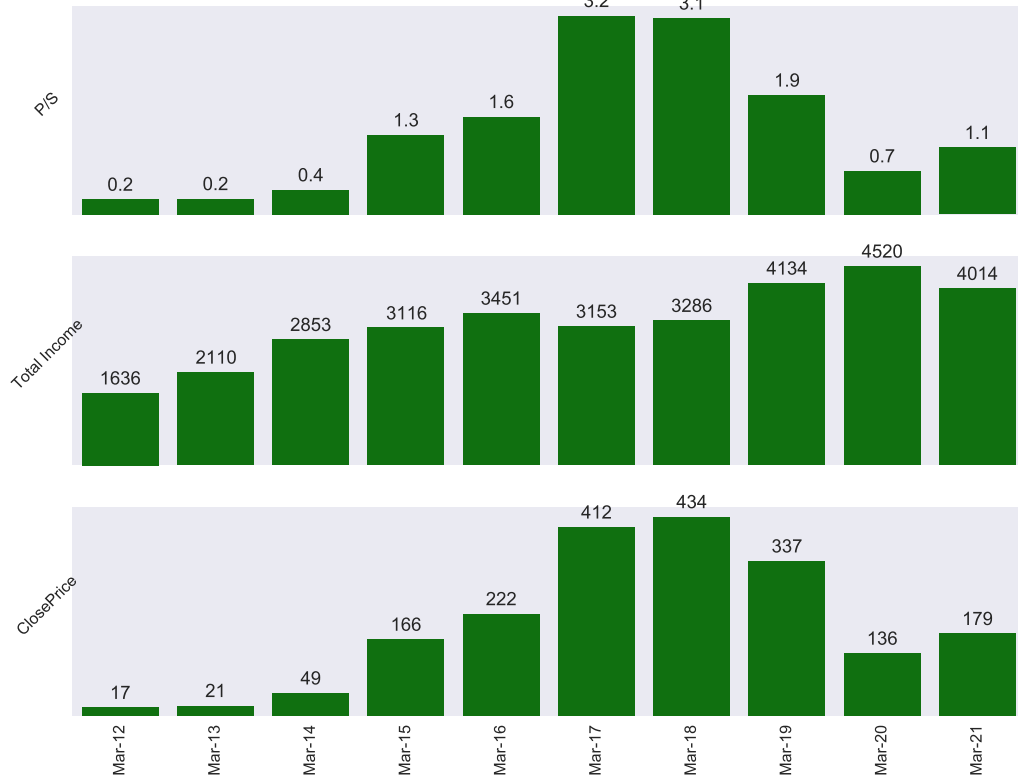
KRBL ,BalanceSheet(Asset), TotalAssetCAGR: 8.1



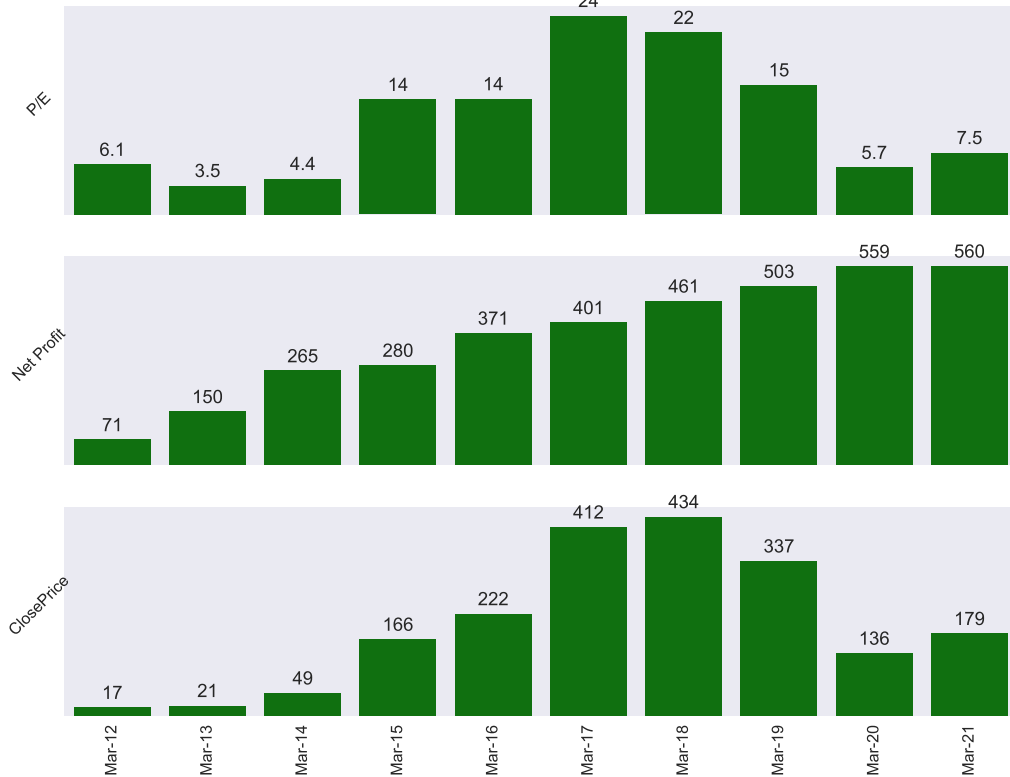
KRBL ,Cash Flow



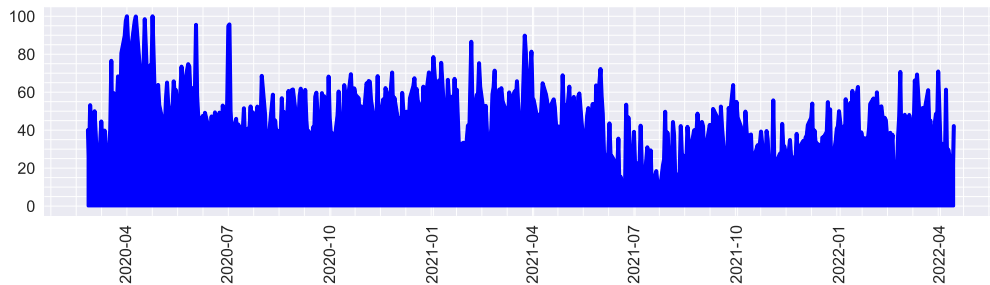
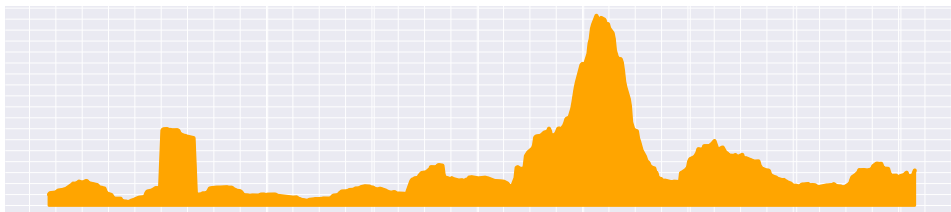
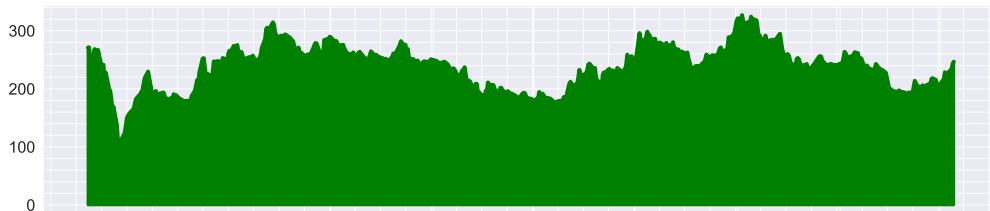
KRBL ,P/S Expansion Magic: P/S: 4.4(17.9), Sales: 2.5(10.5), NetReturn(X): 11, CAGR(%): 30



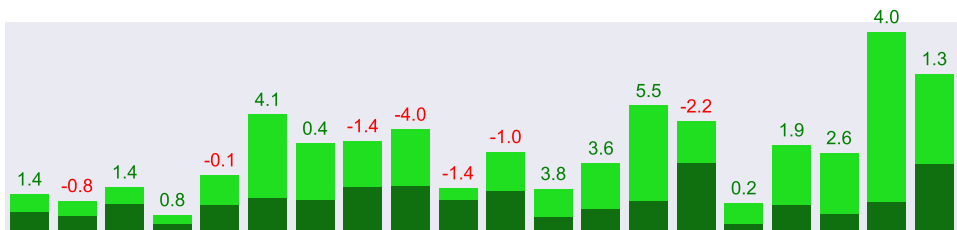
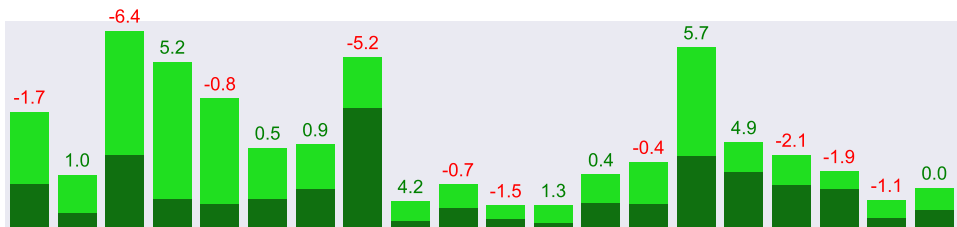
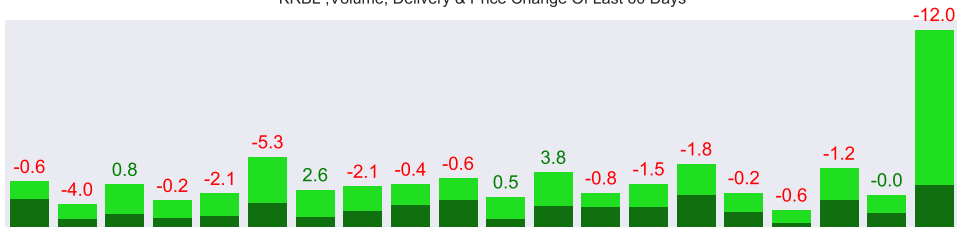
KRBL ,P/E Expansion Magic: P/E: 1.2(2.4), Earning: 7.9(25.8), NetReturn(X): 10, CAGR(%): 29



[KRBL :LCP:246, Min:99.0, Max:327, STD:37, Avg:238]

