



BEAUTIFUL
BASMATI
AND OUR PURSUIT.



REI AGRO LIMITED

Annual Report 2009-10



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Disclaimer

In this Annual Report we have disclosed forward-looking statements 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 plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', '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 realised, although we believe we have been prudent in our 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. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Sanjay Jhunjhunwala	Chairman
Shri Sandip Jhunjhunwala	Vice Chairman cum Managing Director
Dr. ING N. K. Gupta	} Independent Non-Executive Directors
Shri A. Chatterjee	
Shri K. D. Ghosh	

COMPANY SECRETARY cum COMPLIANCE OFFICER

Shri Mandan Mishra

REGISTERED OFFICE

“ Everest House”
46C, Chowringhee Road,
15th floor, Room No. 15-B
Kolkata - 700071

CORPORATE OFFICE

58A/1, Sainik Farm,
New Delhi - 110062

AUDITORS

P. K. Lilha & Co.
Chartered Accountants

INTERNAL AUDITORS

S. Jaykishan
Chartered Accountants

PRINCIPAL BANKERS

UCO Bank
IDBI Bank Limited
Indian Overseas Bank
Corporation Bank
Allahabad Bank
State Bank of Bikaner & Jaipur
United Bank of India
Axis Bank
INDUSIND Bank
Dena Bank
Canara Bank
State Bank of Patiala
Bank of Maharashtra
State Bank of Travancore
State Bank of Mysore
Karur Vysya Bank
Central Bank of India
Infrastructure Development Finance Company Ltd.
Indian Renewable Energy Development Agency Ltd.
ICICI Bank, Hong Kong Branch
State Bank of Indore
Bank of Rajasthan

REGISTRAR & SHARE TRANSFER AGENTS

Maheshwari Datamatics Pvt. Ltd
6th Mangoe lane, 2nd Floor,
Kolkata - 700001
Tel: + 91 33 22482248/22435029;
Fax: +91 33 2248 4787
Email: mdpl@cal.vsnl.net.in

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 16th Board Report along with the Audited Financial Results for the year ended 31st March 2010.

Summarised Financial Results:

(Rs. In Lacs)

Particulars	2009-2010	2008-2009
Sales	369,323	244,823
Other Income	970	386
Total	370,293	245,209
Profit Before Interest and Depreciation	61,147	44,944
Less: Interest	34,825	33,283
Less: Depreciation	2,139	2,129
Profit Before Taxation	24,183	9,532
Provision for Current Taxation	8,402	3,360
Provision for Fringe Benefit Tax	-	8
Prior Period Tax Payments	65	71
Profit after Taxation	15,717	6,093
Add- Balance Brought Forward	309	1,742
Amount Available for Appropriation	16,026	7,835
Less - Interim Dividend on Equity Share	319	-
Less - Dividend Tax on Interim Dividend	54	-
Less - Proposed Dividend	799	449
Less - Dividend Tax on above	136	76
Less - Short Provision for Dividend & Dividend Tax	35	-
Less - Transfer to Debenture Redemption Reserve	230	-
Less - Transfer to General Reserve	14,000	7,000
Balance Carried to Balance Sheet	454	309

FINANCIAL PERFORMANCE

During the year under review your Company has achieved a turnover of Rs. 3693 Crore as against Rs. 2448 Crore in previous year thereby registering an overall growth of over 51% in the year. This was a result of increased volumes and realizations in the basmati rice segment in domestic market as well as in international market. The segment wise performance of the company are highlighted below.

BASMATI RICE SEGMENT

During the financial year 2009-2010, there was an increase in sales of basmati rice to Rs. 3668 Crore from Rs. 2425 Crore in the

immediately preceding previous year thereby registering a growth of 51%.

During the year, the Company increased its basmati rice processing capacity from 79TPH to 103TPH by acquiring on lease basis a processing capacity of 24TPH in Punjab. The Company is in process of modernising and expanding rice processing capacity at unit no. 1 in Bawal. We are also setting up our third unit at Bawal. We expect to substantially improve the operational efficiency.

WIND POWER SEGMENT

Your Company has wind farms in the States of Rajasthan, Maharashtra, Tamilnadu and Gujarat and its installed aggregate capacity is 46.1 MW.

During the financial year 2009-2010, this segment showed an increase in revenue by 8.69% i.e. Rs. 25 Crore from Rs. 23 Crore in the immediately preceding year.

DIVIDEND

During the year under review, the company declared and distributed interim dividend of 10 %, i.e. Re. 0.10 on face value of Re. 1 each aggregating to Rs. 318.97 lacs. In addition to the interim dividend the Board proposed and recommended a final dividend of 20% i.e., Re. 0.20 on face value of Re. 1 each. Further on 29th July, 2010, Company has issued/allotted 63,86,56,636 equity shares under the rights issue of the Company to the existing equity shareholders of the Company, thus total final dividend comes to Rs. 1915.96 lacs, and the total dividend for the financial year ended on 31st March, 2010 comes to @30% i.e. Re. 0.30 per share is Rs. 2234.93 lacs. In addition to dividend to equity shareholders, Board of Directors have also proposed and recommended a dividend @ 4%, i.e. Rs. 4/- each on the preference share having face value of Rs. 100/- each to the preference shareholders aggregating to Rs.160 lacs for the financial year 2009-10.

UNCLAIMED / UNPAID DIVIDEND

Pursuant to the provision of Section 205A read with Section 205C of the Companies Act, 1956, if any dividend remains unpaid / unclaimed for a period of seven years from the date of its declaration, the same shall be transferred to "Investor Education & Protection Fund" established by the Central Government. It is to be noted that once the dividend is transferred to this fund,



the shareholder loses his right of claim over it. The Company has during the year under review transferred a sum of Rs. 22498/- as unclaimed dividend for the year 2002-2003 to the said fund.

Members are requested to claim the amount of Unpaid/unclaimed dividend for the year 2003-2004 onwards on or before the due date failing which the said amount shall be transferred to the above mentioned fund.

EXTENSION OF REDEMPTION PERIOD OF 4% NON CONVERTIBLE REDEEMABLE PREFERENCE SHARES

The Company had issued 40,00,000, 8% Non Convertible Redeemable Preference Shares of Rs. 100 each on 30.06.2003 for a period of 12 years. Redemption of the Preference Shares was due on 30.06.2015. The Board of Directors of the Company in their meeting held on 27th October, 2003 had reduced the rate of interest of Non Convertible Redeemable Preference Shares from 8% to 4 % with effect from date of allotment of Preference Shares.

The Board of Directors of Company have received written consent from all the holders of Preference Shares for extension of redemption period of Preference Shares from 30.06.2015 to 30.06.2022. The Board of Directors of the Company have recommended to the equity Shareholders of the Company to give their approval for extension of redemption of Preference Shares. The resolution to this effect is incorporated in the Notice of the ensuing Annual General Meeting for approval of the members of the company.

CREDIT RATING

Credit and Analysis Research Ltd. (CARE) has issued CARE "A"(Single A) rating to Non Convertible Debentures (NCDs) issued by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A report on the management discussion and analysis is annexed hereto and forms part of this report.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance. A report on Corporate Governance as stipulated under clause 49 of the Listing Agreement entered with the Stock Exchanges forms part of the Annual Report. A certificate to that effect has been obtained from Statutory Auditors of the Company and is annexed to this Report.

ENVIRONMENTAL ASPECT AND SOCIAL RESPONSIBILITY

The Company continues to show its commitment for improvement in all aspects of the environment and pays special emphasis for plantation and preservation of trees, development of gardens in the vicinity of the factory and office premises. We pay full attention to promote, improve and maintain our responsibility to the society. The Company is also setting up a rice husk based power plant to avail the carbon credits.

DIRECTORS

Shri Sanjay Jhunjhunwala and Shri A. Chatterjee, Directors of the Company, will retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting. A brief resume of the Directors seeking re-appointment, their expertise etc. are given in the notice to the ensuing Annual General Meeting.

INCREASE IN THE REMUNERATION PAYABLE TO SHRI SANDIP JHUNJHUNWALA, MANAGING DIRECTOR OF THE COMPANY.

During the year upon the recommendation of Remuneration Committee of the Company, Board of Directors had recommended to the Shareholders of the Company to increase the Remuneration payable to Sh. Sandip Jhunjhunwala, Managing Director of the Company from Rs. 60,00,000 per annum CTC to Rs. 3,00,00,000 per annum CTC (inclusive of all perquisites) w.e.f. 1st February, 2010 for remaining period of his tenure i.e. till 29th June, 2013. The Company has taken necessary approval from Shareholders of the Company and filed necessary e-forms with Ministry of Corporate affairs.

AUDITORS

M/s P.K.Lilha & Co., Chartered Accountants, Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have indicated their willingness to accept re-appointment. In terms of Section 224A of the Companies Act, 1956, their re-appointment needs to be approved by the members and their remuneration has to be fixed.

AUDITORS' REPORT

The Notes on Accounts referred to the Auditors' Report are self explanatory and do not call for any further comments.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- In preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanations relating to material departures, if any.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act for safeguarding the assets of the Company and for preventing and detecting the fraud and other irregularities.
- The Directors have prepared the annual accounts on a going concern basis.

PUBLIC DEPOSITS

The Company has neither invited nor accepted any public deposits during the year under review.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and the other information's are set out the annexure to the Directors report. However having regards to the provisions of Section 219(1)(b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary of the Company.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your company strives hard to take all measures to conserve energy and use the latest technology. The particulars relating to energy conservation, technology absorption, foreign exchange as required to be disclosed under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed as Annexure 'A' and forms part of this Report.

ACKNOWLEDGMENT

Your Directors would like to thank all the stakeholders and also place on record their appreciation for the assistance and co-operation received from our bankers, government authorities, employees, vendors and members during the year under review. Your Directors are quite optimistic for support to be extended by all in the years to come.

For and on behalf of Board of Directors

(Sandip Jhunjhunwala)

Vice Chairman & Managing Director

(A. Chatterjee)

Director

Place: New Delhi

Date: 19 August, 2010

ANNEXURE A

Conservation of energy:

Review of business process and close coordination with plants has resulted in energy conservation. Some of the energy conservation measures taken during the year 2009-10 in the different areas are as under:

- Boiler efficiency test has been carried out to ascertain the boiler performance. Boiler feed pumps, FD and ID fans have been tested upon to arrive at energy savings.
- The lighting inventory has been collected and lighting load taken for a full day to ascertain the light load trend.

Technology absorption:

- i) Specific Areas in which R & D was carried out by the Company:

The company has its own laboratory for improving the quality of its product. The Company is using nitrogen flushed packaging system to provide longer shelf life to its products.

- ii) Benefits derived as a result of the above efforts:

The company expects to decrease the percentage of broken rice and get finished rice grains with better gloss and finish resulting in increased marketability.

- iii) Future plan of action:

It is proposed to strengthen the in-house R & D facilities.

Technology absorption, adaptation and innovation efforts in brief made towards improvement of quality and quantity of the product:

The Company is constantly striving to improve the process, so as to reduce input costs and upgrade the quality of its product.

Benefits derived as a result of the above efforts:

The Company has been able to improve the quality of its product.

Foreign exchange earnings and outgo:

Total foreign exchange earned and used:

	Amount. (Rs. In Lacs)
Foreign exchange earned	57365.07
(Export of goods and interest earned)	
Foreign exchange outgo	2015.90
Net foreign exchange earned	55349.17



MANAGEMENT DISCUSSION AND ANALYSIS

I. ECONOMY OVERVIEW

Over the past year, the global economy has changed significantly with optimism about the sustainability of the recovery, however modest the pace may be. The recovery is largely led by emerging markets, especially those in Asia, while the advanced economies continue to face several challenges such as high levels of unemployment and fiscal strains.

On the domestic front, the recovery has consolidated and is becoming increasingly broad-based. The real GDP growth for 2009-10 was at 7.4 per cent. A sharp pick-up in the growth of the capital goods sector, in double digits since September 2009, points to the revival of investment activity. After contracting for twelve straight months, exports have turned around since October 2009 reflecting revival of external demand. Various lead indicators of service sector activity also suggest increased economic activity. A sharp recovery of growth during 2009-10 despite the worst south-west monsoon since 1972 attests to the resilience of the Indian economy.