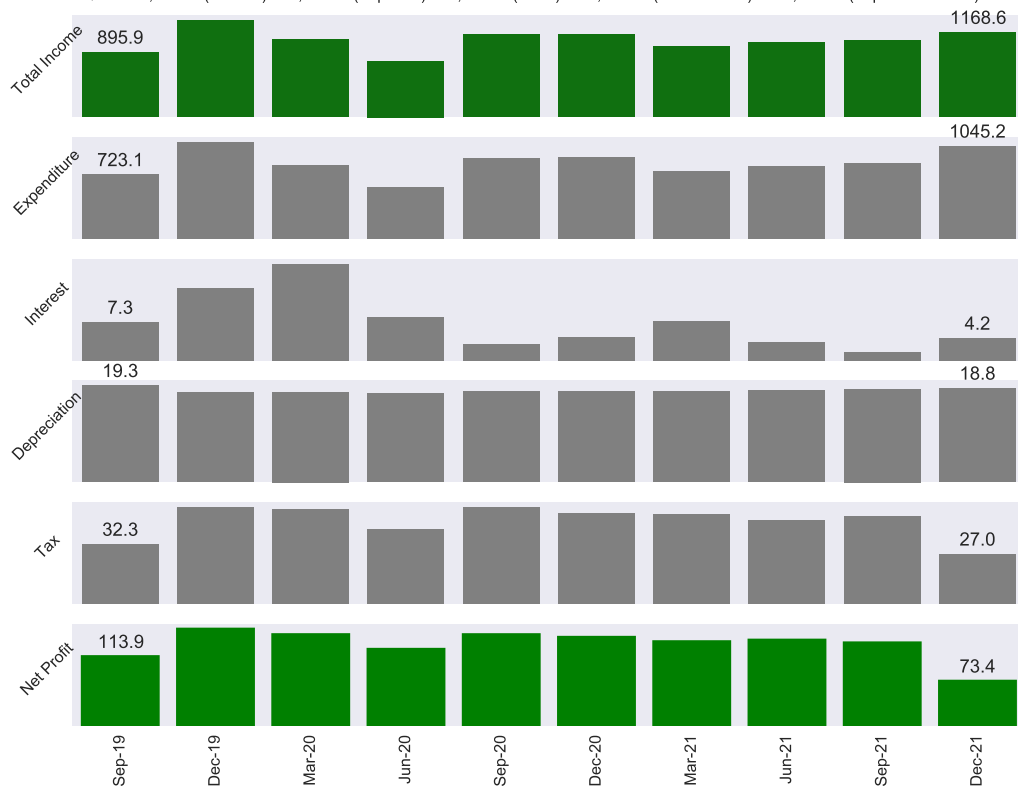


KRBL ,Volume, Delivery & Price Change Of Last 60 Days

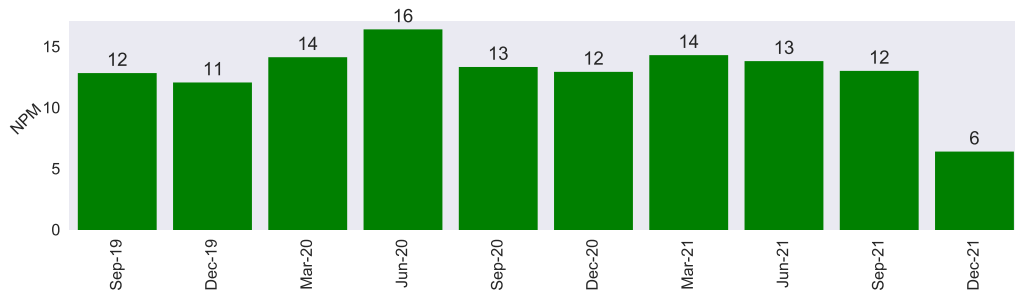
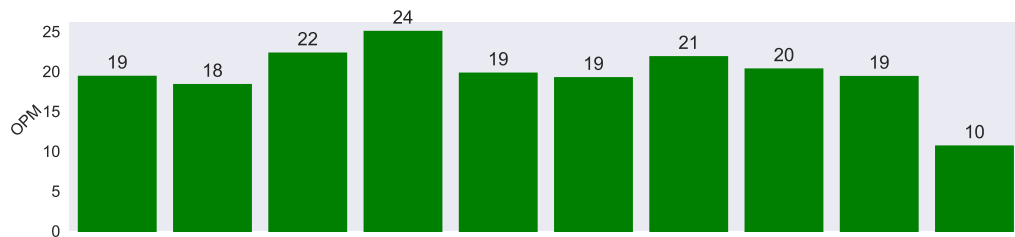
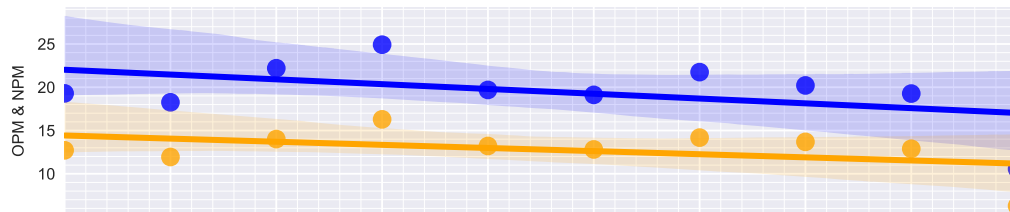


[Min: -12.0, Max: 5.7, Mean: -0.1, Median: -0.2]

QtrResult, CAGR(Income): 3.0, CAGR(Expense): 4.2, CAGR(Profit): -4.8, CORR(PAT-Income): 0.22, CORR(Expense-Income): 0.97



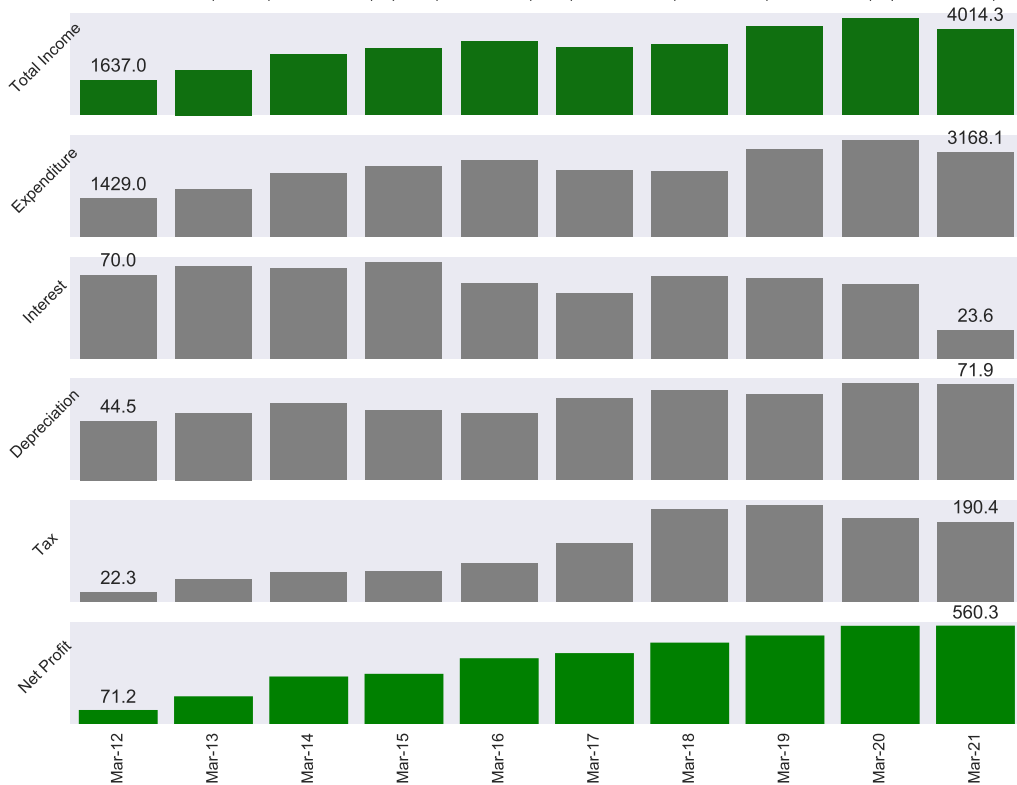
KRBL ,QtrResult-Margins [OPM(Mean): 20, OPM(Median): 19, NPM(Mean): 13, NPM(Median): 13]



KRBL , QtrResult-Margins of total topline income(100%)

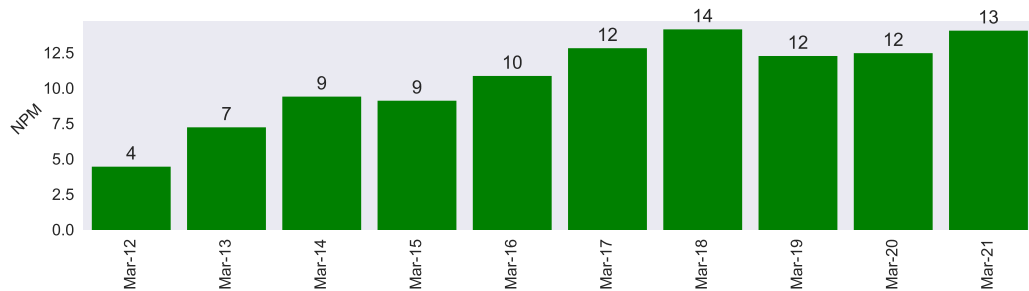
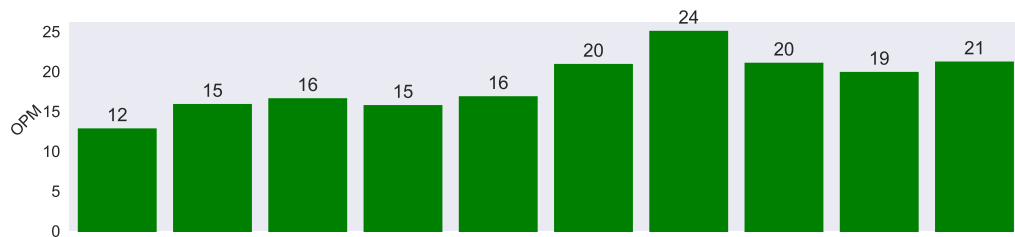
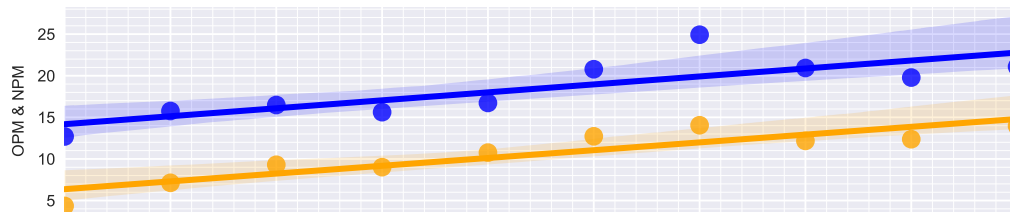


AnnualResult, CAGR(Income): 10.5, CAGR(Expense): 9.2, CAGR(Profit): 25.8, CORR(PAT-Income): 0.96, CORR(Expense-Income): 0.99



[1Y:30, 2Y:28, 3Y:-12, 4Y:-14, 5Y:-8, 6Y:5, 8Y:23, 10Y:29, 12Y:22, Max(20Y):20]

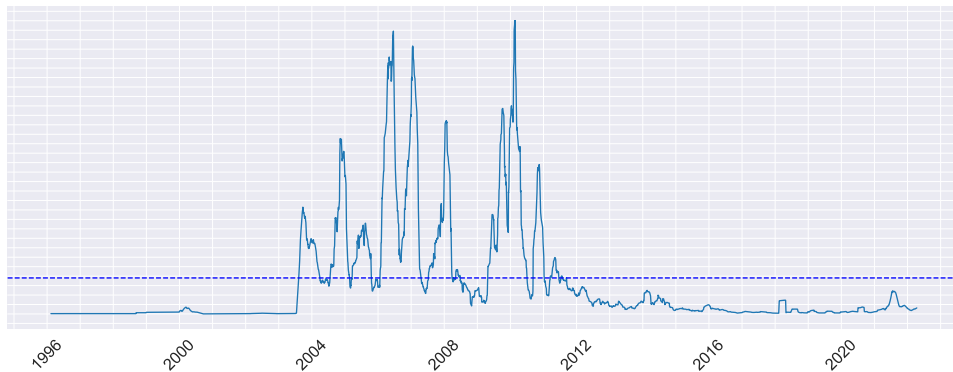
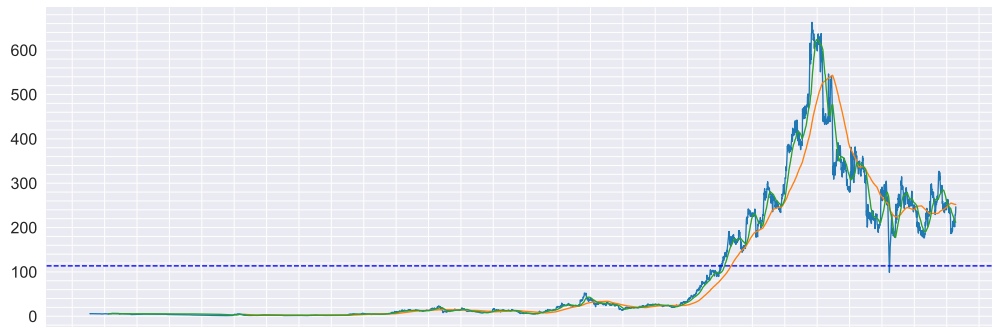
KRBL , YrResult-Margins [OPM(Mean): 18, OPM(Median): 18, NPM(Mean): 11, NPM(Median): 11]