While inflationary pressures have also risen, the performance of the monsoon so far has been significantly better than during last year. There has been a significant increase in sown area across a range of crops, which augurs well for agricultural production.

Taking into account the progress of monsoon so far and the prevailing global macroeconomic scenario, the RBI has made a baseline projection of real GDP growth for 2010-11 at 8.5 per cent.

II. INDUSTRY OVERVIEW

REI Agro Limited (REI Agro) is the world's largest basmati rice producer with an estimated 15% market share.

Rice is the staple food for more than half of the world population. India is one of the original centres of rice cultivation, with the rice harvesting area in India being the world's largest. In India, Rice is the staple food for 65% of the total population.

The world market for rice has been growing at a CAGR of 1.6% in the last five years (2005-2009).

Basmati Rice is the king of rice. Basmati is a variety of long grain rice grown in India and Pakistan, notable for its fragrance, non sticky nature and delicate, nuanced flavour. The grains of basmati rice are also longer than most other types of rice.

Basmati can only be grown by 2 countries in the world i.e. India and Pakistan due to the agro-climatic conditions. India and

Pakistan enjoy IPR protection to produce the quality of rice termed as 'Basmati' worldwide. Consequently, the two countries enjoy exclusivity in this business which helps them command a greater price from the global market.

It is estimated that India presently accounts for a lion's share of approximately 80% of the global basmati rice production, while Pakistan accounts for the balance 20%.

The demand for Basmati rice has grown in line with the supply from India and Pakistan, i.e. the incremental supply from these two countries is easily absorbed by the market and global Basmati consumption has increased at a CAGR of 26% in FY08-10. However, the share of basmati rice consumption as a percentage of total rice consumption stands at mere 1%, and we believe that basmati has a huge latent demand and has significant room to grow.

India

In India, basmati can only be produced in certain regions of Northern India and its production represents only a small proportion of India's total rice production at about 4%.

Basmati rice production in India has been growing at an average rate of 26% over the last three years, which is backed by a combination of improving yields as well as increase in acreage. Realisation of basmati paddy is almost 2-3x higher than the normal paddy while production cost is only slightly higher resulting in farmers increasingly shifting cultivation to Basmati. Increasing farmer's awareness about higher profitability of basmati paddy farming, better off take and payment due to the consolidation in the industry has also lead to steady increase in production.

Nearly 75% of the country's annual Basmati produce is exported to countries mainly to West Asia, Europe, and North America. Exports have been rising steadily in the last few years which have been driven by an increased availability of basmati rice. Highest demand is from the Middle East countries especially Saudi Arabia and UAE which re-exports to other countries in the Gulf including Iran.

The Year in Review

With 88 mn mt of production in 2010 and 43 mn ha of area under rice, the domestic rice industry has been growing at a CAGR of 3% over 2003-10.

Of the 88 mn mt of production, about 4mn mt was basmati rice, accounting for 80% of the total world production while balance 20% was contributed by Pakistan.



According to Agricultural and Processed Food Products Export Development Authority (APEDA),

Basmati acreage increased to about 1.7 million hectares in 2009-10 and export contracts for the nine months ended December 31, 2009 stood at 2.3 million tonne as against 1.6 million tonne reported during 2008-09.

In the 2009-10 budget, the government has given various incentives for agriculture and related sectors, which include concessional import duty for setting of mechanized handling systems, concessional customs duty of 5% to certain agricultural machinery manufactured outside India and central excise exemption to specified equipment for preservation, storage and processing etc.

III. OPPORTUNITIES AND THREATS

Rice is the 2nd most important food grain in the world and feeds 50% of the world population.

Indian Basmati rice production for 2010 stood at approximately 4 mn mt. Though Basmati consumption has increased at a CAGR of 26% in FY08-10, the share of Basmati rice as a percentage of total rice is a mere 1%, and we believe there is significant room for growth.

Exports are also enjoying greater traction as newer markets are developed increasing international demand and prices.

On the supply side, Indian farmers are increasingly shifting the focus from non-basmati paddy to basmati paddy due to the favorable cost benefit dynamics and an assured demand.

However, the industry at large and the Company in particular faces certain threats.

As the Company operates in only one segment, any adverse policy for Basmati rice, may have a negative impact on company's performance.

Basmati requires ageing of 18-24 months before milling and selling which requires huge inventory and in turn large working capital for which the company has to bear substantial interest cost.

Further, Basmati's share in total rice production is less than 4% largely because it can only be grown in a limited number of Northern states due to the unique agroclimatic conditions required for its production. As both the area under production and yields are only capable of being increased to a limit, this is a natural restriction on the production of Basmati.

IV. RISKS AND CONCERNS

We are exposed to various risks and uncertainties in the normal course of our business that can cause variations in our results from operations and affect our financial condition. We view effective risk management as an integral part of delivering of superior returns to shareholders. Principal risks and uncertainties facing the business are as below:

1) Any change in the consumption pattern of Basmati rice or reduction in demand or change in the price could adversely affect our company's operations and profitability.

A significant portion of our company's revenues are generated from the sale of basmati rice. Out of the total income of Rs. 3702.93 Crore recorded during 2009-10, the sale of basmati rice accounted for 99% of total revenues. Any change in the consumption pattern of Basmati rice or any reduction in demand for Basmati rice processed by us could adversely affect our company's operations. Further there is generally a long period following the procurement of Paddy before which the basmati rice is sold in the market. The price of Basmati will depend on the quality and maturity of Basmati rice. Currently we have no means or methods of hedging the price risk associated with our Basmati rice products.

2) Rice cultivation is seasonal in nature. Anomalies in the weather condition during that period can have significant impact on the crop, and in turn affect our operating performance.

Basmati Rice cultivation in India is done only during the Kharif season. Though Basmati rice is not as dependent on rainfall as non basmati rice, any unpredictable weather conditions during that period or anomalies in the weather pattern can either seriously damage the crop or reduce the harvest. In addition, the availability and price of paddy can be affected by plant disease, which can result in crop failures and reduced harvests.

Our business is directly dependent upon the availability of Basmati paddy which is cultivated by the farmers. Any decrease in the area of cultivation by the farmers or by them shifting towards non-Basmati rice of other crops could affect the supply. Reduced supply could also limit our ability to process, transport, store and merchandise the product in an efficient manner.

Should this occur, we face the possibility of reduced revenue during that season without the opportunity to recover until the following season.

3) We are subject to economic downturns, political instability and other risks of doing business globally which could adversely affect the Company's operating results.

Our operations are principally in India, but we exports our products to many countries in the Gulf which accounted for more than 18% of sales in 2009-10. The Gulf countries could be subject to volatile economic, political and market conditions. Such conditions may have a negative impact on our ability to execute the business strategies and on its operating results.

4) Our inability to obtain and / or maintain sufficient cashflow, credit facilities and other sources of funding in a timely manner or at all to meet our requirements of working capital or pay our debts could adversely affect our operations, financial conditions and profitability

Our operations require a substantial amount of working capital. We require to obtain and /or maintain adequate cash flows and or credit facilities from time to time in order to finance the purchase, storing, processing and marketing of Basmati. Our inability to obtain or maintain cashflows can have a material adverse impact on our operations, financial conditions and profitability.

5) Other risks faced by the industry at large include farmer economics, governmental policies, and access of credit and build-up of inventories in distribution channels.

V. FINANCIAL PERFORMANCE

I. Results of Operations

a. **Income**

Income from operations

Our income from operations represents sales from Basmati Rice both domestically and in the export markets. It also includes a small portion of export incentives, duty claim and income received from sale of energy.

During the year under review, the total sales increased to Rs. 3,693.23 Crore from Rs. 2,448.22 Crore, registering a growth of 50.85%.

Other income

Other income includes dividend from long term investments, insurance claims, interest, miscellaneous receipts and foreign exchange fluctuation. Other income increased to Rs. 9.69 Crore in the year under review from Rs. 3.86 Crore in the previous year.

b. **Expenditure**

Operating expenses includes manufacturing expenses, employee costs and administration and selling expenses. The total operating expenses during the year under review decreased from Rs. 207.69 Crore to Rs. 152.92 Crore due to withdrawal of duty on export sales which was Rs. 59 Crore in financial year 2008-09.

c. **Depreciation**

Depreciation charge has increased marginally to Rs. 21.39 Crore in the year under review from Rs. 21.28 Crore in the previous year.

d. **Interest**

The interest expenditure for the year under review has reduced to 9.43% of sales from 13.59% of sales in last year.

e. **Income tax expense**

Income tax expense comprises of tax on income from operations in India and foreign tax jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961.

The provision for income tax stood at Rs. 84.01 Crore in the year under review as compared to Rs. 33.60 Crore in the previous year. No provision has been made for fringe benefit tax for the year ended 31st March, 2010 as the government has withdrawn the fringe benefit tax with effect from the 1st April 2009 as compared to Rs. 0.08 Crore in the previous year.

II. Financial Condition

a. **Share Capital**

We have authorised share capital of Rs. 200 Crore as on March 31, 2010. The issued, subscribed and paid up capital was Rs. 71.93 Crore which is comprised of Rs. 31.93 Crore of equity shares of Re. 1 each and 40 Lacs Redeemable Preference shares of Rs. 100 each as on March 31, 2010 as compared to Rs. 68.90 Crore of capital comprising of Rs. 28.90 Crore equity shares and 40 Lacs Redeemable Preference shares of Rs. 100 each in the previous year. The increase in paid up capital during current year was due to fresh issue of 29,945,550 equity shares on QIP Basis and 352,398 equity shares issued on conversion of 350 FCCBs.

b. **Reserves & Surplus**

The reserves & surplus increased to Rs. 829.61 Crore in the year under review from Rs.533.32 Crore in the previous year on account of premium on the fresh issue of shares mentioned above and retained earnings.

**c. Fixed Assets**

The Gross block of fixed assets as on March 31, 2010 was Rs. 431.67 Crore (Rs. 426.12 Crore as on March 31, 2009) and depreciation amounted to Rs. 21.39 Crore (Rs. 21.28 Crore as on March 31, 2009). Additions to fixed assets made during the year were Rs. 5.79 Crore (Rs. 7.23 Crore during the previous year) comprising of land, plant & machinery, office equipment, computer and vehicles. In addition, capital work in progress as on March 31, 2010 amounted to Rs. 109.57 Crore (Rs. 26.98 Crore as on March 31, 2009).

d. Investments

Investment represents the amount are invested in equity shares of other Companies. There has been no change in the investments as compared to previous year which stood at Rs. 110.79 Crore.

e. Sundry Debtors

The debtors days has reduce to 83 days as on March 31, 2010 from 88 days as on March 31, 2009. Rs. 0.47 Crore has been provided for doubtful debts in the year under review.

f. Cash and Bank Balance

The cash and bank balances increased to Rs. 463.28 Crore as on March 31, 2010 from Rs. 17.85 Crore as on March 31, 2009. Of this, Rs. 425.25 Crore represents FCCB proceeds that have been parked abroad pending utilization of the same. We had Rs. 37.79 Crore (previous year Rs. 17.27 Crore) held with scheduled banks and with other banks in the form of fixed deposits.

g. Loans and Advances

Loans and advances represent the amount paid by the Company in advance for value of goods and services to be received. These increased to Rs. 539.09 Crore as on March 31, 2010 from Rs. 468.03 Crore as on March 31, 2009.

h. Current Liabilities

As on March 31, 2010 the current liabilities were Rs. 72.89 Crore which includes sundry creditors of Rs. 35.99 Crore (Rs. 67.07 Crore for previous year) payable to vendors for supply of goods and services.

i. Provisions

Provisions for gratuity and leave encashment, taxes and dividend as on March 31, 2010 amounted to Rs. 94.22 Crore compared to Rs. 39.78 Crore in previous year). Provision for dividend and tax on dividend was Rs. 9.34 Crore (Rs. 5.25 Crore for previous year), provision for taxes was Rs. 84.01 Crore (Rs. 33.60 Crore in

previous year) and provision for gratuity was Rs. 0.85 Crore. (Rs. 0.84 Crore in previous year).

VI. MATERIAL DEVELOPMENT IN HUMAN RESOURCES

One of the key pillars of the Company's success is its people. We have always recognised the importance of human capital and valued it highly. Lot's of emphasis and efforts are made to create a working environment that will encourage innovation, enhance work satisfaction and build a merit driven organisation. Our human resource vision is to create a committed workforce through people enabling processes and knowledge sharing practices based upon its value system.

VII. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACIES

We have established and maintained adequate internal control over its processes and systems. Our well defined organisational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, we continuously upgrade these systems in line with the best available practices. The internal control system is supplemented by extensive internal audits by an independent firm of Chartered Accountants. However, all internal control systems, no matter how well designed, have inherent limitations and can provide only reasonable assurance that the objectives of the internal control system are being met.

VIII. CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in government regulations, tax laws and other factors such as litigation and industrial relations.

REPORT ON CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement entered by Company with the Stock Exchanges in India and the best practices followed internationally on Corporate Governance, the report contains the details of governance systems and processes at REI Agro Ltd. The Company is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices stem from an inherent desire to improve and innovate and reflect the culture of trusteeship that is deeply ingrained in our value system and form part of the strategic thought process.

[A] THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices, many of which were in place even before they were mandated by adopting highest standards of professionalism, honesty, integrity and ethical behaviour.

We are committed to meeting the aspirations of all our stakeholders. This is demonstrated in shareholder returns, high credit ratings, governance processes and performance focused work environment. Our employee satisfaction is reflected in the stability of senior management of the company and low attrition rate at various levels and higher productivity.

Our governance philosophy rests on five basic tenets, viz., Boards' accountability to the Company and shareholders, strategic guidance and effective monitoring by the Board, protection of minority

interests and rights, equitable treatment of all shareholders as well as transparency and timely disclosure.

Traditional views of governance as a regulatory and compliance requirement have given way to adoption of governance tailored to the specific needs of the Company. Clause 49 has set the benchmark compliance rules for a listed Company and our Company is in full compliance with the requirements of Corporate Governance under the same Clause of the Listing Agreement with the Indian Stock Exchanges.

[B] BOARD OF DIRECTORS

The Company is managed by the Board of Directors which formulates strategies, policies and reviews its performance periodically in order to ensure the effective business decisions and the implementation of the same.

Composition of Board of Directors : The Board of Directors comprises of five Directors, Chaired by Non Executive Director. Three of the Board members are Non-Executive Independent Directors. The Composition of the Board of Directors during the year was in conformity with the Clause 49 of the Listing Agreements. Shri Sanjay Jhunjunwala, Chairman of the Company and Shri Sandip Jhunjunwala, Managing Director of the Company are relatives.

The details of composition of Board, other Directorship and Committee Chairmanship/Membership of the Members of the Board and their attendance at the Board Meeting and Annual General Meeting of the Company are as under :-

Name of the director	Category	** No. of other Directorship	No. of Membership / Chairmanship of other Board Committees	No. of Board Meetings attended	Attendance at last AGM of the Company
Shri Sanjay Jhunjunwala	Non-Executive Chairman	Nil	Nil	2	Absent
Shri Sandip Jhunjunwala	Vice-Chairman –& Managing Director	4	Nil	18	Present
Dr ING N.K. Gupta	Independent Non-Executive Director	5	2	8	Absent*
Shri A. Chatterjee	Independent Non-Executive Director	8	3	20	Present
Shri K.D.Ghosh	Independent Non-Executive Director	1	3	1	Present

* Leave of absence was granted for not attending the meeting.

** Number of Directorships/Memberships held in other companies excludes Directorship/Membership in private limited companies, foreign companies, membership of various committees of various chambers/bodies and Companies under Section 25 of the Companies Act, 1956 and Alternate Directorship whereas the Membership or Chairmanship of any committee includes Audit Committee and Shareholders'/Investors' Grievance Committees only.

DETAILS OF BOARD MEETINGS HELD:

During the Financial Year ended 31st March 2010, Twenty One (21) Board Meetings were held, whose details are given as:-

Sl. No.	Date	Board strength	No. of Directors present
1	15.03.2010	5	2
2	13.02.2010	5	2
3	30.01.2010	5	3
4	11.01.2010	5	2
5	31.12.2009	5	2
6	14.12.2009	5	2
7	12.12.2009	5	2
8	04.11.2009	5	2
9	26.10.2009	5	3
10	23.10.2009	5	2
11	03.10.2009	5	3
12	23.09.2009	5	3
13	09.09.2009	5	3
14	29.08.2009	5	2
15	10.08.2009	5	2
16	10.07.2009	5	3
17	29.06.2009	5	2
18	23.06.2009	5	2
19	08.06.2009	5	3
20	16.05.2009	5	2
21	07.04.2009	5	2

[C] AUDIT COMMITTEE

The Audit Committee of the Company comprises of Three Non-

Executive Independent Directors. All these directors possess knowledge of corporate finance, accounts and company law. The Chairman of the committee is an independent and non-executive director nominated by the Board. The Company Secretary of the Company acts as Secretary to the Committee.

Terms of reference : The Audit Committee of the Company is responsible for overseeing the Company's financial reporting process; recommending the Board of Directors on the appointment, re-appointment etc. and fixation of remuneration of the Statutory Auditors and Internal Auditors; reviewing with the management annual and quarterly financial statement before submission to the Board for approval; reviewing the management discussion and analysis of financial condition and result of operations, Statement of related party transactions, Internal audit report relating to internal control weaknesses and letter of internal control weaknesses.

During the year 2009-10, the Committee met on 08.06.2009, 10.07.2009, 26.10.2009 and 30.01.2010 .The constitution and particulars of meetings attended by members of the Committee are given below:

S. No	Name of the Director	Status	No. of meetings attended
1	Shri A. Chatterjee	Chairman	4
2	Dr. ING N. K. Gupta	Member	4
3	Shri K.D. Ghosh	Member	Nil*

* Leave of absence was granted for not attending the meeting.

[D] REMUNERATION OF DIRECTORS:

The Details of Remuneration paid to Directors for the year ended 31st March 2010 is as follows:

(Amount. in Rs.)

Name of the Directors	Sitting Fees	Salary & Perquisites	Commission
Shri Sanjay Jhunjhunwala	20,000	NIL	24,00,000
Shri Sandip Jhunjhunwala	NIL	88,40,000	NIL
Dr. ING N.K. Gupta	1,20,000	NIL	NIL
Shri A. Chatterjee	2,80,000	NIL	NIL
Shri K.D. Ghosh	50,000	NIL	NIL

The details of Equity Shares held by the Directors as on 31st March 2010 are as follows:

Name of Director	No. of shares held	Nominal value of shares (Rs.)
Shri Sanjay Jhunjhunwala	2550120	2550120
Shri Sandip Jhunjhunwala	2553720	2553720
Dr. ING N.K. Gupta	NIL	NIL
Shri A. Chatterjee	NIL	NIL
Shri K.D. Ghosh	NIL	NIL

[E] SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Company has constituted Shareholders'/Investors' Grievance Committee to look into and redress shareholders' and investors' complaints such as transfer of shares, non-receipt of shares, non-receipt of dividends, issue of duplicate shares etc. The committee comprises of Shri A. Chatterjee (Chairman, Independent Director), Shri K.D. Ghosh (Member, Independent Director). During the year, several Investors' complaints were received by the Company and no complaints were pending at the end of the year. During the year, four meetings were held on 08.06.2009, 10.07.2009, 26.10.2009 and 30.01.2010 respectively. The Company Secretary of the Company acts as Secretary to the Committee.

Name and designation of Compliance Officer (Contact Person)

The Board has appointed Shri Mandan Mishra, the Company Secretary as compliance officer, under the Securities and Exchange Board of India (SEBI) notifications.

Compliance Officer : Shri Mandan Mishra
Company Secretary
Address : 58A/1, Sainik Farm,
New Delhi – 110062
Phone No. : 011-32905030, 32906030
Fax No. : 011-29552403
E-mail : mandan@reiagro.com
Website : www.reiagro.com

Pursuant to new Clause 47(f) of the Listing Agreement the Company's e-mail ID for grievance redressal purpose is investor@grievance@reiagro.com where complaints can be lodged by the investors.

Share Transfer Committee and Share Transfer System

The Board of the Company has constituted a Share Transfer Committee. The Committee regularly meets to approve transfer of shares and issue of duplicate share certificates. The committee comprises of Shri K.D. Ghosh (Chairman, Independent Director) and Shri A. Chatterjee (Member, Independent Director). The Company Secretary of the Company acts as Secretary to the Committee.

Shareholders can address their request for share transfer and duplicate share certificate to Company's RTA at the below mentioned address.

Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane, Kolkata-700 001.

Phone no. 033-2248-2248, 2243-5029/5089

Fax : 033-2248-4787

[F] GENERAL BODY MEETINGS

Details of the last three Annual General Meetings of the Company are as under: -

VENUE	FINANCIAL YEAR	DATE & TIME
Rotary Children's Welfare Trust Rotary Sadan,94/2, Chowringhee Road, Kolkata-700020	2006-07	20th September, 2007 11.00 A.M.
The Institution of Engineers (India) , Sir R.N. Mukherjee Hall, 8, Gokhale Road, Kolkata - 700 020	2007-08	30th September, 2008 10.00 A.M.
The Institution of Engineers (India) , Sir R.N. Mukherjee Hall, 8, Gokhale Road, Kolkata - 700 020	2008-09	23rd September, 2009 9:30 A.M.



During the last three financial years the Company has passed the following Special Resolution in its Annual General Meeting and Extra ordinary General Meetings.

Date of resolution	Meeting	Subject matter of resolutions
20th September, 2007	Annual General Meeting	Alteration of Articles of Association of the Company by altering Clause 54 of the Articles of Association of the Company.
24th December, 2007	Extra Ordinary General Meeting	Reduction and Consolidation of paid-up capital of the Company according to the proposed Scheme of Arrangement.
19th January, 2009	Extra Ordinary General Meeting	Alteration of Clause V of Memorandum of Association of the company by splitting the face value of one equity share of Rs. 10/- each into ten equity shares of Re. 1/- each.
19th June, 2009	Extra Ordinary General Meeting	Further Issue of Securities u/s 81 (1A) of the Companies Act, 1956.
23rd September, 2009	Annual General Meeting	Enhancement of FII Limit up to 40% of the Paid up Capital of the Company.
11th February, 2010	Extra Ordinary General Meeting	Enhancement of FII Limit up to 75% of the Paid up Capital of the Company.

There is no Special Resolution which was passed through Postal Ballot during last three years .

[G] DISCLOSURES

(i) Related party transactions

During the year under review, there were no transactions of a material nature with the directors or the management or the Company's subsidiary or relatives of the directors that could have potential conflict with the interests of the Company. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly.

(ii) Accounting treatment

During the year under review, the Company has, while preparing the Financial Statement followed the Accounting Standard so as to give true and fair view of the profits and/or losses of the company.

(iii) Compliance by the Company

During the year, the Company has complied with all the provisions of the Listing Agreement including Clause 49, SEBI notification and other matters related to Capital Market and there is no instance of non-compliance by the Company.

(iv) Whistle blower policy

The Company has not put in place the Whistle Blower Policy as yet. However, during the year under review, no employee has been denied access to the audit Committee or the Management to report any kind of irregularity in the Company's functioning.

(v) Code of Conduct

The Board of Directors has adopted a Model Code of Conduct for

its Directors and senior management/functional heads as required under Clause 49 of Listing Agreement. The Company has received affirmation from all the Board members and senior management personnel as to compliance of the Code of Conduct. A declaration to this effect signed by Managing Director is annexed and forms part of this Report.

(vi) Risk Management

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures, which are periodically reviewed.

[H] MEANS OF COMMUNICATION

The Company timely informs its investor and statutory authorities of all the price sensitive and critical information's. Quarterly Results are sent to the Stock Exchanges on regular and timely basis and also published in English leading Newspaper as well as Regional language Newspaper of the State where the Company is registered. All the key information provided to the Stock Exchanges are regularly published in the newspapers. Important information is also displayed on the web site of the Company at www.reiagro.com.

The shareholders are provided with the necessary information with notices sent for the Annual General Meeting / Extraordinary General Meeting. Any other information sought by shareholders is being provided on request. As per the requirement of Clause 47(f)

of the Listing Agreement, the Company has notified an e-mail id (investorgrievance@reiagro.com) for the purpose of investor grievance and other queries of the investors.