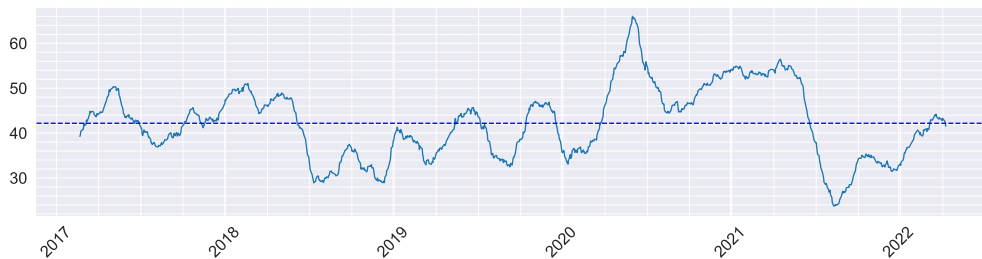
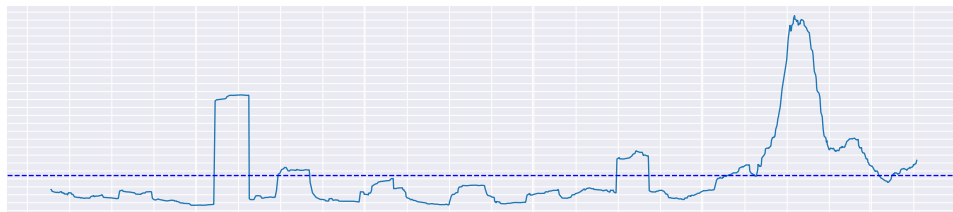
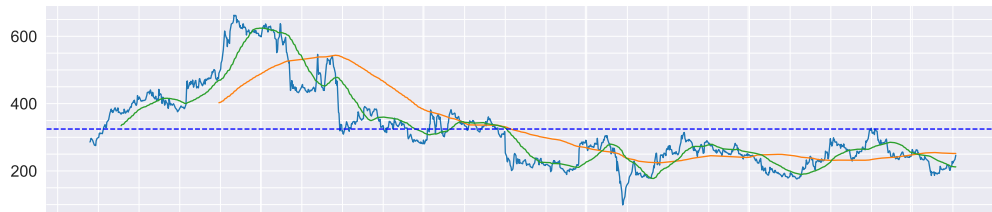
KRBL, YrResult-Margins of total topline income(100%)



[KRBL :LCP:246, Min:1.3, Max:662, STD:148, Avg:113]



[KRBL :LCP:246, Min:99.0, Max:662, STD:117, Avg:324]

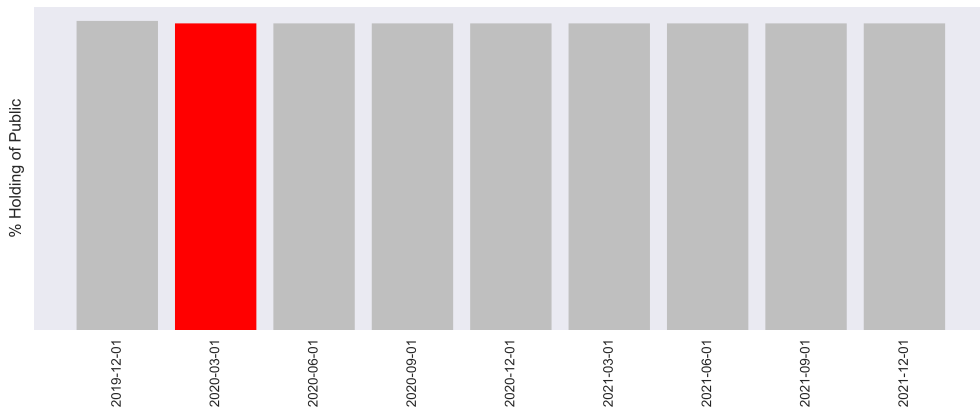
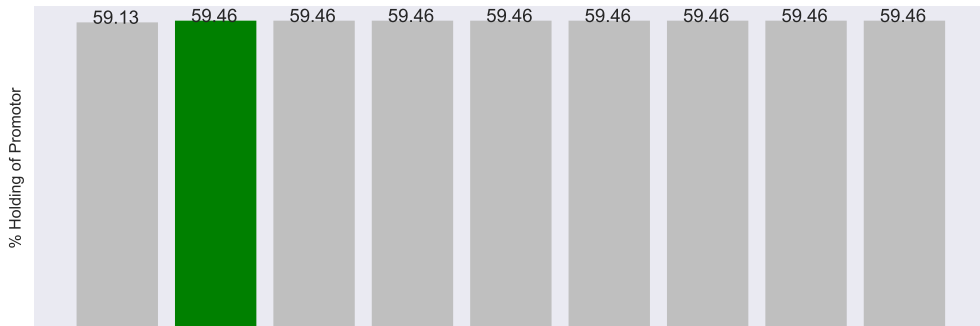


KRBL ,DividendInformation

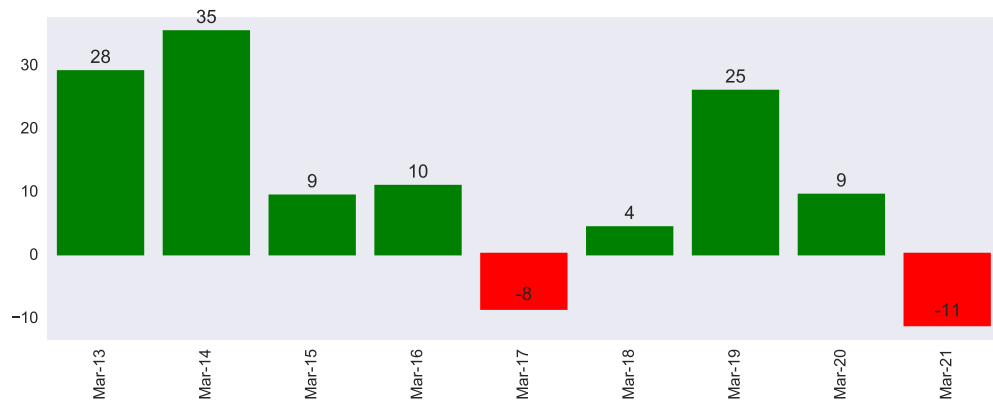
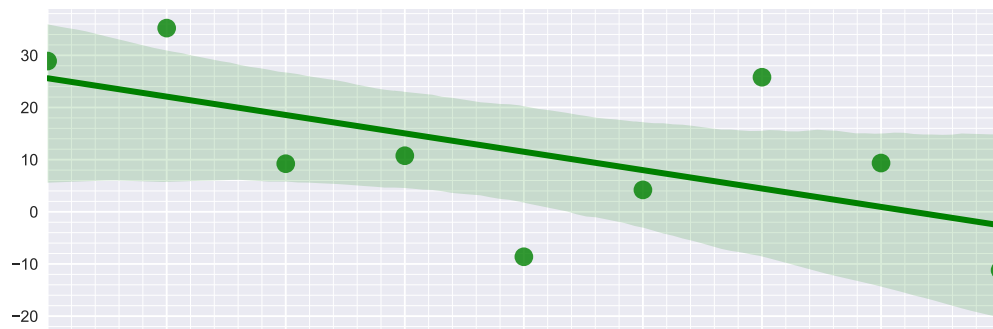
EX Date	Amount	ClosePrice	DividendYield
2021-09-16	3.5	271.35	1.29
2020-03-05	2.8	254.65	1.1
2019-08-28	2.5	221.5	1.13
2018-08-06	2.3	347.0	0.66
2017-09-08	2.1	474.15	0.44
2016-03-17	1.9	211.5	0.9
2015-09-15	1.7	154.6	1.1
2014-08-26	1.2	83.7	1.43
2013-09-05	0.8	24.55	3.26
2012-09-14	0.3	22.7	1.32
2011-09-16	0.3	27.05	1.11
2010-09-14	0.15	33.7	0.45
2010-02-10	0.15	28.8	0.52
2009-09-17	2.0	13.67	14.63
2008-09-19	2.0	11.66	17.15
2007-09-18	2.0	8.04	24.88
2001-09-10	1.6	0.0	0.0

[, MedianDividendYield: 1.1, TotalDividendAmount: 27.3]