[I] GENERAL SHAREHOLDERS' INFORMATION

(i) Details of the ensuing AGM

Date & Time	Monday, 27th September 2010
Venue	Sangit Kala Mandir Trust Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017 At: 2.30 p.m.
Book Closure Date	24th September 2010

(ii) Registrar & Share Transfer Agents (RTA)

Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane, Kolkata-700 001.

Phone no. 033-22482248, 22435029/5089

Fax : 033-22484787

[J] DIVIDEND AND FINANCIAL YEAR INFORMATION

(i) Transfer of dividend to Investor Education & Protection Fund

Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, unclaimed dividend which remains unpaid for a period of seven years from its declaration shall be transferred to Investor Education & Protection Fund. Accordingly, dividend for the year 2002-03 (Rs. 22498) has already been transferred to the said fund. It may be noted that upon the transfer of dividend to Investor Education & Protection Fund, members lose their right to claim such dividend. Therefore, members are requested to claim their dividend for the year 2003-04 on or before the date of AGM i.e. 27th September 2010.

(ii) Interim and Final Dividend for the Year 2009-10

During the year under review, the company declared and distributed interim dividend of 10 %, i.e. Re. 0.10 on face value of Re. 1 each equity share aggregating to Rs. 318.97 lacs. In addition to the interim dividend the Board proposed and recommended a final dividend of 20% i.e., Re. 0.20 on face value of Re. 1 each equity share. Further on 29th July, 2010, Company has issued/ allotted 63,86,56,636 equity shares under the rights issue of the Company to the existing equity shareholders of the Company,

thus total final dividend comes to Rs. 1915.96 lacs, and the total dividend for the financial year ended on 31st March, 2010 comes to @30% i.e. Re. 0.30 per share is Rs. 2234.93 lacs. In addition to dividend to equity shareholders, Board of Directors have also proposed and recommended a dividend @ 4%, i.e. Rs. 4/- each on the preference share having face value of Rs. 100/- each to the preference shareholders aggregating to Rs.160 lacs for the financial year 2009-10.

(iii) Financial year:

The financial year of the Company starts with 1st April 2009 and ends on 31st March 2010.

(iv) Financial Calendar (Tentative)

Sl. No.	Approval/Adoption of	On or before
1.	1st Qtr. Financial Result ending on 30th June, 2010	15th August 2010
2.	2nd Qtr. And half year Financial Result ending on 30th September, 2010	15th November, 2010
3.	3rd Qtr. Financial Result ending on 31st December, 2010	15th February, 2011
4.	Audited Financial Result for year ending March, 2011	30th May, 2011
5.	Next Annual General Meeting	30th September, 2011

[K] LISTING OF SHARES AND OTHER INFORMATION'S

(i) Listing of Securities at Stock Exchanges:

Equity Shares : ISIN : INE385B01031

Bombay Stock Exchange Limited (BSE) Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai-400001	National Stock Exchange of India Limited (NSE) "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai- 400051
Scrip Code: 532106	Trading Symbol: REIAGROLTD
FCCBs	GDRs
Singapore Stock Exchange (SGX) Code: 7AUB ISIN XS0223920421	London Stock Exchange (LSE) Code: REAA & REA

(ii) Payment of Listing Fees:

The Company has paid the listing fees to BSE & NSE and other Exchanges and no other due are payable by the company to any Stock Exchange.

(iii) Market Price Data

The Monthly high and low prices of the Equity Shares of the Company at Bombay Stock Exchange (BSE) and National Stock Exchange during financial year 2009-2010 are as follows:

Month	BSE		NSE	
	High Price	Low Price	High Price	Low Price
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
April 2009	71.95	38.25	70.90	38.00
May 2009	99.00	51.00	93.40	52.05
June 2009	103.80	62.10	103.75	61.45
July 2009	77.95	54.05	78.00	54.00
August 2009	66.50	44.25	66.95	44.10
September 2009	54.50	46.70	54.45	46.55
October 2009	53.10	44.55	53.40	44.80
November 2009	48.25	39.85	48.15	39.70
December 2009	50.80	42.85	50.80	43.00
January 2010	64.15	48.70	64.25	48.50
February 2010	58.20	47.55	58.00	45.30
March 2010	53.95	45.80	53.80	45.55

(iv) Performance in Comparison to Stock Indices

A chart showing the performance of equity shares of the Company in comparison to BSE Sensex also with NSE Nifty during the year ended on March 31, 2010 is given as under.

Chart One: Both BSE (Sensex) and REI Agro Share prices are indexed to 100 based on closing prices of April, 2009.

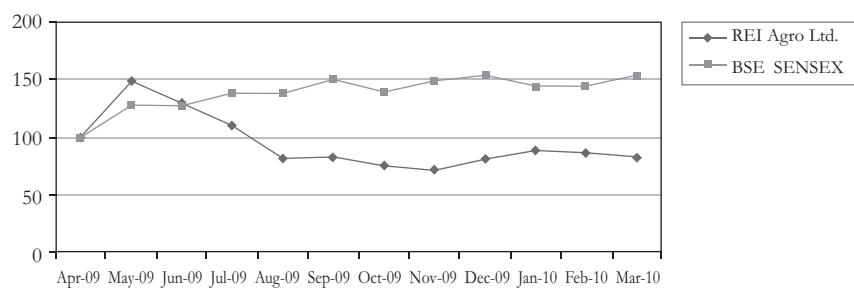
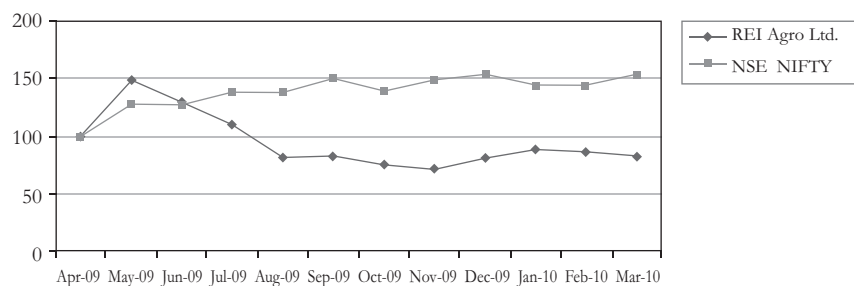


Chart Two: Both NSE (Nifty) and REI Agro Share prices are indexed to 100 based on closing prices of April, 2009.



(v) Distribution of Shareholding

The Shareholding distribution of equity shares as on 31st March, 2010 is given below: -

Sl. No	Shares Holding	No. of Share Holders	% of Share Holders	No. of Shares	% of Shareholding
1.	1 to 500	20557	84.6629	3154688	0.9879
2.	501 to 1000	1917	7.8951	1572700	0.4925
3.	1001 to 2000	837	3.4471	1292295	0.4047
4.	2001 to 3000	278	1.1449	727455	0.2278
5.	3001 to 4000	120	0.4942	436493	0.1367
6.	4001 to 5000	118	0.4860	546228	0.1711
7.	5001 to 10000	192	0.7907	1382700	0.4330
8.	10000 & above	262	1.0790	310215759	97.1463
	Total	24281	100	319328318	100

(vi) Shareholding Pattern of the Company as on 31st March, 2010

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Shares	As a %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals/Hindu Undivided Family	7	5821740	5821740	1.9019	1.8231	N i l	N i l
(b)	Central government/State government(s)	0	0	0	0	0	0	0
(c)	Bodies corporate	8	115156089	115156089	37.6203	36.062	36866530	32.0144
(d)	Financial institutions/Banks	0	0	0	0	0	0	0
(e)	Any other (specify)	0	0	0	0	0	0	0
	Sub-total (A)(1)	15	120977829	120977829	39.5222	37.8851	36866530	30.4738
(2)	Foreign							
(a)	Individuals (Non-Resident individuals/ Foreign individuals)	0	0	0	0	0	0	0
(b)	Bodies corporate	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0
(d)	Any other (specify)	0	0	0	0	0	0	0
	Sub-total (A)(2)	0	0	0	0	0	0	0
	Total shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	15	120977829	120977829	39.5222	37.8851	36866530	30.4738

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Shares	As a %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(B)	Public shareholding							
(1)	Institutions							
(a)	Mutual Funds/ UTI	1	4255	4255	0.0014	0.0013	0	0
(b)	Financial Institutions/Banks	2	350500	350500	0.1145	0.1098	0	0
(c)	Central government/ State government(s)	0	0	0	0	0	0	0
(d)	Venture capital funds	0	0	0	0	0	0	0
(e)	Insurance companies	0	0	0	0	0	0	0
(f)	Foreign institutional investors	37	75487189	75487189	24.6609	23.639	0	0
(g)	Foreign venture Capital investors	0	0	0	0	0	0	0
(h)	Any other (specify)	0	0	0	0	0	0	0
	Sub-total (B)(1)	40	75841944	75841944	24.7767	23.7505	0	0
(2)	Non-institutions							
(a)	Bodies corporate	758	51628216	51627616	16.8664	16.1678	0	0
(b)	Individuals -							
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	22985	11314621	8323485	3.6964	3.5433	0	0
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	15	37600244	36520244	12.2836	11.7748	0	0
(c)	Any other-NRIs	466	8653464	1578264	2.827	2.7099	0	0
	Trust	1	85000	85000	0.0278	0.0266	0	0
	Sub-total (B)(2)	24225	109281545	98134609	35.7011	34.2223	0	0
	Total public shareholding (B)= (B)(1)+(B)(2)	24265	185123489	173976553	60.4778	57.9728	0	0
	TOTAL (A)+(B)	24280	306101318	294954382	100	95.8579	0	0
(C)	Shares held by custodians and against which depository receipts have been issued	1	13227000	13227000	---	4.1421		
	Grand total (A)+(B)+(C)	24281	319328318	308181382		100	36866530	11.545

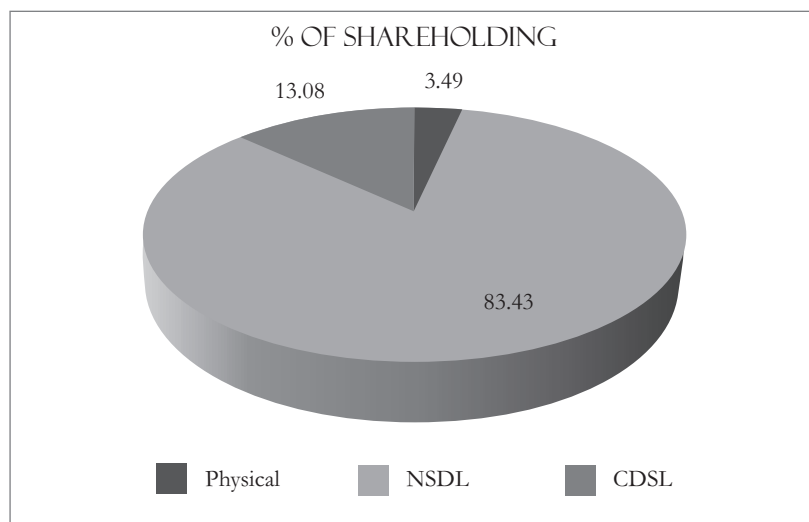
(vii) Dematerialization of shares and liquidity:

The Shares of the Company are compulsorily traded in dematerialized form and are available for trading under both the depository systems in India - NSDL (National Securities Depository Ltd.) and CDSL (Central Depository Services (India) Ltd). The International Securities Identification Number (ISIN) allotted to the Company's equity shares under depository system is INE385B01031.

NSDL / CDSL / Physical summary report as on March 31, 2010.

		Holder's	No. of shares	% of Shareholding
1.	Physical	118	11146936	3.4907
2.	NSDL	15743	266399605	83.4250
3.	CDSL	8420	41781777	13.0843
	Total	24281	319328318	100

The following chart depicts the percentage of shareholdings of abovementioned summary report



[L] CHANGES IN AUTHORISED AND PAID UP CAPITAL OF THE COMPANY

(i) Increase in authorized Share capital

During the year under review, Company has increased its authorized Share capital from Rs. 1,200,000,000 (Rupees One Hundred Twenty Crore) divided into 800,000,000 (Eighty Crore) Equity Shares of Re.1/- each and 40,00,000 (Forty Lacs) Preference Shares of Rs.100/- each to Rs. 2,000,000,000 (Rupees Two Hundred Crore) divided into 1,600,000,000(One Hundred Sixty Crore) Equity Shares of Re.1/- each and 40,00,000 (Forty Lacs) Preference Shares of Rs. 100/- each and accordingly amended the Memorandum of Association of the Company.

(ii) Changes in the paid up share capital of the Company

During the year, the following were the changes in issued/paid up shares capital:

- Allotment of 2,99,45,550 Equity shares of Re. 1/- each, fully

paid up at a premium of Rs. 60.00/- per share to Qualified Institutional Bidders (QIBs) under QIP issue in the meeting of Committee of Directors held on 27.07.2009.

- Allotment of 1,00,685 Equity shares of Re. 1/- each, fully paid up at a premium of Rs. 45.70/- per share on conversion of 100 FCCBs in the meeting of Committee of Directors held on 13.02.2010.
- Allotment of 2,51,713 Equity shares of Re. 1/- each, fully paid up at a premium of Rs. 45.70/- per share on conversion of 250 FCCBs in the meeting of Committee of Directors held on 11.03.2010.

The paid up capital after taking the effect of changes as above, stood at Rs.31,93,28,318 as on 31st March, 2010 as against Rs. 28,90,30,370 as on 31st March 2009.

- Further the Company has issued/Allotted 63,86,56,636 Rights Equity Shares Re. 1/- each, fully paid up at a premium of Rs.

18.50 /- per share in the meeting of Rights issue Committee of the Company held on 29.07.2010. Thus paid up equity capital of the Company as on date of this report is Rs. 95,79,84,954.

[M] ISSUE / ALLOTMENT OF OTHER SECURITIES:

(i) Foreign Currency Convertible Bonds (FCCBs)

The Company had during the financial year 2005 issued 3220 number of 1.5% Foreign Currency Convertible Bonds (FCCBs) of US \$ 10,000 each aggregating US \$ 32.2 million to overseas investors. These outstanding bonds are due for redemption on July 8, 2010. The entire 3220 bonds stand converted into equity shares as per following details:-

Date of conversion	Number of Bonds converted	Equivalent number of equity shares allotted on conversion*
24.08.2005	25	67,515
26.09.2005	500	13,50,310
22.10.2005	100	2,70,062
12.11.2005	1	2,700
11.12.2006	75	2,70,061
13.12.2006	250	9,00,207
29.12.2006	200	7,20,165
25.01.2007	50	1,80,041
29.01.2007	250	9,00,207
05.02.2007	840	30,24,695
10.03.2007	25	90,020
8.05.2007	400	14,40,331
8.05.2007	279	10,04,631
8.05.2007	50	1,80,041
16.07.2007	115	4,14,095
8.11.2007	60	2,16,049

* Conversion rate of Bonds was fixed at Rs. 161/- per share of Rs. 10 each that was later revised to Rs. 120.75/- per share of Rs. 10 each as per the terms of Offer Circular.

(ii) Global Depository Receipts:

The Company had also issued 37,70,000 Global Depository Receipts (GDRs) at a price of US \$ 8.00 each aggregating US \$ 30.16 Million. Each GDR represents two equity shares; consequently the Company has issued 75,40,000 underlying equity shares to Depository Bank. The Company has reduced its paid

up capital under the Scheme of Arrangement approved by High Court of Calcutta on 27th August, 2008, becoming effective from 8th September, 2009. After the scheme of arrangement become effective the paid value of underlying equity shares was reduced and 45,24,000 equity shares were issued in place of 75,40,000. The Company has sub divided the face value of its equity shares of Rs.10/- each into ten equity shares of Re. 1/- each and consequently the company has issued 4,52,40,000 equity shares in place of existing 45,24,000 equity shares. Now each GDR represents one equity shares of the company. The Company has not been reported as to receipt of request for redemption of GDRs and releasing of underlying shares in favour of non-resident investor. As on 31st March 2010, 13227000 GDR were outstanding.

(iii) Issue of Share to Qualified Institutional Buyers (QIBs)

During the year under review, Company had issued 2,99,45,550 no. of Equity Shares having face value of Re. 1 each at a premium of Rs 60 per share in the meeting of the Committee of the Directors held on 27th July, 2009, in pursuance of the Shareholders resolution passed on 19th June, 2009, to the Qualified Institutional Bidders (QIBs) under QIP issue.

(iv) Foreign Currency Convertible Bonds (FCCBs) issued during 2009-2010

The Company had during the financial year 2009-10 issued 105000 number of 5.5% Foreign Currency Convertible Bonds (FCCBs) of US \$ 1,000 each aggregating US \$ 105.00 million to overseas investors. These outstanding bonds are due for redemption on November 13, 2014. As on 31st March 2010, out of 105000 Bonds, 350 bonds stand converted into equity shares up as per following details.

Date of conversion	Number of Bonds converted	Equivalent number of equity shares allotted on conversion*
13.02.2010	100	1,00,685
11.03.2010	250	2,51,713

* Conversion rate of Bonds was fixed at Rs. 46.70/- per share as per the terms of Offer Circular.

(V) Rights Issue of 63,86,56,636 Equity Shares under Rights Issue.

Board of Directors of your Company at their meeting held on September 9, 2009, has decided to offer rights equity shares to the existing eligible Equity Shareholders of Company, with a right to

renounce. Thereafter Board of Directors in their meeting held on May 26, 2010 decided to offer 63,86,56,636 equity shares under rights issue at a price of Rs. 19.50/- per equity share including premium of Rs. 18.50/- per share in the ratio of 2 (Two) Rights Equity Shares of face value of Re. 1/- each for every 1 (One) Equity Share and fixed 8th June, 2010 as the record date to determine eligibility of the Equity Shareholders who are eligible to apply for the rights issue shares as on the record date. After completing all the formalities issue was open on 30th June, 2010 and closed on 16th July, 2010. The Issue was oversubscribed and the Company as successfully raised Rs. 1245.38 Crore through rights issue. On 29th July, 2010, 63,86,56,636 equity Shares were allotted as per the basis of allotment approved by the Bombay Stock Exchange by the Rights issue Committee of the company.

(N) PLANT LOCATIONS (MANUFACTURING UNITS)

- (1) Plot No. 691 to 696, Sector-2, 94, K.M. Mile Stone, Delhi-Jaipur Road, NH-8, Bawal Growth Centre, Distt. Rewari, Haryana.
- (2) Plot No 180D,E, F, G, H, I, J, &181A, Sector -3, 94, KM Milestone, Delhi-Jaipur Road, Bawal Growth Centre, Distt. Rewari, Haryana.

WIND MILLS

1. Village: Soda – Mada, Dist- Jaisalmer, Rajasthan.
2. Village: Dhulia, Titane & Brahmanwel, Dist. Dhule, Maharashtra.
3. Village : Udyathur, Radhapuram, Muppandal, Dist. Tirunelveli, Tamilnadu
4. Village : Surajbari, Dist. Kutch, Gujarat

(O) ADDRESS FOR CORRESPONDENCE

Shareholders may address all their correspondence at the below mentioned address.

Registered office: Everest House, 46C, Chowringhee Road,
15th Floor R. No.15B, Kolkata-700071.

Corporate office: 58A/1, Sainik Farm, New Delhi-110062

Shareholders are requested to notify immediately any change in their address, bank mandate and nomination to the Company. Members holding shares in electronic form are requested to notify any change in address and bank details, nominations etc. to the depository participants (DP) with whom they are having account for effecting necessary updations. Any intimation made to the Company without effecting the necessary updations with the depository participants will not be considered.

Cautionary Statement:

Details given in above relating to various activities and future plans may be 'forward looking statements' within the meaning of applicable laws and regulations. The actual performance may differ from those expressed or implied.

Certificate

The Company has obtained the Certificate from M/s P. K. Lilha & Co., Chartered Accountants regarding compliance of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and the same is annexed.

All material requirements with respect to Corporate Governance as stipulated in the Listing Agreement have been complied with.

For and on behalf of the Board of Directors

A. Chatterjee
Director

Sandip Jhunjhunwala
Vice-Chairman & Managing Director

ANNEXURE TO REPORT ON CORPORATE GOVERNANCE

CEO'S CERTIFICATION AS TO COMPLIANCE WITH CODE OF CONDUCT

The Company had adopted a model Code of Conduct that has been made effective from January 1, 2006. The said Code of Conduct is applicable and binding on the Directors and Senior Management Personnel / Functional Heads of the Company. During the year under review, all the Directors and Senior Management Personnel / Functional Heads of the Company have affirmed as to compliance with the said Code. Further, no instance of non-compliance with any part of the Code of Conduct has been reported by any of its Directors or Senior Management Personnel / Functional Heads.

For and on behalf of the Board of Directors

Sandip Jhunjhunwala
Vice-Chairman & Managing Director

CORPORATE GOVERNANCE CERTIFICATE

ON COMPLIANCE OF CLAUSE 49 OF THE LISTING AGREEMENT

To,
The Members
REI AGRO LIMITED

We have examined the compliance of conditions of Corporate Governance by M/s REI AGRO LIMITED ("the Company") for the year ended on 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit for an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We have been explained that no investor grievance are pending for a period exceeding one month as at 31st march, 2010 against the Company.

We further state such Compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For P. K. Lilha & Co., Chartered Accountants

(P. K. Lilha)
Partner
M. No.11092.

Place: Kolkata
Date : 19 August, 2010



CEO AND CFO CERTIFICATION

We, the undersigned do hereby certify to the Board that:

- a. We have reviewed Financial Statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting.
- d. We have indicated to the Auditors and the Audit committee.
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Note : During the year under review, there have not been any significant changes in the accounting policies and also there are no instances of significant fraud which we became aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: New Delhi

Date : 26 May, 2010

Sandip Jhunjhunwala
Vice-Chairman & Managing Director

AUDITORS' REPORT

To THE MEMBERS OF
REI AGRO LIMITED

1. We have audited the attached Balance Sheet and Profit & Loss Account of REI AGRO LIMITED as at 31st March, 2010 also the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) Amendment Order 2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such check as we considered appropriate and according to the information and explanation given to us we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;

- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
- e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon as per Schedule 20 and 21, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - 1) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - 2) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date, and
 - 3) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For P.K.LILHA & CO.
Chartered Accountants

(CA. P.K. LILHA)

Partner

M. No. 11092

Place: Kolkata

Date: 26th May, 2010



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- i) In respect of its Fixed Assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) In our opinion, the management has physically verified all the fixed assets of the Company during the year at reasonable intervals, having regards to the size of the company and nature of its assets. We were informed that no material discrepancies were noticed on such verification.
 - (c) The Company has not disposed any substantial part of its fixed assets during the year, which may have any impact on the going concern nature of the Company.
- ii) In respect of its Inventories:
 - (a) As explained to us the Inventories have been physically verified by the management at reasonable intervals. In our opinion the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification of Inventories as compared to the book records.
- iii)
 - (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of other sub – clauses are not applicable to the Company.
 - (b) The Company has taken interest free unsecured loans from a company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 4,390 Lacs and the year end balance of loan taken from such Company was Rs. 4,390 Lacs.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regards to the purchase of inventories, fixed assets and for the sale of goods. There is no sale of services. During the course of our audit no major weakness has been noticed in the internal control system in respect of these areas.
- v)
 - (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lacs in respect of any party were made at prices which were reasonable having regard to the prevailing market prices at the relevant times.
- vi) The company has not accepted any deposits from the public during the year. Hence the provisions of clause 4 (vi) of the order are not applicable.
- vii) In our opinion, the company has an internal audit system commensurate with the size of the company and nature of its business.
- viii) We have broadly reviewed the Books of Accounts maintained by the Company in respect of generation of electricity from wind power where pursuant to the rules made by the Central Government of India, the maintenance of Cost Records have been prescribed u/s 209(1)(d) of the Act and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix)
 - (a) According to the record of the Company, undisputed statutory dues including Provident fund, Employee's State Insurance, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Sales tax, Custom Duty, Excise, Cess and any other material statutory dues have been generally regularly deposited with the appropriate authorities during the year.