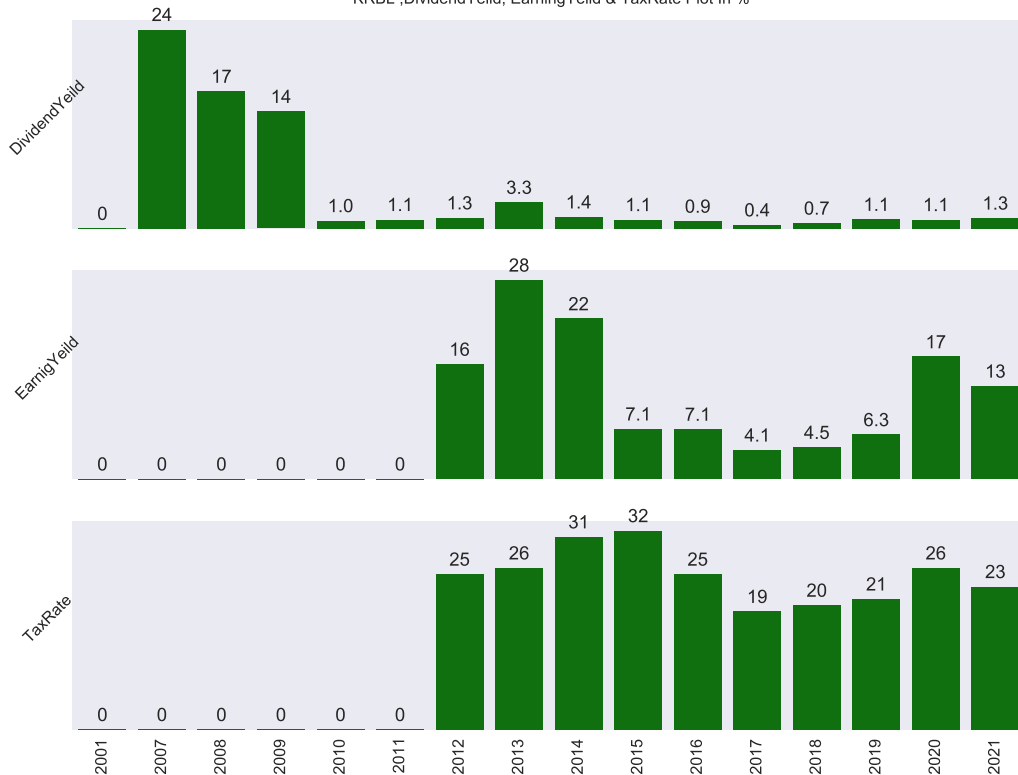
KRBL ,ShareHolding Pattern



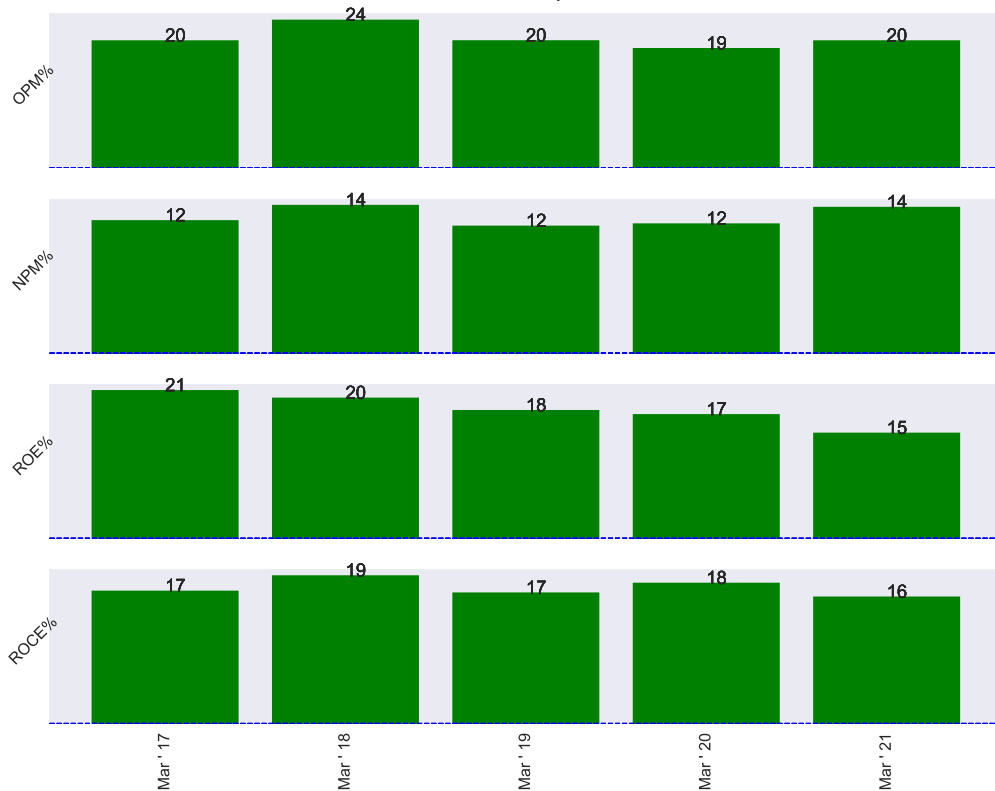
KRBL ,YoY NetIncome Growth%



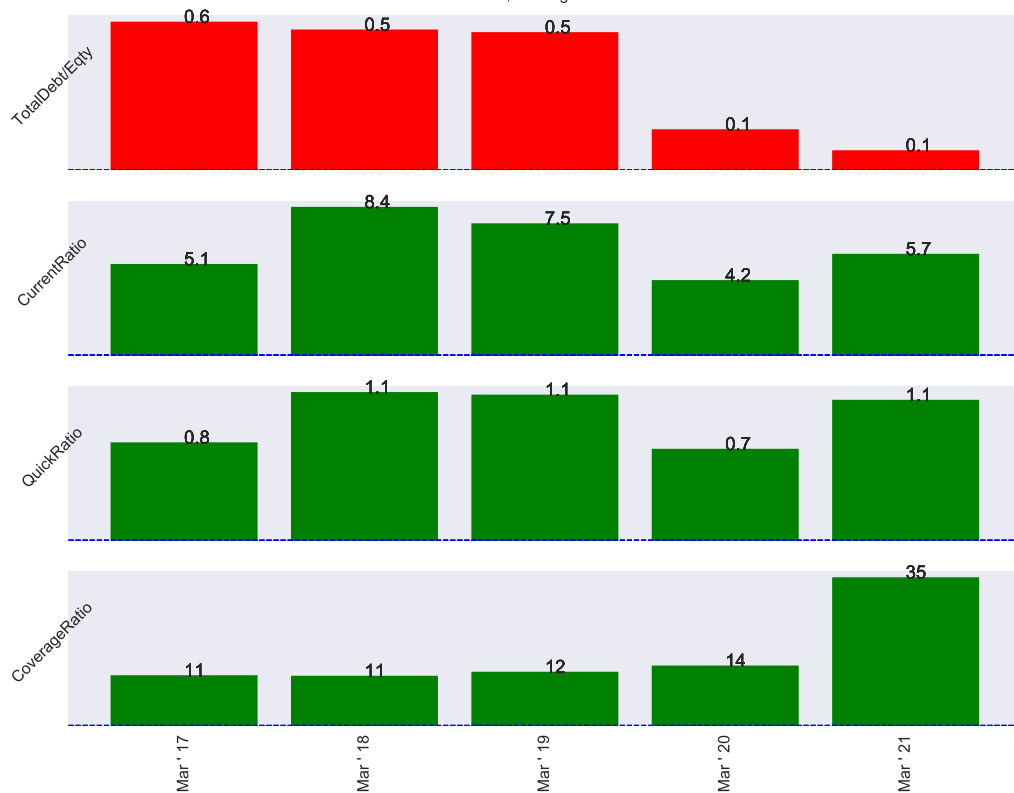
KRBL ,DividendYield, EarningYield & TaxRate Plot In %



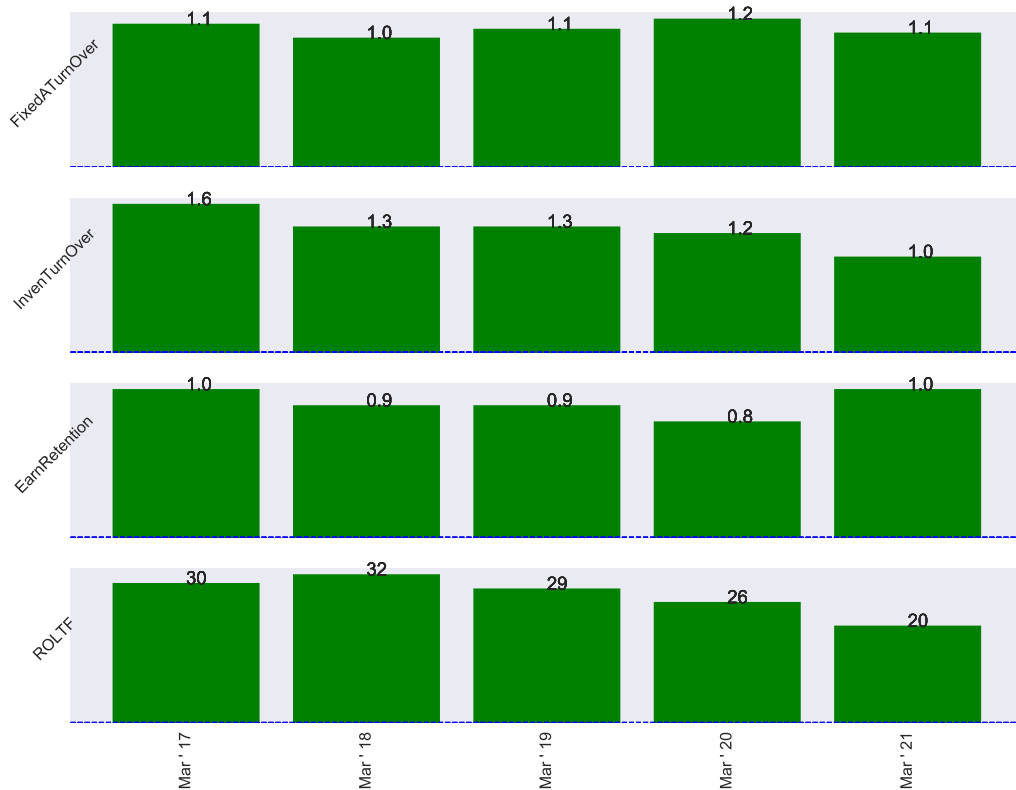
KRBL ,Profitability Ratio's



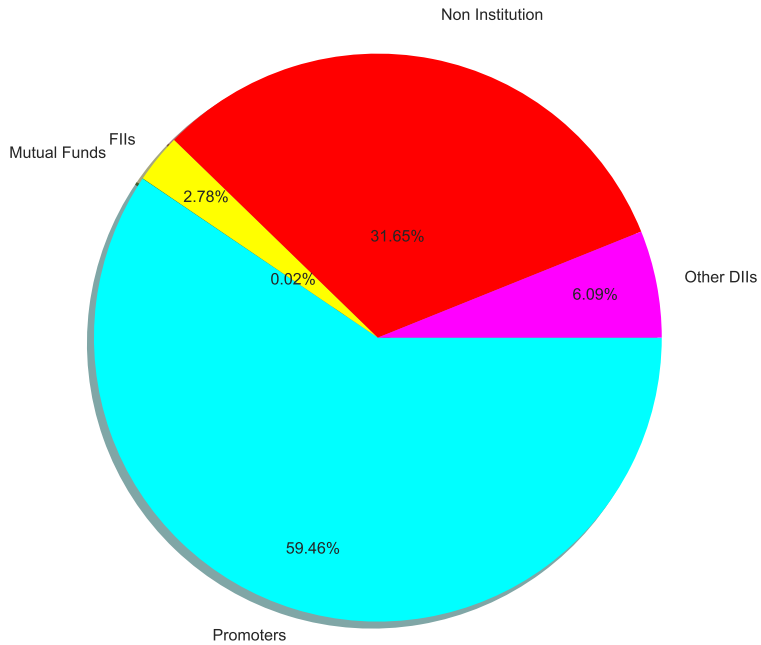
KRBL ,Leverage Ratio's



KRBL ,Operating Ratio's



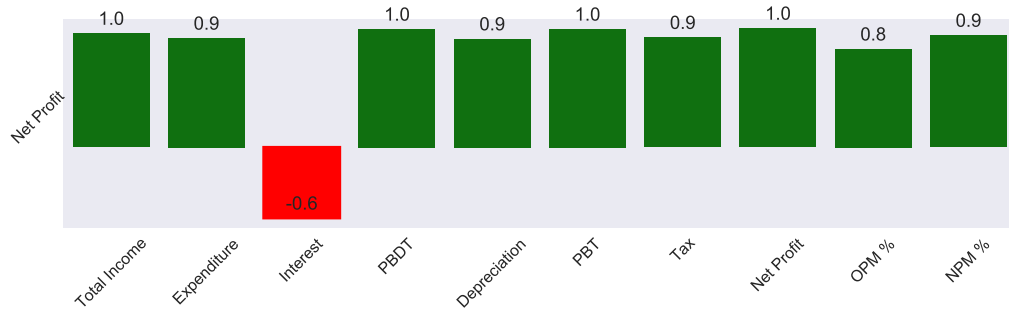
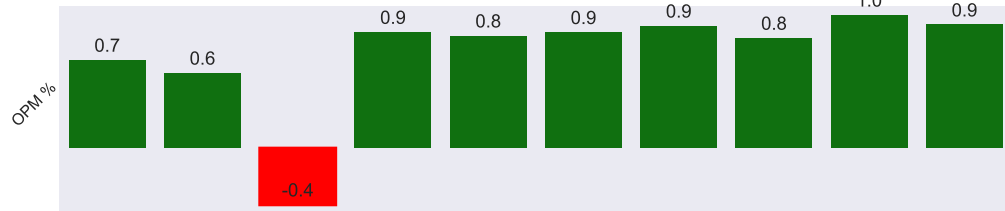
KRBL ,ShareHolder Distribution Information



KRBL ,Significance Shareholders Details

ShareHolders Name	Ownership%
Any Other (specify)	13.15
Individual share capital upto Rs. 2 Lacs	10.78
Overseas Corporate Bodies	9.73
RELIANCE COMMODITIES DMCC	9.73
Individual share capital in excess of Rs. 2 Lacs	7.72
Central Government/ State Government(s)/ President of India	6.09
JOINT DIRECTOR OF ENFORCEMENT, CENTRAL REGION	6.09
Foreign Portfolio Investors	2.78
Anil Kumar Goel	2.76
Bodies Corporate	1.63
Som Nath Aggarwal	1.55
Seema Goel	1.21
Non-Resident Indian (NRI)	0.69
Foreign Nationals	0.47
HUF	0.42
LLP	0.15

KRBL ,Correlation Plot Of AnnualResult Attributes



A full-page background image showing terraced rice fields in a mountainous region. In the foreground, a woman wearing a colorful headscarf and a patterned skirt is seen from behind, carrying a large woven basket on her back. She is walking through a field of tall, golden rice. The terraced fields curve up a hillside towards a body of water in the distance. The text 'MANAGEMENT DISCUSSION AND ANALYSIS' is centered over the middle of the image, flanked by two horizontal white lines.

MANAGEMENT DISCUSSION AND ANALYSIS

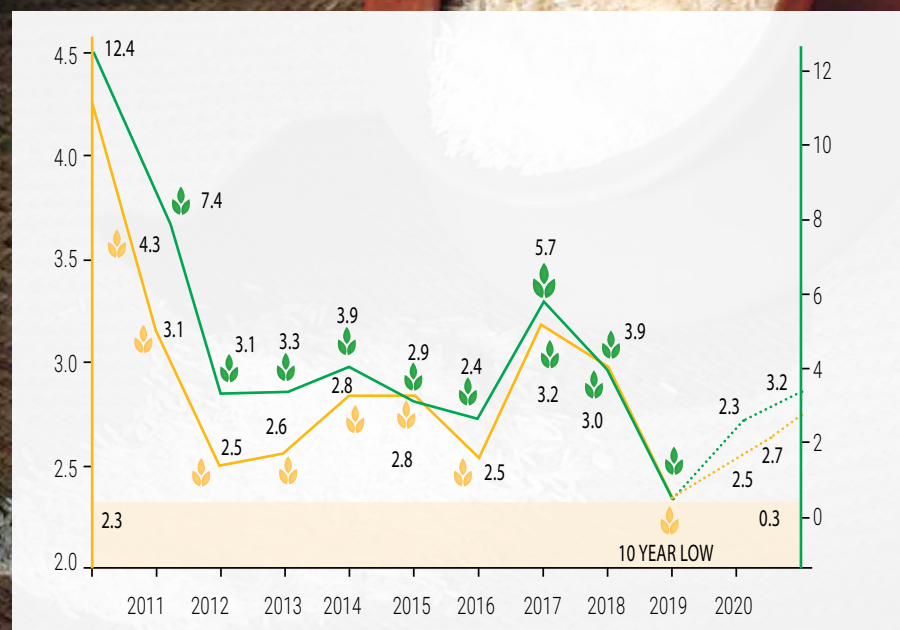
GLOBAL ECONOMY OVERVIEW

Escalating trade tensions, tightening financial conditions, deteriorating risk sentiment, a slowdown in domestic investment, and rising policy uncertainties resulted in weak global economic growth in 2019. Global growth in 2019 recorded its weakest pace since the global financial crisis a decade ago, reflecting common influences across countries and country-specific factors. After growing at around 3.7% in 2018, the global economy saw a steep fall in global economic growth in 2019 and expected to have grown at around 2.3%. Further, average real incomes in one-third of commodity-dependent developing countries, which are home to 870 million people, also hit its lowest level since 2014 which again had its share of impact on the global economy.

The slowdown in GDP growth across developed and developing regions in 2019 was mainly attributed to weakening trade activity and more subdued domestic investment. In tandem with slowing merchandise trade, world industrial production weakened and the Global Manufacturing Purchasing Managers' Index (PMI) fell to its lowest level since 2012. By contrast, private consumption held up relatively well for most countries during the year, supported by firm labour markets and modest inflationary pressures. Further, signs that household spending has started to moderate in several large economies, with consumers becoming less optimistic, also dragged many economies down.

GLOBAL ECONOMIC GROWTH OVER THE YEARS

World GDP, 2010 market exchange rates (Percentage change)



Source: https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/WESP2020_Executive_Summary_E.pdf

World trade in goods and services, 2010 market exchange rates (Percentage change)

In tandem with slowing industrial production, world trade growth has decelerated sharply in 2019. Further, for most of the developed and developing regions, trade growth has not only weakened compared to 2018 but has also fallen well below the average growth rate over the last five years. Alongside recent monetary policy shifts by major central banks, persistent uncertainty surrounding trade actions has induced heightened investor risk aversion and enhanced financial market volatility. In many countries, there were signs that the deterioration in business confidence has started to dent investment growth. Further, signs that household spending has started to moderate in several large economies, with consumers becoming less optimistic, also dragged many economies down.

World industrial production weakened and the Global Manufacturing Purchasing Managers' Index (PMI) fell to its lowest level in 2019 since 2012. By contrast, private consumption held up relatively well for most countries during the year, supported by firm labour markets and modest inflationary pressures.

Outlook

The first quarter of 2020 saw things slowly improving with early signs of stabilization reinforced financial market sentiment already shored up by central bank rate cuts and by rising domestic demand in the emerging nations. But the global outbreak of the pandemic Covid-19

in late March 2020 and the subsequent lockdown proved to be a huge roadblock. The fast-spreading coronavirus, which has directly affected more than 24 million people globally, has led authorities to shut schools and businesses — bringing much of the world's economic activity to a halt.

This is likely to impact the global economic growth severely across the globe, and according to International Monetary Fund the global economy is likely to see a 3% contraction in GDP in 2020 and a partial recovery in 2021. The coronavirus pandemic is set to leave 170 countries with lower GDP per capita by the end of the year but with all major economies coming together to help each other is likely see a revival in the economic activities.



INDIAN ECONOMY OVERVIEW



A key player in the global economy, the Indian economy emerged as one of the fastest-growing economies in early 2018 driven by strong consumption demand and steady growth across some of the major sectors. But 2019 proved to be a difficult year for the Indian economy, where domestic demand slowed down more sharply than expected amid stress in the non-bank financial sector, subdued consumption, increasing unemployment, and a decline in credit growth.

According to the government's first advanced estimate, the Indian economy grew at less than 5% for the fiscal year 2019-20 (FY20) compared to 6.1% recorded in 2018-19. After decelerating for 6 consecutive quarters, India's GDP growth in FY20 sustained a steep fall to estimate an registered a growth of 4.2%, the lowest since FY09 when GDP was 3.1%.

QUARTERLY GROWTH OF THE INDIAN ECONOMY IN FY20



Source: <https://economictimes.indiatimes.com/news/economy/indicators/indias-gdp-growth-in-q4-fy20-sinks-to-11-year-low/articleshow/76099894.cms>

A sub-5% GDP growth was last witnessed in 2013-14. Three of the four quarters of FY20 witnessed a sub-5% GDP growth rate. Before

2012-13, the last time the GDP growth rate had slipped below the 5-per cent mark was in 1984-85 and continued till 1987-88.

Y-O-Y GROWTH OF THE INDIAN ECONOMY

GDP Growth (in %)



Source: <https://economictimes.indiatimes.com/news/economy/indicators/indias-gdp-growth-in-q4-fy20-sinks-to-11-year-low/articleshow/76099894.cms>

Low wages and income inequality resulted in diminishing domestic demand and emerged as the biggest roadblock in India's path for sustainable economic growth. Further, slow growth in rural incomes, domestic demand (as reflected in a sustained fall in sales of automobiles), fall in private investment, and curtailed credit financing from the non-banking financial companies (NBFCs) resulted into further slowing down of the demand. Banks shying away from financing large corporate projects, due to risk aversion

or the lack of new investment demand, resulted in a steep fall in manufacturing and construction activities.

The agriculture and allied sector recorded a growth of just 2.8% in FY20 compared to 6.3% in 2016-17, whereas the industrial sector is estimated to have grown at 2.5% in FY20 compared to 6.9% growth in 2018-19 and the manufacturing sector is estimated to have grown at 2.0% during FY20. One of the core sectors of the Indian economy, the services sector also saw degrowth in

FY20 and recorded a growth rate of 6.9% compared to 7.5% in FY19.

As the economy was on its path of recovery in the last quarter of FY20, the Indian economy faced its greatest economic jolt of recent times with the outbreak of the Coronavirus. Although the true impact of the pandemic outbreak is likely to be observed in FY21, it is quite clear that the economy is likely to go through another difficult year.





Outlook

During the year, the government undertook several decisive measures to boost the Indian economy across different sectors. But the breakout of the Covid-19 pandemic in India in mid-March is likely to have a severe impact on the already slowing Indian economy. The sheer scale of disruption from the phased national lockdown, adopted by the government to contain the outbreak, is unprecedented in Indian history. While the lockdown may have been necessary to limit the spread of

the coronavirus, it resulted in a total stop in almost all the major economic activities in the country and therefore resulting into massive job losses, income loss, and dramatic curtailment of production and infrastructural activities among others. Consumption demand, the bedrock of the Indian economy, also witnessed a steep fall due to the collapse of incomes, and rampant job losses.

Owing to this 2 month long nationwide lockdown, it is expected that the Indian economy is likely to grow at mere

1.8% in FY21 as private consumption is likely to contract due to large-scale loss of income in the face of worsening domestic outbreak of COVID-19. However, the industry experts expect the Indian economy to bounce-back and record a growth rate of 6.6% in FY22, on the back of the assumption that the economic activity is likely to see a gradual pick up in the latter half of FY21 and an uptick in demand in the second half.



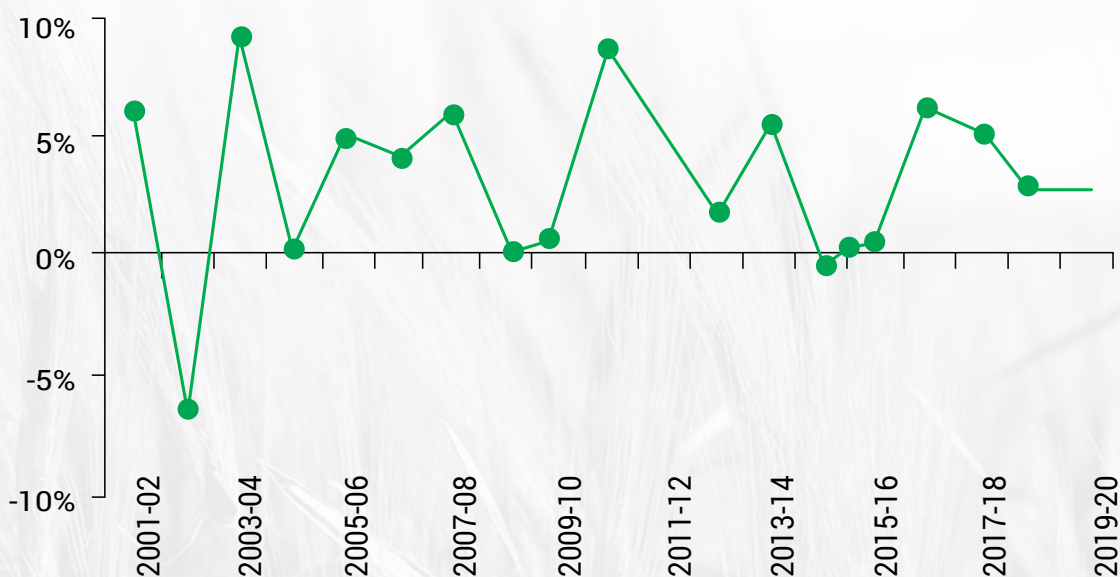


OVERVIEW OF THE INDIAN AGRICULTURE INDUSTRY

A corner stone of the Indian economy, India's agricultural industry along with its allied sectors represents an important component of the Indian economy both in terms of its contribution to the GDP as well as a source of employment to the majority of the country's population, more so in the vast rural areas. More Indians depend directly or indirectly on agriculture for employment than on any other sector.

Eighty percent of India's extremely poor people live in rural areas and most of those are marginal farmers, farm laborers and their families. With the 10th largest arable land resource in the world, India's agriculture industry is marked by 20 agri-climatic regions, 15 major agriculturally favourable climates, and 46 out of the 60 favourable soil types in the world.

YEARLY GROWTH OF THE INDIAN AGRICULTURE SECTOR (IN %)



Source: <https://www.prsindia.org/parliamenttrack/budgets/demand-grants-2020-21-analysis-agriculture-and-farmers%E2%80%99-welfare>

YEAR-ON-YEAR PRODUCTION GROWTH OF MAJOR CROPS (AS PER SECOND ADVANCED ESTIMATE FOR 2019-20)



Source: <http://www.uniindia.com/news/india/record-foodgrains-oilseeds-crops-estimated-in-2019-20/1891875.html> [* in million tonnes (MT)
#FY19 figure is last five years average production including FY19]

Supporting livelihood of more than 50% of the population, India is among the 15 leading exporters of agricultural products in the world and is the largest producer of spices, pulses, milk, tea, cashew, and jute; and the second largest producer of wheat, rice, fruits & vegetables, sugarcane, cotton, and oilseeds.

According to the first advance estimates of the Government of India (GOI), growth in agriculture and allied activities sector in the FY20 is expected to remain subdued and grew at just 2.8%. As per the government's second advance estimates, the total food grain production in India in FY20 is expected to stand at record 291.95 million tonnes which is higher by 6.74 million tonnes than the production of food grain

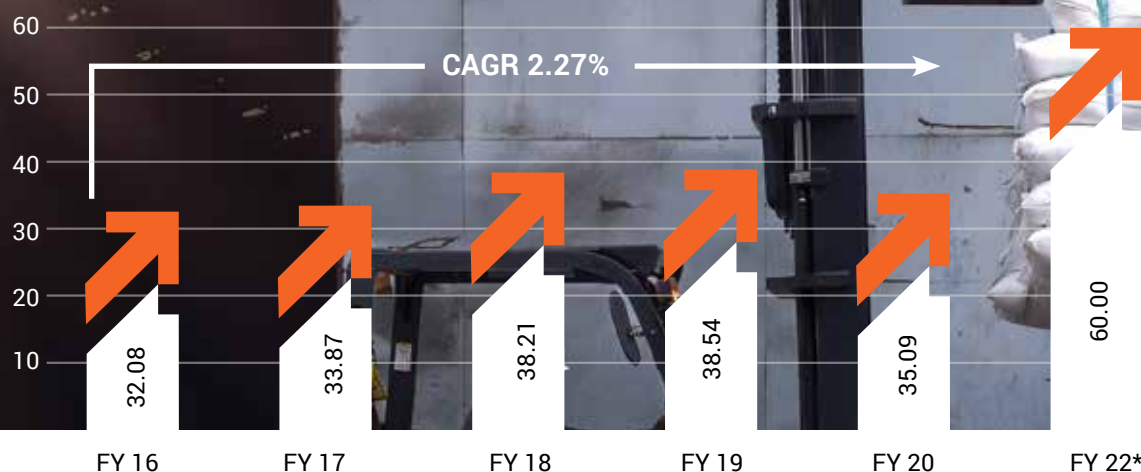
of 285.21 million tonnes achieved in FY19.

Export scenario

India is among the 15 leading exporters of agricultural products in the world. Total agricultural export from India grew at a CAGR of 2.27 % during FY16-20 to reach US\$ 35.09 billion in FY20. The Agriculture Export Policy, 2018 aimed to increase India's agricultural export to ₹ 4,19,340 crores (US\$ 60 billion) by 2022.