- (b) No undisputed amounts payable were outstanding at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and the records of the Company examined by us, there are no undisputed amounts of statutory dues, which have not been deposited. The details of disputed dues as at 31st March, 2010 in respect of excise duty, sales tax, service tax, cess and income tax that have not been deposited by the Company, are as follows: -

Name of the statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	Rs.149.52 Lacs	A Y 2008-09	CIT (A), Kolkata

- x) The Company has no accumulated losses as at the end of the year and it has not incurred cash losses during the current and the immediately preceding financial year.
- xi) Based on our audit procedures and on the basis of information and explanations given to us, we are of the opinion that the company has not defaulted in the repayment of dues to any financial institution, or Bank, or debenture holders.
- xii) According to the information and explanations given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, accordingly paragraph 4 (xii) of the Order is not applicable
- xiii) The company is not a Chit Fund/Nidhi/Mutual Benefit Fund/Society. Therefore the provisions of Paragraph 4 (xiii) of the Order are not applicable to the company.
- xiv) The Company has in our opinion maintained proper records and contract notes with respect to its investments and timely

- entries have been made therein. All investments at the close of the year are held in the name of the Company.
- xv) According to the information and explanations given to us there is no guarantee given by the company for loans taken by others from banks or financial institutions.
- xvi) In our opinion and according to the information and explanation given to us, the term loans were applied for the purpose for which these were raised.
- xvii) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company has issued secured non convertibles debentures amounting to Rs. 140 Crore and has created securities / charges in respect of secured debentures issued.
- xx) The Company has not raised any monies through public issue during the year.
- xxi) Based upon the audit procedures performed and information and explanation given by the management, we report that no material fraud on or by the Company has been noticed or reported during the year.

For P.K.LILHA & CO.
Chartered Accountants

(CA. P.K. LILHA)
Partner

Place: Kolkata
Date : 26th May, 2010

M. No. 11092

BALANCE SHEET AS AT 31ST MARCH, 2010

(Amount in Rupees)

	Schedule	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	1	719,328,318	689,030,370
Reserves & Surplus	2	8,296,093,199	5,333,225,385
		9,015,421,517	6,022,255,755
LOAN FUNDS			
Secured Loans	3	36,074,170,332	24,498,368,534
Unsecured Loans	4	8,692,901,000	5,250,000,000
		44,767,071,332	29,748,368,534
Deferred Tax Liability (Net)		864,421,065	897,887,683
TOTAL		54,646,913,914	36,668,511,972
APPLICATIONS OF FUNDS			
FIXED ASSETS			
Gross Block	5	4,316,713,863	4,261,292,431
Less : Depreciation		987,603,883	774,695,610
Net Block		3,329,109,980	3,486,596,821
Capital Work-In-Progress	6	1,095,741,840	269,830,029
		4,424,851,820	3,756,426,850
INVESTMENTS	7	1,107,927,282	1,107,927,282
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	8	32,400,926,434	23,100,794,569
Sundry Debtors	9	8,360,452,694	5,891,619,406
Cash & Bank Balances	10	4,632,887,646	178,519,674
Loans & Advances	11	5,390,931,282	4,680,392,500
		50,785,198,056	33,851,326,150
Less : CURRENT LIABILITIES & PROVISIONS	12		
Liabilities		728,897,756	1,649,343,057
Provisions		942,165,488	397,825,253
		1,671,063,244	2,047,168,310
NET CURRENT ASSETS		49,114,134,812	31,804,157,840
TOTAL		54,646,913,914	36,668,511,972
Significant Accounting Policies	20		
Notes on Accounts	21		

In terms of our attached report of even date

For P. K. Lilha & Co.

Chartered Accountants

CA. P. K. Lilha

Partner

M No.: 11092

Place : Kolkata

Dated : 26th May, 2010

For and on behalf of the Board

Sandip Jhunjhunwala

Managing Director

K. D. Ghosh

Director

A. Chatterjee

Director

Mandan Mishra

Company Secretary

**PROFIT & LOSS ACCOUNT
FOR YEAR ENDED 31ST MARCH, 2010**

(Amount in Rupees)

	Schedule	For the year ended 31.03.2010	For the year ended 31.03.2009
INCOME			
Sales	13	36,932,344,003	24,482,270,512
Other Income	14	96,967,309	38,609,737
		37,029,311,312	24,520,880,249
EXPENDITURE			
Materials consumed & Purchase of Goods	15	29,246,399,100	19,780,239,075
(Increase)/Decrease of Inventory	16	138,936,437	(1,830,643,377)
Manufacturing , Administrative & Selling Expenses	17	1,529,231,800	2,076,920,747
Interest	18	3,482,460,953	3,328,321,872
Depreciation		213,940,321	212,858,859
		34,610,968,611	23,567,697,176
Profit Before Taxation		2,418,342,701	953,183,073
Provision for Current Taxation		840,172,787	336,000,000
Provision for Fringe Benefit Tax		-	800,000
Prior Period Tax Payments		6,476,134	7,099,496
		1,571,693,780	609,283,577
Add- Balance Brought Forward		30,942,359	174,193,090
Amount Available for Appropriation		1,602,636,139	783,476,667
Less - Interim Dividend on Equity Share		31,897,592	-
Less - Dividend Tax on Interim Dividend		5,420,996	-
Less - Proposed Dividend		79,865,664	44,903,037
Less - Dividend Tax on above		13,573,170	7,631,271
Less - Short Provision for Dividend & Dividend Tax		3,503,480	-
Less - Transfer to Debenture Redemption Reserve		23,000,000	-
Less - Transfer to General Reserve		1,400,000,000	700,000,000
Balance Carried to Balance Sheet		45,375,237	30,942,359
Earning Per Share			
	19		
-Basic (Rs.)		5.02	2.04
-Diluted (Rs.)		4.59	2.04
Significant Accounting Policies	20		
Notes on Accounts	21		

In terms of our attached report of even date

For P. K. Lilha & Co.

Chartered Accountants

CA. P. K. Lilha

Partner

M No.: 11092

Place : Kolkata

Dated : 26th May, 2010

For and on behalf of the Board

Sandip Jhunjhunwala

Managing Director

K. D. Ghosh

Director

A. Chatterjee

Director

Mandan Mishra

Company Secretary

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2010**

(Amount in Rupees)

	2009-2010	2008-2009
Cash Flow from Operating Activities		
Net Profit Before Taxes	2,418,342,701	953,183,073
Adjustments:		
Depreciation / Amortization	213,940,321	212,858,859
Interest Expenses	3,482,460,953	3,328,321,872
Dividend Income	(7,144,190)	(165,924)
Effect of exchange difference on translation of foreign currency cash and cash equivalents	176,646,872	-
Interest Received	(6,463,747)	(4,411,005)
Loss on Sale of Fixed Assets	1,175,734	-
Operating profit before changes in working capital	6,278,958,644	4,489,786,875
Changes in:		
Decrease/ (increase) in inventories	(9,300,131,865)	(6,578,039,390)
Decrease/ (increase) in trade & other receivables	(2,468,833,288)	(1,400,883,623)
Decrease/ (increase) in loan & advances	(245,600,543)	(372,404,005)
Increase/(Decrease) in trade and other payables	(920,382,379)	1,240,247,532
Cash generated from operations	(6,655,989,431)	(2,621,292,611)
Direct Tax Paid	(808,214,373)	(310,915,820)
Net Cash used in Operating Activities (A)	(7,464,203,804)	(2,932,208,431)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(57,900,113)	(72,300,825)
Capital Work in Progress	(825,911,811)	(33,284,093)
Purchase of Investments	-	(70,000,000)
Sale of Fixed Assets	270,900	-
Dividend Received	7,144,190	165,924
Interest Received	6,463,747	4,411,005
Net Cash used in investing activities (B)	(869,933,087)	(171,007,989)
Cash Flow from Financing Activities		
Proceeds from QIP issue (Net of Expenses)	1,764,055,452	-
Conversion of FCCBs into Equity Shares	16,457,000	-
Repayment of long term borrowings	(563,038,529)	(132,334,829)
Proceeds from Non Convertible Debenture (Net of Expenses)	1,349,417,608	-
Proceeds from short term borrowings	10,738,840,327	4,268,710,019
Proceeds from unsecured loans (Net of Expenses)	3,235,237,206	2,451,599,259
Interest Paid	(3,482,460,953)	(3,328,321,872)
Dividend & Dividend Tax Paid	(93,356,376)	(103,257,595)
Net Cash from financing activities (C)	12,965,151,735	3,156,394,982
Effect of exchange difference on translation of foreign currency cash and cash equivalents	(176,646,872)	-
NET INCREASE/(DECREASE) IN CASH (A+B+C)	4,454,367,972	53,178,561
CASH AND CASH EQUIVALENTS(OPENING BALANCE)	178,519,674	125,341,113
CASH AND CASH EQUIVALENTS(CLOSING BALANCE)	4,632,887,646	178,519,674
	4,454,367,972	53,178,561

Notes:

- The above Cash Flow Statement has been prepared using the Indirect Methods set out in Accounting Standard (AS - 3) on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
- Figures in Bracket indicate Cash outflows.
- Previous Year's figures have been reclassified to conform with current year's presentation.

In terms of our attached report of even date

For P. K. Lilha & Co.
Chartered Accountants

CA. P. K. Lilha
Partner
M No.: 11092

Place : Kolkata

Dated : 26th May, 2010

For and on behalf of the Board

Sandip Jhunjunwala
Managing Director

K. D. Ghosh
Director

A. Chatterjee
Director

Mandan Mishra
Company Secretary

SCHEDULES FORMING PART OF ACCOUNTS
AS AT 31ST MARCH, 2010

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
160,00,00,000 (80,00,00,000) Equity Shares of Re 1/- each	1,600,000,000	800,000,000
40,00,000 (40,00,000) Preference Share of Rs. 100/- each	400,000,000	400,000,000
	2,000,000,000	1,200,000,000
ISSUED, SUBSCRIBED AND PAID UP		
31,93,28,318 (28,90,30,370) Equity Shares of Re 1/- each fully paid up	319,328,318	289,030,370
Of the above:-		
a) 8,88,01,800 Equity Shares of Re 1/- each issued as fully paid up Bonus Shares by Capitalisation of General Reserve in 2003-04		
b) 2,99,45,550 Equity Shares of Re 1/- each issued during the year as fully paid up (Refer note 1 of schedule 21)		
c) 3,52,398 Equity Shares issued during the year against conversion of 350 FCCB Bonds of US \$ 1,000 each.		
4,000,000 (4,000,000) 4% Non-Convertible Redeemable Preference Shares of Rs.100/- each fully paid up in Cash	400,000,000	400,000,000
	719,328,318	689,030,370
SCHEDULE - 2		
RESERVES & SURPLUS		
SECURITY PREMIUM		
As per Last Year	2,002,283,026	1,989,581,635
Add: During The year on equity Shares issued	1,812,837,602	-
Less : QIP issue expenses	(62,623,098)	-
Less : FCCB issue expenses	(207,663,794)	-
Less : Debenture issue expenses	(50,582,392)	-
Add/(Less): Deferred Tax Assets/(Liabilities) (Refer note no. 3 of Schedule 21)	33,466,618	12,701,391
	3,527,717,962	2,002,283,026
DEBENTURE REDEMPTION RESERVE		
As Per Last Year	-	-
Add: Transferred from Profit and Loss Account	23,000,000	-
	23,000,000	-
GENERAL RESERVE		
As Per Last Year	3,300,000,000	2,600,000,000
Add: Transferred from Profit and Loss Account	1,400,000,000	700,000,000
	4,700,000,000	3,300,000,000
Profit and Loss Account (As per Annexed Account)	45,375,237	30,942,359
	8,296,093,199	5,333,225,385