AGRICULTURAL EXPORT FROM INDIA (US\$ BILLION)



Source: <https://www.ibef.org/download/Agriculture-and-Allied-Industries-August-2020.pdf>

*Estimated for FY2022

THREE YEAR EXPORT STATEMENT OF APEDA PRODUCTS

(₹ in lacs, Volume in Metric Tonnes)

	2017-18		2018-19		2019-20	
CEREALS	Qty	₹ lacs	Qty	₹ lacs	Qty	₹ lacs
Basmati Rice	40,56,759	26,87,017	44,14,584	32,80,430	44,54,657	31,02,588
Non-Basmati Rice	86,48,489	22,96,782	75,99,674	21,18,528	50,40,708	14,36,466
Wheat	3,22,790	62,437	2,26,225	42,495	2,17,354	43,914
Maize	7,05,514	1,22,846	10,51,856	1,87,251	3,70,066	1,01,930
Other Cereals	1,57,618	37,370	2,25,153	55,424	1,31,417	43,814
Total	1,38,91,169	52,06,452	1,35,17,492	56,84,128	1,02,14,202	47,28,712


Source: <http://www.agriexchange.apeda.gov.in/indexp/exportstatement.aspx>

Major government initiatives for the Agricultural sector (Budget 2020)

The Government revised its allocation for the Pradhan Mantri Kisan Samman Nidhi Yojana (PM-Kisan) and allocated ₹ 1,42,762 crores in 2020-21. Since launch, the PM-Kisan has benefited more than 10 million beneficiary farmers.

The Government of India has come out with the Transport and Marketing Assistance (TMA) scheme to provide financial assistance for transport and marketing of agriculture products in order to boost agriculture exports.

The Government of India is going to provide ₹ 2,000 crores (US\$ 306.29 million) for computerisation of Primary Agricultural Credit Society (PACS) to ensure cooperatives are benefitted through digital technology.



With an aim to boost innovation and entrepreneurship in agriculture, the Government of India is introducing a new AGRI-UDAAN programme to mentor start-ups and to enable them to connect with potential investors.

The Government of India has launched the Pradhan Mantri Krishi Sinchai Yojana (PMKSY) with an investment of ₹ 50,000 crores (US\$ 7.7 billion) aimed at development of irrigation sources for providing a permanent solution from drought.

Further, the government has allocated ₹ 600 crores for promoting farm mechanisation, ₹ 500 crores each for PM-Asha scheme and setting up of 10,000 Farmers Producers Companies (FPOs), while ₹ 220 crores for PM Kisan Samman Nidhi (farmers pension scheme) for the next fiscal.

For agriculture and research development, the government has provided ₹ 8,362.58 crores budget for the 2020-21 fiscal, up from ₹ 7,846.17 crores in the revised estimate.

The government also introduced Pradhan Mantri Gram Sinchai Yojana (PMGSY) which aims to irrigate the field of every farmer and improve water use efficiency to achieve the motto, 'Per Drop More Crop'. Overall, the scheme ensures improved access to irrigation.

Impact of Covid-19 outbreak on the Indian Agriculture sector



The outbreak of the novel coronavirus in India - as part of global pandemic - shut down offices of the gloating services sector and closed factories.

But crops standing in fields kept growing, and farmers continued to tend them. Covid-19 has essentially and largely remained an urban outbreak.

India is likely to clock record food-grain production at almost 300 million tonnes - 298.32 million tonnes to be precise (149.92 MT kharif + 148.4 MT rabi).

So, it can be safely concluded that the way Covid-19 has impacted many other industries, agriculture industry remained relatively less exposed to the pandemic. However, export shutdown and supply chain delays are the key concerns affecting India's agricultural economy. The delay in sowing and harvesting of crops due to the unavailability of products such as seeds, tractors, ancillary support, medicines for crop protection was another area of concern for the agricultural industry.

ADVANTAGE INDIA




~ 1.3 billion consumers,
20% middle class with growing disposable income

World's fastest growing economy;
3rd largest in terms of **purchasing power parity**

127 diverse agro-climatic zones

India's per-capita monthly income is estimated to have risen by **6.8%** in FY20 to **₹ 11,254**, compared to **₹ 10,354** in FY19.



Skilled & unskilled labor available. Edge in cost of production compared to competitors in Asia and the developed world



Strategic geographic location and proximity to **food-importing** regions including Middle East and South East Asia



RICE INDUSTRY OVERVIEW

Global

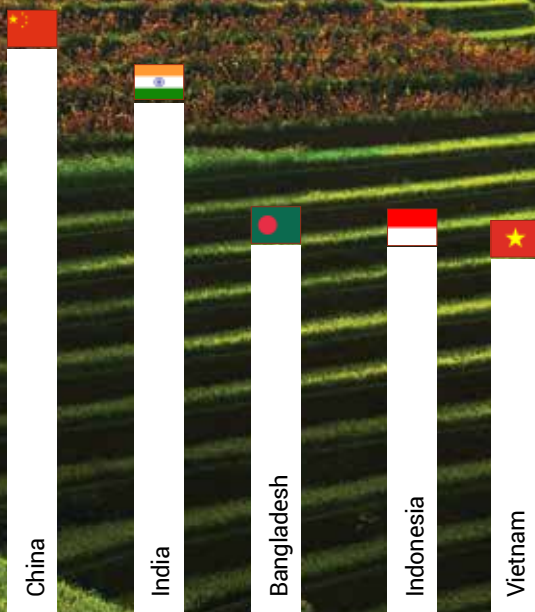
Feeding nearly half of the world's population, rice is the most important food crop and is also the staple food for over half the world's population. With China and India producing nearly 50% of the rice produced across the globe, rice remains one of the most protected food commodities in world trade.

Hovering around record 501.96 million tons, the global rice production in 2020-21 was up by 4.7 million tonnes or 1.65% from the previous year largely owing to better crop production in countries like China and India. China topped the production list with a total production of 149 million metric tons, followed by India and Bangladesh.



TOP 5 RICE PRODUCING NATIONS IN 2020

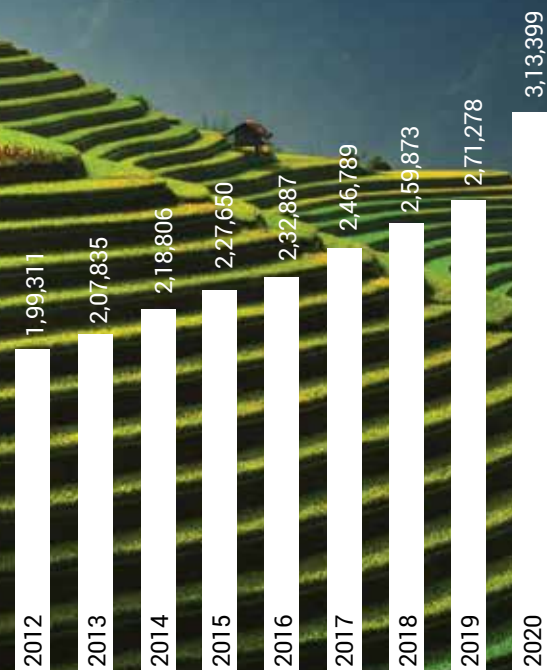
TOP 5 RICE PRODUCING NATIONS



Source: <http://www.worldagriculturalproduction.com/crops/rice.aspx>

YEARLY REVENUE GROWTH OF THE GLOBAL RICE INDUSTRY

In million US\$



Source: https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Grain%20and%20Feed%20Annual_New%20Delhi_India_03-15-2020



In terms of revenue, the total revenue generated during 2020 amounted to US\$ 3,13,399 million compared to US\$ 271,278 million, an increase of 15.52% compared to the previous year.

India

The second-largest rice producer in the world after China, India today produces nearly more than 23% of overall global rice production. Growing at about 4% over the last five years, the Indian rice market is primarily dominated by unorganised players because of the presence of several local players and the easy availability of rice through small retail stores which are also called as Kirana stores.

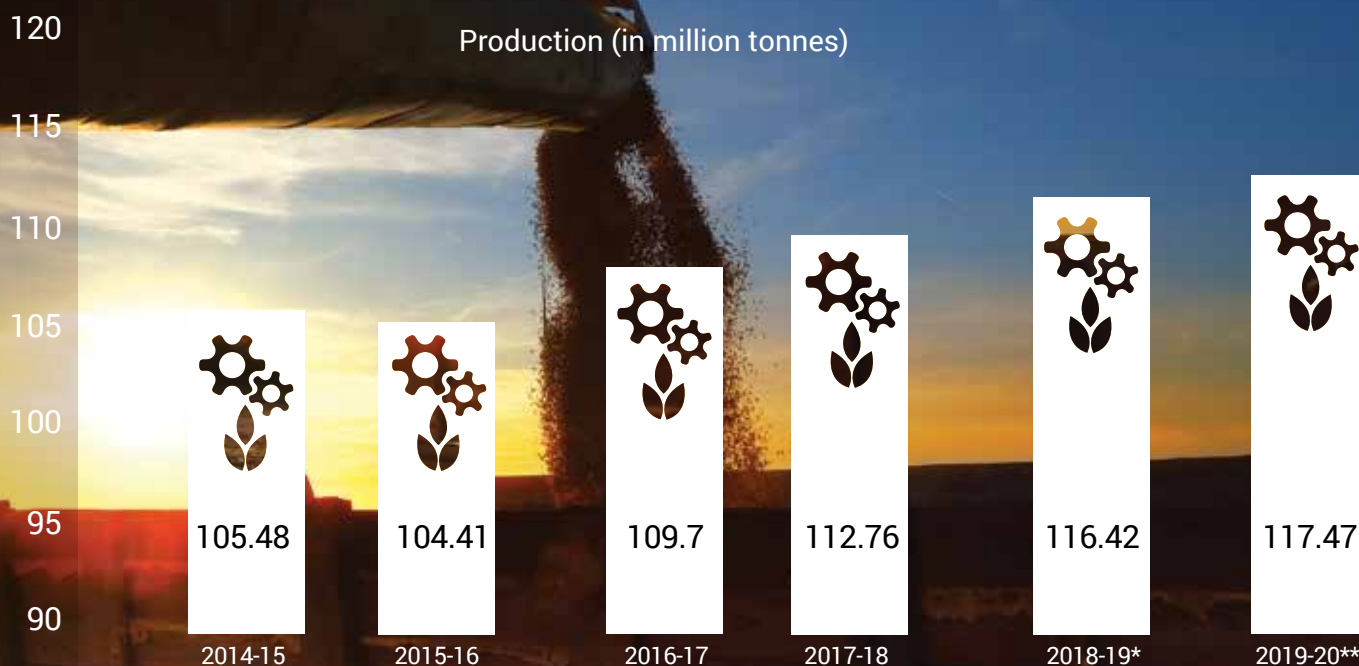
Presently the highest rice producing states in India are Punjab, Andhra Pradesh, Uttar

Pradesh, West Bengal, Tamil Nadu, Bihar, Chhattisgarh and Orissa. Together, they contribute almost 72% of the total area of rice production. India's total rice production during FY20 is estimated to have stood at record 117.47 million tonnes, 9.67 million tonnes higher than the five years' average production of 107.80 million tonnes. Non-basmati rice commands a larger market share compared to basmati rice as the production of basmati rice is limited to only seven states and is considered in the premium rice segment.

Rice is the dominant staple food for about 70-75% of the Indian population. Due to varied consumer preference across regions and population classes, more than 4,000 rice varieties are grown in India.

Since the vast majority (90%) of farmers are small (less than 2 hectares holding), about 45-50% of production is retained by farmers for their own consumption (locally milled) and seed use.

INDIA'S RICE PRODUCTION



Source: https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Grain%20and%20Feed%20Annual_New%20Delhi_India_03-15-2020 [*4th Adv. Estimate; **2nd Advance estimate]

Rice consumption in MY 2019-20 is estimated at 102 million metric tons (MMT), about 3% higher than last year. Surplus domestic supplies and 'more-than-sufficient' government grain (rice and wheat) stocks are likely to drive higher consumption in the next season. Consequently, MY 2020-21 consumption is expected to increase by about 6% to 108 MMT as the government is likely to push more 'subsidized' government rice under PDS and other programs.

MY 2018-19 rice production is estimated at a record 118 MMT from 43.5 MHa, with record yields due to excellent 2019 monsoon rains and generally favorable weather conditions in major growing states. The timely onset of the monsoon in June and sufficient rains through August supported planting of rice

Price trends

Despite the higher MSP, record harvests and weak export demand have kept MY 2019-20 domestic prices steady since the beginning of the farming season. Prices may potentially respond positively to growing export demand, and international price movements on the positive side is expected during the balance of MY 2019-20.

Rice export trends

India has been the world's leading rice exporter since the GOI removed the export ban on coarse grain rice in 2011 and commands for more than 25% share in global markets. However, according to the industry experts, India's rice exports is expected to witness a fall of around 18-20% in the current fiscal, due to heightened geopolitical tensions in the Middle East and tighter trade norms.

Increases in MSP have influenced domestic prices coupled with the relatively stable value of the Indian rupee compared to other currencies has impacted export demand for rice since the 2nd quarter of calendar year 2019.

In the current MY 2019-20 season, the total export is expected to be around 10.5 MMT, reflecting relatively weak export demand for non-basmati rice - particularly in the first quarter (Oct-Dec 2020). Despite the different negative impacts, total rice exports in the MY 2020-21 is expected to hover around 12 MMT (7.5 MMT Coarse rice and 4.5 MMT basmati rice) compared to estimated 10.5 MMT the previous year.

Indian Basmati rice industry

Exclusively grown in the northern Indian states of Punjab, Haryana, West Uttar Pradesh, Uttarakhand, and Himachal Pradesh, India is a renowned exporter of the globally popular long-grain aromatic basmati rice. The high yielding PUSA basmati 1121 variety introduced in 2003, and the shorter duration semi-dwarf PUSA basmati 1509 variety introduced in 2013, have supported strong growth in basmati rice production.

Accounting for nearly 70% of the world's basmati rice production, India is the largest producer of basmati rice followed by Pakistan. Grown only once a year in the Indo-Gangetic plain, basmati rice is considered the finest variety of rice produced in India. Accounting for ~2.1% of the Global rice industry, the global basmati rice industry is valued at around US\$ 5.8 billion. Global basmati rice consumption market is led by Middle East countries, accounting for about 27.08% of global consumption of basmati rice.

According to APEDA, with normal monsoon and weather conditions prevailing in India, MY 2020-21 basmati rice production is expected to clock 9.8 MMT from 2.0 MHa compared to 9.2 MMT from 1.9 MHa last year. Further, owing to strong export demand, basmati rice prices in MY 2019-20 have increased 10-15% compared to last year, supporting farmers' overall returns from the crop.

Basmati rice export scenario

After touching highest ever export in 2018-19, the Indian basmati rice industry faced some headwinds in FY20 owing to a number of external socio-economic factors and the outbreak of Covid-19.

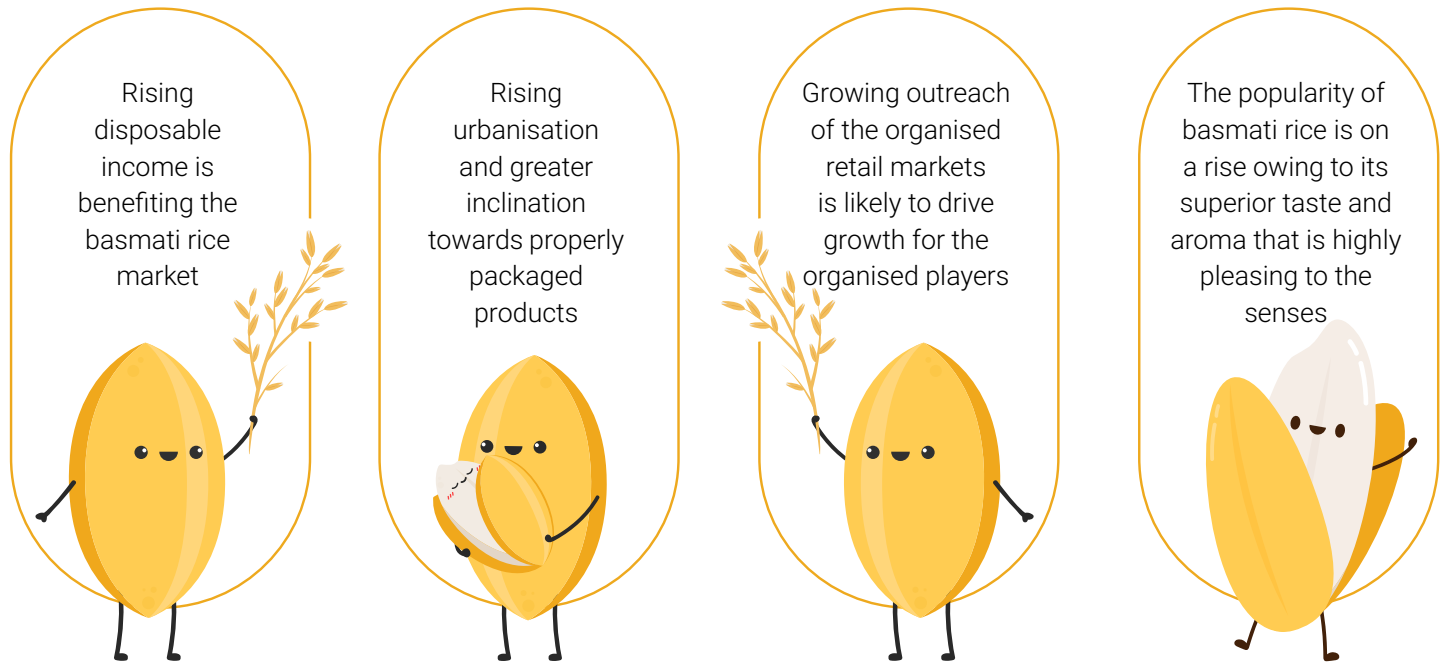
India exports basmati rice to more than 90 countries. Gross exports of basmati rice from India in terms of volume is expected to hover around 4.4 million tonnes in FY20, at par with FY 19. However, in terms of value, the total basmati shipments stood at US\$ 3,398 million for the April-January 2019-20 compared to US\$ 4,712 million in 2018-19.

But, since the outbreak of the pandemic Covid-19, India's basmati rice exports have halved to 2 lacs tonnes per month on a shortage of cargo containers at the ports. Further, the sudden sharp increase of about 30% in freight rates of shipping containers can also prove to be a cause of concern for the Indian basmati rice exporters.

Despite pandemic challenges in the short-term, the outlook for the Indian basmati rice industry remains stable. In the medium term, demand prospects from key destinations such as Iran and Saudi Arabia will play a significant role and determine



GROWTH DRIVER FOR THE INDIAN BASMATI RICE INDUSTRY



trade prospects. Availability of a secure payment mechanism for exports to Iran, easing/ removal of sanctions by the US and response to pandemic in the destination country would be the factors underscoring the basmati rice trade.

of rice-based dishes, which contain low rice, meat, sauces and dried fruits. Therefore, the India basmati industry is likely to sustain its growth momentum and is expected to grow at a CAGR of 6% over the next five years till 2025.

But with the outbreak of COVID-19, the industry is likely to see a dip in the growth rate for the major part of 2020 and in 1st half of 2021. Post that the industry is likely to pick up momentum again and is likely to get back to its growth track again.

Exports of long grain basmati rice have remained steady to traditional markets, including Iran, the Middle East, and Europe. Provisional official estimates for rice exports in the first quarter of MY 2019-20 are estimated at 2.04 MMT, compared to 2.63 MMT during the same period last year.

Outlook

Basmati rice enjoys an excellent position among all the other rice varieties in the world market due to its delicious taste and distinctive flavor. Rice is an important part of Middle Eastern cuisine and also is considered a staple in many countries. Basmati rice is extensively used in a number





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& minerals with India Gate Brown Rice.

We are doing so much to boost our immunity and stay healthy during this time. Right from gulping pills to Kadhas, we are making healthy choices. But who said health and immunity can't be found in your favourite rice dishes?

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COMPANY OVERVIEW

KRBL Limited is one of the most prominent players in India's organized branded rice products business. Founded in 1889, KRBL Limited today is the nation's oldest integrated rice manufacturing company and also have captive power generation capacities. With the largest milling capacity in the world, KRBL's milling plants are located in Punjab and Uttar Pradesh which strategically cover the northernmost and southernmost tip of basmati land. Further the Company has in place state-of-the-art grading and polishing stations which are supported by a strong and well-spread procurement network across Punjab, Haryana and Uttar Pradesh. This enables the Company in handling gigantic proportions of paddy in the short harvesting period of basmati. With a presence across the entire value-chain of the rice industry, KRBL Limited today has emerged as a brand name in itself, evoking enormous respect and recognition among the other players in the industry.

With a strong commitment towards quality, the Company has in place a special state-of-the-art research and development (R&D) unit. The R&D unit brings together a team of experienced rice professionals including farmers with an aim to blend a wealth of traditional knowledge with modern know-how and technology to improve pre & post harvesting



techniques. The key objective of the R&D unit is to boost quality, improve head rice yields and lower costs. Our research efforts have a direct bearing on our success in developing new seed varieties and our ability to source and adapt the world's frontline rice making technologies to conditions prevailing in India.

Today, KRBL's flagship brand India Gate is synonymous to the best quality basmati Rice and has emerged as the most preferred packaged rice brand in India and abroad. With a strong presence and an impressive market share, the India Gate brand is recognized both in India and abroad. It has earned respect and patronage amongst consumers and retailers over the years and today it is a matter of pride to be the preferred brand amongst global households.

One of KRBL's proudest moment came in FY19, when the Company was featured on globally renowned Discovery Channel's flagship series Inside Out in an episode named 'God of Grains' depicting the entire journey of basmati rice from farms of India to the plates of unlimited cuisines across the world and the role played by KRBL in popularising the basmati rice variety across the globe.

The power division of the company comprises of wind turbines, solar power plants and husk-based power plants located across 7 states of India.



INSTALLED POWER GENERATION CAPACITY	
PARTICULARS	2019-20
Total Wind power project capacity#	112.25 MW
Total Solar power project capacity	15.00 MW
Total Biomass capacity	17.59 MW

POWER GENERATED		
DETAILS OF PROJECT	DETAILS OF UNITS GENERATED	
	2019-20	2018-19
(A) WIND		
Maharashtra		
Dhule	1,68,98,984	1,89,53,268
Sangli#	4,16,72,272	3,84,21,679
Tamil Nadu		
Tirupur	1,04,11,288	1,18,76,098
Tirunelveli	30,42,217	2,914,432
Karnataka		
Raichur & Koppal	2,16,64,815	2,29,06,389
Bellary	42,84,784	4,468,932
Rajasthan		
Jodhpur (Ratan Ka Bas)	97,09,475	1,01,82,737
Jaisalmer	30,88,380	30,83,634
Jodhpur (Rathkuriya)	53,61,204	59,10,624
Andhra Pradesh		
Kaddappa	41,51,329	47,98,664
Anantapuram	1,62,36,565	1,73,20,659
Madhya Pradesh		
Agar-Malwa	99,42,555	1,18,94,254
Mandsaur	79,43,641	89,62,121
Gujarat		
Devbhoomi Dwarka	7,78,80,723	7,77,78,007
SUB TOTAL (A)	23,22,88,232	23,94,51,905
(B) SOLAR		
Madhya Pradesh		
Rajgarh	38,80,513	40,71,360
Agar-Malwa (Susner)	1,01,64,838	1,10,93,848
Agar-Malwa (Rohjani)	87,24,226	94,19,467
Sehore	3,49,959	3,75,049
SUB TOTAL (B)	2,31,19,536	2,49,59,724
TOTAL (A+B)	25,54,07,768	26,44,11,629

#The Company during the year has sold one of its wind turbine generator and corresponding land (pending registration as at the reporting date) since the power purchase agreement for the same was not executed due to technical difficulties.

POWER BUSINESS		
PLANT LOCATION	FUNCTION	INSTALLED CAPACITY (MW)
Dhuri	Biomass	12.34
Gautam Budh Nagar	Biomass	5.25
SUB-TOTAL (A)	BIOMASS	17.59
Maharashtra	Wind	31.40
Rajasthan	Wind	11.85
Tamil Nadu	Wind	8.10
Karnataka	Wind	11.10
Andhra Pradesh	Wind	10.50
Madhya Pradesh	Wind	12.00
Gujarat	Wind	27.30
SUB-TOTAL (B)	WIND	112.25
Madhya Pradesh	Solar	15.00
SUB-TOTAL (C)	SOLAR	15.00
TOTAL (A+B+C)	BIOMASS / WIND / SOLAR	144.84





FINANCIAL REVIEW

ANALYSIS OF THE PROFIT AND LOSS STATEMENT

Revenues

Revenues from operations during 2019-20 was ₹ 4,499 crores against ₹ 4,120 crores in 2018-19. Revenue from operations increased by 9% during the year, largely owing to enhanced sales. Other incomes of the Company in 2019-20 was ₹ 22 crores compared to ₹ 15 crores in 2018-19 which is just 0.5% share of the Company's revenues reflecting the Company's focus on its core business operations.