SCHEDULES FORMING PART OF ACCOUNTS
AS AT 31ST MARCH, 2010

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 3		
SECURED LOAN		
A. Long Term Loan		
1) Term Loan		
United Bank of India	12,500,000	62,500,000
(Secured by creation of a pari passu first charge on Fixed Assets of Rice Division both present and future and by second charge on hypothecation of stock of Rice, Paddy, Book – debts & Stores etc. of Rice Division both present & future on a pari passu basis with consortium of Banks) Amount Due withing one year Rs. 125 Lacs (Previous Year Rs. 500 Lacs)		
Indian Renewable Energy Development Agency (IREDA)	337,281,000	401,321,000
(Secured by first charge on 5 WTGs at Jaislamer, Rajasthan and 10 WTGs (Suzlon Make) at Dhule, Maharashtra and Sundry Debtors thereon together with personal guarantee of some of the directors.) Amount due within one year Rs. 640.04 lacs (Previous Year Rs. 640.04 Lacs)		
Allahabad Bank	8,630,000	15,550,000
(Secured by creation of first charge on 1 WTG (Suzlon Make) at Jaislamer, Rajasthan with Sundry Debtors thereon.) Amount due within one year Rs. 69.20 lacs (Previous Year Rs. 69.20 Lacs)		
Infrastructure Development Finance Company Limited	593,632,500	650,602,500
(Secured by creation of first charge on 6 WTG's (VESTAS Make) at Dhule, Maharashtra and 12 WTGs (RRB Make) at Tirunelveli, Tamilnadu and Sundry Debtors thereon) Amount due within one year Rs. 916.53 lacs (Previous Year Rs. 569.70 Lacs)		
External Commercial Borrowing(ICICI Bank, Hong Kong Branch) (Secured by creation of first charge on 17 WTGs (RRB Make) at Surajbari, Gujarat and Sundry Debtors thereon) Amount due within one year Rs. 782.44 lacs (Previous Year Rs. 883.14 Lacs)	234,730,652	345,105,324
Interest Accrued and Due	270,779	955,876
	1,187,044,931	1,476,034,700
2) Non Convertible Debenture	1,400,000,000	-
(Secured by way of first mortgage / charge on the immovable property situated at Maharajpura , Dist. Mehsana, Gujarat and also secured by way of pari passu first charge on fixed assets of the rice mill division)		
	1,400,000,000	-
3) Corporate Loans		
Bank of Maharashtra	106,800,000	196,300,000
Corporation Bank	54,000,000	110,000,000
State Bank of Indore	300,000,000	100,000,000
State Bank of Bikaner & Jaipur	-	100,000,000
Bank of Rajasthan	280,000,000	400,000,000
State Bank of Mysore	25,000,000	125,000,000
(Secured by creation of a pari passu first charge on Fixed Assets of Rice Division both present and future and by second charge on hypothecation of stock of Rice, Paddy, Book-debts & Stores etc. of Rice Division both present & future on pari passu basis with consortium of Banks and additional security of company's shares by promoters) Amount due within one year Rs. 3106 lacs (Previous Year Rs. 5476 Lacs)		
Interest Accrued and Due on Above	1,935,894	10,484,654
	767,735,894	1,041,784,654

SCHEDULES FORMING PART OF ACCOUNTS
AS AT 31ST MARCH, 2010

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
B. Short Term Loan		
From Banks -		
Cash Credit/ Packing credit/Working Capital facilities		
i) Rupee denominated Loan	29,709,448,323	20,799,990,543
ii) Foreign Currency denominated Loan	1,763,574,702	907,990,140
(Secured by creation of first charge on pari passu basis on hypothecation of stocks of Rice,Paddy ,Book Debts & Stores etc.both present & future (except windfarm Division) and by second charge on all Fixed Assets both present and future of rice division)		
Commercial Paper	1,100,000,000	250,000,000
(Secured by earmarking of working capital limits) Maximum balance outstanding during the year Rs. 465 Crore (Previous Year Rs. 590 Crore)		
Interest accrued and due on above	146,366,482	22,568,497
	32,719,389,507	21,980,549,180
	36,074,170,332	24,498,368,534
SCHEDULE - 4		
UNSECURED LOAN		
A. Long Term Loan		
i) Foreign Currency Convertible Bond	4,723,901,000	-
ii) Redeemable Non Convertible Debentures	-	4,000,000,000
iii) From a Body Corporate	439,000,000	-
B. Short Term Loan		
i) From Banks	3,530,000,000	1,250,000,000
	8,692,901,000	5,250,000,000

SCHEDULE - 5

FIXED ASSETS

(Amount in Rupees)

Particulars	Rate	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As on 01.04.2009	Additions	Sale/ Adjustment	As on 31.03.2010	As on 01.04.2009	For the year	Sale/ Adjustment	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
Land	0.00%	79,986,562	44,729,400	-	124,715,962	-	-	-	-	124,715,962	79,986,562
Lease Hold Land	0.00%	27,120,000	-	-	27,120,000	4,254,146	1,160,589	-	5,414,735	21,705,265	22,865,854
Building	3.34%	411,574,672	-	-	411,574,672	66,171,791	13,746,594	-	79,918,385	331,656,287	345,402,881
Plant & Machinery	5.28%	1,346,114,071	11,904,537	-	1,358,018,608	288,238,529	71,464,322	-	359,702,851	998,315,757	1,057,875,542
Windfarm Generators	5.28%	2,373,069,544	-	-	2,373,069,544	408,189,031	125,298,072	-	533,487,103	1,839,582,441	1,964,880,513
Office Equipment	4.75%	2,074,442	169,001	-	2,243,443	574,779	105,345	-	680,124	1,563,319	1,499,663
Tubewell	4.75%	468,850	-	-	468,850	180,958	22,270	-	203,228	265,622	287,892
Computer	16.21%	4,928,267	128,675	90,345	4,966,597	2,173,027	799,064	90,345	2,881,746	2,084,851	2,755,240
Vehicles	9.50%	11,773,081	968,500	2,388,337	10,353,244	3,753,670	1,079,285	941,703	3,891,252	6,461,992	8,019,411
Furniture & Fixtures	6.33%	4,182,943	-	-	4,182,943	1,159,679	264,780	-	1,424,459	2,758,484	3,023,264
TOTAL		4,261,292,432	57,900,113	2,478,682	4,316,713,863	774,695,610	213,940,321	1,032,048	987,603,883	3,329,109,980	3,486,596,822
Previous Year Total		4,196,130,027	72,300,825	7,138,421	4,261,292,431	568,975,172	212,858,859	7,138,421	774,695,610	3,486,596,822	

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 6		
CAPITAL WORK IN PROGRESS		
A) Advance against Capital Expenditure	240,617,155	236,725,210
B) Expenditure during Construction period	839,353,128	33,104,819
C) Project Development Expenditure	15,771,557	-
	1,095,741,840	269,830,029

SCHEDULES FORMING PART OF ACCOUNTS
AS AT 31ST MARCH, 2010

(Amount in Rupees)

			As at 31.03.2010	As at 31.03.2009
SCHEDULE - 7				
INVESTMENTS(Non-trade and Long Term) at cost				
(Quoted Equity Shares, fully paid up)				
No of Shares	Company	Face Value/Share		
35000	Allahabad Bank	Rs.10/-	2,870,000	2,870,000
10000	Jyoti Structure Limited	Rs. 2/-	546,155	546,155
398	Punjab National Bank	Rs.10/-	155,220	155,220
5500	Reliance Capital Limited	Rs.10/-	2,255,907	2,255,907
35000000	REI Six Ten Retail Limited	Rs. 2/-	70,000,000	-
			75,827,282	5,827,282
Unquoted				
~In Equity Shares, Fully Paid Up				
No of Shares	Company	Face Value/Share		
5160500	Varrasana Ispat Limited	Rs. 10/-	1,032,100,000	1,032,100,000
35000000	REI Six Ten Retail Limited	Rs. 2/-	-	70,000,000
			1,032,100,000	1,102,100,000
			1,107,927,282	1,107,927,282
Aggregate Value of Investments				
As At 31st March 2010			As At 31st March 2009	
	Book Value	Market Value	Book Value	Market Value
Quoted	75,827,282	2,704,435,600	5,827,282	4,012,732
Unquoted	1,032,100,000	-	1,102,100,000	-
(Amount in Rupees)				
			As at 31.03.2010	As at 31.03.2009
SCHEDULE - 8				
INVENTORIES				
(As taken, valued & Certified by the Management)				
Raw materials			27,933,000,464	18,499,069,639
Finished Goods			4,447,686,003	4,586,622,440
Stores, Spares & Packing Materials etc.			20,239,967	15,102,490
			32,400,926,434	23,100,794,569
SCHEDULE - 9				
SUNDRY DEBTORS - UNSECURED				
1) Considered Good				
a) Debts outstanding for a period exceeding six months			120,131,298	107,868,720
b) Others debts			8,240,321,396	5,783,750,686
2) Considered Doubtful over Six Months			4,717,660	
Less: Provision for Doubtful Debt			(4,717,660)	-
			8,360,452,694	5,891,619,406
SCHEDULE - 10				
CASH & BANK BALANCES				
Cash in Hand (As certified)			2,364,684	5,501,958
Balance with Scheduled Banks				
- On Current Accounts			259,308,570	93,887,443
- On Fixed Deposits Account			115,510,474	75,832,000
- On Margin Account			3,171,500	3,009,200
Balance with other Banks				
- In Current Accounts - ICICI Bank, London			178,268,783	289,073
- In Fixed Deposits - PICTET & CIE, London			4,074,263,635	-
			4,632,887,646	178,519,674
Balance with other Banks			Maximum amount	Maximum amount
			outstanding at any	outstanding at any
			time during the year	time during the year
ICICI Bank, London			4,578,103,811	289,073
PICTET & CIE, London			4,074,263,635	-

SCHEDULES FORMING PART OF ACCOUNTS
AS AT 31ST MARCH, 2010

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 11		
LOANS & ADVANCES		
(Unsecured, Considered Good)		
Advances to suppliers & others (recoverable in Cash or in kind or for value to be received)	4,536,350,003	4,307,696,487
Deposits	5,685,673	15,100,833
Income Tax Payments	807,400,886	332,045,499
Vat /Excise /DEPB etc receivable	6,851,182	20,887,934
Interest Receivable	34,397,260	1,399,207
Income Tax Refundable/TDS Receivable	246,278	3,262,540
	5,390,931,282	4,680,392,500
SCHEDULE - 12		
CURRENT LIABILITY & PROVISIONS		
(A) CURRENT LIABILITY		
Acceptances	95,155,155	686,659,046
Sundry Creditors		
For Goods supplied and Services (other than Micro and Small Enterprises Rs. NIL)	359,920,522	670,700,120
For Capital Expenditure	45,024,635	20,677,370
For other Liability	83,124,985	47,001,258
For Investor Education & Protection Fund(Unclaimed Dividend)	2,306,431	1,582,503
Interest Accrued but not due	143,366,028	222,722,760
TOTAL (A)	728,897,756	1,649,343,057
(B) Provisions		
For Taxation	840,172,787	336,000,000
For Fringe Benefit Tax	-	800,000
For Gratuity & Leave Encashment	8,553,867	8,490,945
For Dividend	79,865,664	44,903,037
For Dividend Tax	13,573,170	7,631,271
TOTAL (B)	942,165,488	397,825,253
TOTAL (A+B)	1,671,063,244	2,047,168,310
SCHEDULE - 13		
SALES		
Sale of Goods	36,678,332,301	24,233,304,517
Export Incentives & Duty Claim	5,538,351	19,796,283
Sale of Energy (including lease rental)	248,473,351	229,169,712
	36,932,344,003	24,482,270,512
SCHEDULE - 14		
OTHER INCOME		
Dividend - on long term investment	7,144,190	165,924
Insurance claim	48,224	4,141,543
Foreign Exchange Fluctuation	83,311,148	-
Interest Received	6,463,747	4,411,005
Carbon Credit Sale	-	29,495,153
Miscellaneous receipts	-	396,112
	96,967,309	38,609,737