Expenses

Total expenses of the Company increased proportionately by 11% from ₹ 3,401 crores in 2018-19 to ₹ 3,762 crores in 2019-20, as the cost of raw material consumed was higher by 11% as compared to same period last year.

Profitability

Company's EBITDA increased to ₹ 894 crores in 2019-20 compared to ₹ 865 crores in 2018-19. Net profit for the year stood at ₹ 559 crores compared to ₹ 503 crores in the previous year and the same grew by 11% during the year, largely owing to higher realisation in the domestic and international market. Operating profit margin for the year stood at 18%, whereas net profit margin stood at 12%.

ANALYSIS OF THE BALANCE SHEET

Sources of funds

- The net worth of the Company increased by 15% from ₹ 2,717 crores as on 31 March 2019 to ₹ 3,119 crores as on 31 March 2020 owing to increase in reserves and surplus. The Company's equity share capital comprising 23,53,89,892 equity shares of ₹ 1 each, remained unchanged during the year under review.
- The capital employed of the Company stood at ₹ 3,615 crores as on 31 March 2020 as compared to ₹ 4,145 crores as on 31 March 2019. The Company garnered RoCE of 23% in FY20 compared to 19% in FY19.

- The total debt of the Company as on 31 March 2020 came down by 65% from ₹ 1,428 crores to ₹ 496 crores. The debt equity ratio of the Company improved by 71% from 0.52 to 0.15 as on 31 March 2020.

Applications of funds

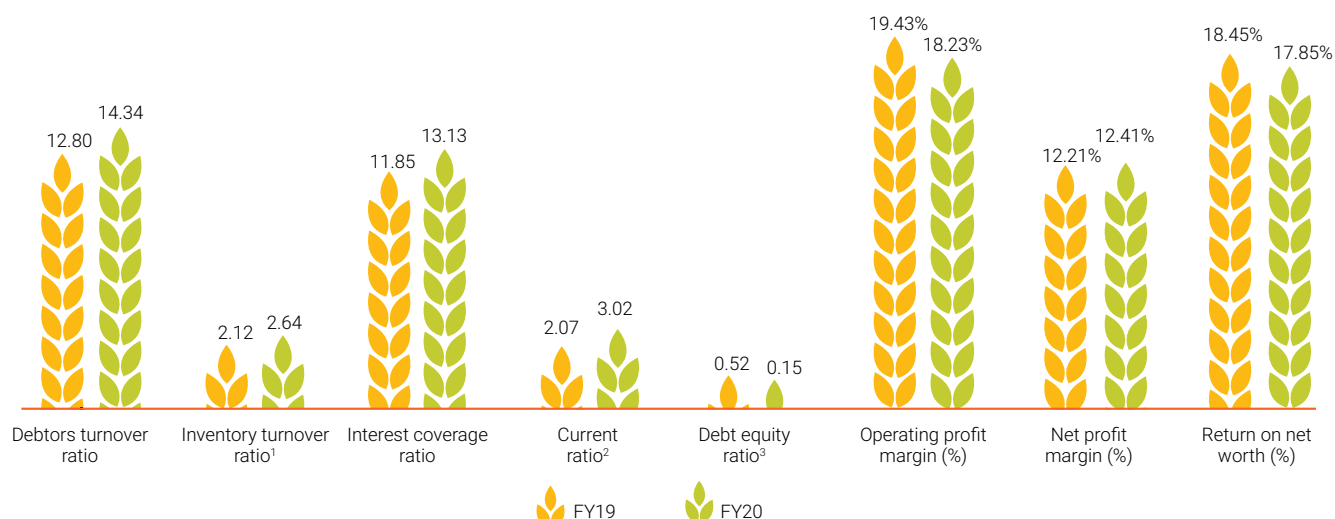
During the year Company made a positive net cash flow from operating activities of ₹ 1,212 crores as compared to the negative cash flow of ₹ 115 crores, in the same period last year. This has been possible mainly on account of Internal Accruals, decrease in Inventory and decrease in Trade receivables.

Working capital management

The current ratio of the Company improved by 45% during the year, from 3.02 to 2.07, owing to the fact that the current liabilities declined by more than ₹ 270 crores as compared to the current assets. The current assets of the Company stand at ₹ 3,171 crores as on 31 March 2020.



KEY FINANCIAL RATIOS*



*Based on Consolidated Financials.

1. Since our Paddy Basmati Season is from October to December every year, the closing inventory as on 30 September has been considered for calculating Inventory turnover ratio.
2. The current ratio of the Company improved by 45% during the year, from 2.07 to 3.02 as on 31 March 2020, owing to the fact that the current liabilities declined by more than ₹ 270 crores as compared to the current assets.
3. The debt equity ratio of the Company improved by 71% from 0.52 to 0.15 as on 31 March 2020. The reason being, the total debt of the Company as on 31 March 2020 came down from ₹ 1,428 crores to ₹ 496 crores and total equity of the company increased from ₹ 2,727 crores to ₹ 3,128 crores.

Apart from current ratio and debt equity ratio as explained above, there is no significant change (i.e. change of 25% or more as compared to the immediately previous financial year) in the above mentioned key financial ratios.

FORMULA USED FOR CALCULATION OF THE RATIOS

Debtors turnover ratio	Net sales/Average of opening and closing trade receivables
Inventory turnover ratio	Net sales/Average of opening and closing inventories
Interest coverage ratio	Profit before interest, taxes/Finance costs
Current ratio	Current assets/Current liabilities
Debt equity ratio (including financial liabilities)	Debt (Net of cash and cash equivalent and investment in liquid funds)/Equity
Operating profit margin (%)	Profit before interest, taxes and exceptional items/Net sales
Net profit margin (%)	Profit after tax/Net sales
Return on net worth (%)	Profit after tax/Equity

KRBL'S SWOT ANALYSIS

Strengths

SUCCESSFUL HERITAGE: KRBL has been instrumental in developing the basmati industry in India since its inception several decades ago. Its rich history and deep association with the agri-industry also forms the foundation of its assured bright future.



CAPABLE STEWARDSHIP: Leveraging domain experience and professional capability of its team the leadership of the Company continues to steer the business to greater heights across market cycles.



RESPECTED RESEARCH PROWESS: Combining advanced infrastructure and rich scientific talent, KRBL is responsible for developing some of the leading varieties for rice, which offer best of attributes to the grain as preferred by customers. The laboratory set up is also responsible for driving novel products to cater to emergent consumer demands.



WORLD-CLASS INFRASTRUCTURE: A complete command over the value-chain for basmati has guaranteed customer delight and loyalty each time they try any of the Company's brands. The Company distinguishes itself as both the biggest exporter of basmati as well as the largest miller of Rice in the world.



FARMLAND RELATIONSHIPS: One of the founding objectives of KRBL is to work towards the upliftment of the farmers. A mission that has resulted in valuable relationships with farmers. The Company is always engaged in building them up holistically through regular transfer of latest knowledge and rendering assistance in being a successful farmer.



WORLDWIDE REACH: The entire portfolio of brands enjoys prominence across each distribution channel be it local kirana, modern retail or e-commerce platforms. The Company's products are extensively available all across the globe with India Gate, its crown jewel in brands finding reach to over 82 nations across 6 continents.

Weaknesses



DEPENDENCY ON FAVOURABLE CLIMATIC CONDITIONS: Besides the quality of the foundational seed itself the cultivation of basmati closely depends on the vagaries of the weather. Any inclemency can upset the potential sales of the brand. Simultaneously the crop needs to be safeguarded round the clock against pathogens in order to ensure consistency of output to meet KRBL's annual requirements dedicatedly.



QUALITY COMES AT A PRICE: Upon procurement even best quality paddy needs to be stored and aged safely before it can be elevated to the status of a brand. Higher incidence of working capital is thus an industry norm.



PERILS OF FOOD BUSINESS: Being an agri-commodity paddy too is a victim of seasonality. Any sudden variability in its micro-economics can cascade into loss either for the farmer or to the Company.

Opportunities



FEATURE OF MODERN LIVING: As affluence rises consumers are naturally tuned to opt for branded and packaged products, even in traditionally non-discretionary categories such as rice, cereals, masalas, and milk etc. Higher incomes translate to higher proportion of branded products in household kitchens.

The assurance of quality and taste locks customers into their favoured brand, sometimes across generations. The Covid-19 pandemic is likely to accelerate this trend. Nuclear families and higher proportion of working women too will fuel this trend from the vantage of better convenience.





WORLDWIDE ACCEPTABILITY: Basmati is un-disputedly the king of grains, given its associations with being the best, it finds natural uptake across nations and especially in the Middle East where rice preparations are part of the culture. Higher usage of Rice as a staple diet again dovetails into higher consumption of basmati.



NOT JUST AN URBAN PHENOMENON: The propensity of Bharat to afford premium and packaged products is expanding rapidly. Small-town/rural India offers a ready twin platform for growth to modern food companies.

Threats



LOST IN LOOSE: The traditional purchase of grains by households is predominantly from the loose market. The unorganized players typically enjoy lower overheads and are content with lower margins. Furthermore, exclusion from the ambit of formal indirect taxation means these outfits can milk pricing as a lever eschewing quality and reputation altogether.



REVERSAL OF GLOBALIZATION: Continuing trade wars and the CoVID-19 pandemic both are likely to significantly lower global

trade and resultantly international sales. Being a daily staple basmati though could be less impacted.



THE GI INDICATION: Basmati enjoys Geographical Indication both in India and our neighboring Pakistan. Although unlikely any step up in output from them can potentially alter India's position in the market.






RESEARCH AND DEVELOPMENT

Realising that research and development is a key enabler of growth, KRBL embarked on the path of developing an in-house research and development department. Over the years the department has ensured, through new product development and launches, KRBL continuously kept addressing the changing needs of its wider customer base. Further new product launches contributed to the efficiency and sustainability of product portfolio and improves profitability.

Known today for pioneering several cropping methodologies and harvesting techniques, KRBL's R&D team over the years have enormously helped the farmers to enhance their yield. Collaborating with some of the renowned agricultural academic/research institutions of the nation, the core focus of KRBL's R&D unit is to develop new basmati seed varieties which are of superior quality. With a keen eye on continuously upgrading



the seed quality, KRBL's R&D team works closely with the Indian Agriculture Research Institute (IARI), New Delhi to develop new and improved seed varieties.

KRBL has been collaborating on varied fronts with research institutes such as – NIFTEM (National Institute of Food Technology, Entrepreneurship and Management) for conducting research and product development and is focused on unleashing the full potential by moving towards sustainable accelerated growth with a vision to have small inputs converting to larger differences.

Pioneer

KRBL pioneered the development and use of premium PUSA 1121 basmati seed variety. This variety is considered superior than the Pakistan basmati seed variant.



CERTIFICATIONS ENDORSING KRBL'S QUALITY QUOTIENT

FSSC



Issued by Intertek, an internationally recognized certification which confirms that the organizations food safety management system is in conformance with the scheme requirements and that the organization is able to maintain compliance with these requirements thus, establishing high end quality and safety attributes of the products.

by retailers, brand owners, and food service providers world-wide. This rigorous farm-to-fork food safety and quality certification also helps food producers assure their buyers that their food products meet the highest possible global food safety standards.

USFDA

Registered.

Halal Product Certification



Issued by Halal Certification Services India Pvt. Ltd. Having a halal certification ensures that the food product is deemed safe for consumption.

BRC Certification



Issued by Eurofins. BRCGS is a leading brand and consumer protection organization, used by over 29,000 certificated suppliers over 130 countries, with certification issued through a global network of accredited certification bodies. BRCGS' Standards guarantee the standardization of quality, safety and operational criteria and ensure that manufacturers fulfill their legal obligations and provide protection for the end consumer. It promotes building a more coherent food safety culture within the organization and a food safety ecosystem as a whole.

SQF Food Safety Code for Manufacturing Edition 8.1



Issued by Intertek. Safe Quality Food (SQF) Program is a rigorous and credible food safety and quality program that is recognized