SCHEDULES FORMING PART OF ACCOUNTS
AS AT 31ST MARCH, 2010

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 15		
MATERIALS CONSUMED & PURCHASE OF GOODS		
A) Raw Material Consumed		
Opening Stock	18,499,069,639	13,750,722,458
Purchases	34,646,957,221	21,578,264,715
Less - Closing Stock	27,933,000,464	18,499,069,639
	25,213,026,396	16,829,917,534
B) Purchase of Goods	4,033,372,704	2,950,321,541
	29,246,399,100	19,780,239,075
SCHEDULE - 16		
(INCREASE)/DECREASE IN INVENTORY		
Opening Stock of Finished Goods	4,586,622,440	2,755,979,063
Closing Stock of Finished Goods	4,447,686,003	4,586,622,440
	138,936,437	(1,830,643,377)
SCHEDULE - 17		
MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES		
Stores, Spares & Packing Material Consumed (100% indigenous)	433,246,532	461,702,425
Power & Fuel	107,519,470	115,953,882
Salary, Wages , Bonus, Gratuity, etc	121,700,294	119,147,643
Contribution to Provident Fund & Other Funds	4,487,201	3,455,760
Staff Welfare	3,863,880	5,126,333
Security Charges	11,868,681	10,973,151
Hire Charges	312,200	829,012
Repairs & Maintenance		
- Plant & Machinery	10,443,599	11,334,732
- Buildings	1,384,302	1,364,478
- Wind Farms	28,444,925	7,500,401
- Others	2,881,310	3,023,437
Export Duty	-	589,959,385
Rent	37,768,172	29,280,094
Rates & Taxes	938,414	255,716
Key Man Insurance	2,270,186	894,747
Insurance	11,794,006	12,674,517
ECGC Premium	32,185,335	2,971,296
Bank Charges	11,283,089	6,121,827
Postage & Telephone	3,380,809	3,551,947
Auditors' Remuneration	2,799,667	1,883,234
Directors' Remuneration	11,240,000	7,755,000
Directors' Fees	470,000	147,500
Filing Fees	7,020	26,379
Travelling & Conveyance	6,866,871	13,400,403
Foreign Exchange Fluctuation	-	74,311,012
Miscellaneous Expenses	294,955,218	131,077,977
Carriage Outward, Freight & Clearing Charges	300,261,010	425,545,410
Advertisement	816,655	275,021
Brokerage & Selling Expenses	3,547,178	12,625,318
Purchase /Sales Tax	81,320,042	23,752,710
Loss on sale of Fixed Assets	1,175,734	-
	1,529,231,800	2,076,920,747

SCHEDULES FORMING PART OF ACCOUNTS
AS AT 31ST MARCH, 2010

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009	
SCHEDULE - 18			
Interest			
- On Term Loan	119,111,869	155,763,098	
- On Debenture	326,645,609	474,971,022	
- On FCCB (Net)	81,102,961	-	
- On other loan (Net)	2,955,600,514	2,697,587,752	
	3,482,460,953	3,328,321,872	
SCHEDULE - 19			
EARNING PER SHARE			
PROFIT AFTER TAX AS PER PROFIT & LOSS A/C	1,571,693,780	609,283,577	
Less: Preference Shares Dividend and Dividend Tax thereon @ 16.995%	18,719,200	18,719,200	
Net profit after tax available to Equity Shareholders (For BASIC EPS)	1,552,974,580	590,564,377	
Interest on FCCB	81,102,961		
Less: Tax saving on Interest portion of FCCB	27,566,896		
Net amt to be added to PAFESH	53,536,065	-	
Net profit after tax available to Equity Shareholders (For Diluted EPS)	1,606,510,644		
COMPUTATION OF EPS TOTAL NO. OF SHARES	DAYS	NO. OF SHARES	NO. OF SHARES
A) NO.OF EQUITY SHARE AS ON 01.04.2009 (A)	365	289,030,370	289,030,370
B) SHARES ISSUED DURING THE PERIOD (B)			-
1) 2,99,45,550 SHARES OF RE. 1/- EACH ISSUED ON 27.07.2009	248	20,346,565	
2) 100,685 Eq shares issued against conversion of 100 FCCB @ \$ 1000/- each on 11.02.2010	49	13,517	-
3) 251,713 Eq shares issued against conversion of 250 FCCB @ \$ 1000/- each on 10.03.2010	21	14,482	-
TOTAL		20,374,564	-
TOTAL WEIGHTED NO. OF EQUITY SHARES (For BASIC EPS)		309,404,934	289,030,370
C) NO OF DILUTED SHARES ON A/C OF FCCB OUTSTANDING (105000000*47.02/46.70*139/365)	139	40,260,297	
LESS: DILUTED PART OF CONVERSION OF FCCB BONDS IN TO EQUITY			
1) 100 FCCB @ \$ 1000/- each on from 12.02.2010	49	(13,517)	
2) 250 FCCB @ \$ 1000/- each on from 10.03.2010	21	(14,482)	
TOTAL NO OF SHARES DILUTIVE IN NATURE		40,232,299	-
TOTAL WEIGHTED NO. OF EQUITY SHARES (For DILUTED EPS)		349,637,233	289,030,370
EARNING PER SHARE (BASIC)		5.02	2.04
EARNING PER SHARE (DILUTED)		4.59	2.04

**SCHEDULE - 20****SIGNIFICANT ACCOUNTING POLICIES:****1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The financial statements have been prepared and presented under the historical cost convention using the accrual basis of accounting and comply with all mandatory accounting standards as specified in the Companies (Accounting Standard) Rules 2006 and the relevant provisions of Companies Act, 1956.

2. USE OF ESTIMATES:

The preparation of financial statements is in conformity with the generally accepted accounting principles which requires management to make estimates and assumptions that affects the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in future, actual results ultimately may differ from the estimates.

3. FIXED ASSETS:

- a) Free Hold Land/ Lease Hold Land is stated at cost of acquisition inclusive of incidental expenses thereto.
- b) Fixed Assets are recorded at cost of acquisition or construction inclusive of freight, duty, taxes and incidental expenses relating thereto less accumulated depreciation.
- c) Project under commissioning and Capital Work-in-Progress are carried at cost comprising Direct Cost, Advance to Supplier and related incidental Expenses and attributable Interest on Borrowed Fund for project, if any.
- d) When assets are sold or discarded, their cost and accumulated depreciation are removed from fixed asset and any gain/loss resulting there from is reflected in Profit & Loss account.

4. DEPRECIATION:

- a) Cost of Lease Hold land is amortized over the year of the lease on straight-line basis.
- b) Depreciation on Fixed Assets has been charged in accordance with Straight Line Method (SLM) as per rates specified in Schedule XIV of the Companies Act, 1956 (as amended) on a pro-rata basis.

5. INVESTMENTS:

Long Term Investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.

6. INVENTORIES:

Inventories are valued as under:

- a) Raw Materials are valued at lower of cost computed on FIFO basis and net realizable value less VAT where applicable.
- b) Finished goods are valued at cost (less realizable value of by-products) or net realizable value whichever is lower.
- c) Stores & Spares, Packing Material etc. are valued at cost less VAT wherever applicable.
- d) By-Products are valued at estimated realizable value.

7. FOREIGN CURRENCY TRANSACTIONS:

- a) Foreign currency transactions are accounted at the exchange rates prevailing on the date of the relevant transactions. Gain/Losses arising out of fluctuation in the exchange rate are recognized in Profit & Loss account in the year in which they arise
- b) Monetary items (i.e. receivables, payable, loans etc.) denominated in foreign currencies are reported using the closing exchange rate on Balance Sheet date.
- c) In case of items covered by the foreign exchange rates, the difference between the year end rates and the rate on the date of the contract is recognized as exchange difference and the premium paid on forward contract is recognized over the life of the contract. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense of the year.
- d) Profit/ loss on derivatives and financial instruments such as forward exchange contracts and interest rate swap to hedge risks associated with foreign currency fluctuations and interest rates are considered as revenue items on maturity of the contracts.

8. REVENUE RECOGNITION:

- a) Domestic sales are accounted when goods are dispatched to customers and are recorded net of trade discounts, rebates, etc. Export sales are recognized on the date, Company ships the goods as evidenced by their bill of lading. Sale of energy is accounted on actual net billing plus claims for short generation wherever applicable and includes income from Lease Rent of WTG.
- b) Export entitlements in respect of Export made under Duty Entitlement Pass Book (DEPB) Scheme are recognized in the Profit & Loss account when the right to receive credit as per the terms of the scheme is established.
- c) Sale of Certified Emission Reduction (CER) is recognized as income on the delivery of the CER to the customer's account as evidenced by the receipt of confirmation of execution of delivery instructions.
- d) Other items of revenue are recognized in accordance with the Accounting Standard (AS-9). Accordingly, wherever there are uncertainties in the ascertainment/ realization of income, the same is accounted when it is measured with certainty.

- e) Interest on Fixed Deposits is booked on time proportion basis taking into account the amount invested and the rate of interest.
- f) Profit/Loss on sale of investments is booked on the basis of contract notes for sale of shares.
- g) Dividend income on Investments is accounted for when the right to receive the payment is established.

9. ACCOUNTING OF CLAIMS:

- a) Insurance claims receivable are accounted at the time when certainty of receivable is established.
- b) Claims raised by the Government Authorities regarding taxes & duties which are disputed by the company are accounted based on the merits of each claim.

10. BORROWING COST:

Borrowing costs are recognized as an expense in the year in which they are incurred, except cost that are directly attributable to the acquisition, construction or installation of qualifying assets which are capitalized as part of the cost of the asset.

11. SECURITIES ISSUE EXPENSE:

Foreign Currency Convertible Bonds (FCCBs), Qualified Institutional Placement (QIP's) & Debenture issue expenses incurred are adjusted against the Securities Premium Account in the year in which they are incurred in terms of Section 78 (2) of the Companies Act, 1956.

12. IMPAIRMENT OF ASSETS:

The company tests on annual basis the carrying amount of the asset for impairment so as to determine -

- a) The provision for impairment loss, if any, or
- b) The reversal, if any, required on account of impairment loss recognized in previous years.

13. EMPLOYEE BENEFITS:

a) Short Term Employee Benefits:

The undiscounted amount of short term employee benefit expected to be paid in exchange for the services rendered by employee is recognized during the year when the employee remain under the service. This benefit includes salary, wages, short term compensatory absences and bonus.

b) Long Term Employee Benefits:

- i) Defined Contribution Scheme- This benefit includes contribution to Employee's State Insurance Corporation and provident fund scheme. The contribution is recognized during the year in which the employee rendered service.
- ii) Defined Benefit Scheme- For defined benefit scheme the cost of providing benefit is determined using the projected unit credit method with actuarial valuation being carried out at each balance sheet date. The retirement benefit obligation recognized in the balance sheet represents value of defined benefit obligation as reduced by the fair value of planned assets. Actuarial gains and losses are recognized in full during the year in which they occur.

14. PROPOSED DIVIDEND:

Dividend proposed by the Board of Directors is provided for in the books of accounts pending approval at the Annual General Meeting.

15. TAXES ON INCOME:

Income Tax expense comprises current tax as per Income Tax Act, 1961, and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year) and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized only to the extent, there is reasonable certainty that the assets can be realized in future; however where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized.

16. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS:

- a) Provision is created when there is present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.
- b) Contingent Liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.
- c) Contingent Assets are neither recognized nor disclosed in Financial Statements.

17. EARNING PER SHARE:

Basic Earning Per Share (EPS) is computed by dividing, the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted Earning per Share are computed after adjusting the effects of all dilutive potential equity shares, if any.

18. INCOME FROM OPERATING LEASE:

It is recognized as rentals, as accrued over the year of lease.

SCHEDULE - 21**NOTES ON ACCOUNTS:****1. Equity Share Capital:**

During the year the company has issued 2,99,45,550 shares of Re. 1/- each through Qualified Institutional Placement (QIP) at a premium of Rs. 60/- per share and the same has been allotted on 27.07.2009. The Company has converted 100 FCCB bonds of \$ 1000/- each into 100685 shares at a premium Rs. 45.70 on 11.02.2010 and 250 FCCB bonds of \$ 1000/- each into 251713 shares at premium of Rs. 45.70 on 10.03.2010.

2. Preference Share Capital:

4% Non Convertible Preference shares allotted on 30.06.2003 are redeemable at par at any time after a period of 12 years from the date of their allotment.

3. Securities Premium:

- a) Addition to Securities Premium during the year amounting to Rs. 18,128.38 Lacs (previous year Rs. NIL Lacs) is on account of issue of 2,99,45,550 (previous year NIL) equity shares at a premium of Rs.60 per share through QIP and on issue of 3,52,398 equity shares at a premium of Rs. 45.70 per Share on conversion of 350 FCCBs.
- b) A sum of Rs. 33,466,618/-(Previous year Rs. 12,701,391/-) has been adjusted on account of Deferred Tax Assets/ (Liabilities) for the year ended 31.03.2010 (see note no 13).

4. Foreign Currency Convertible Bonds (FCCB):

The Company issued during the year 5.5% Foreign Currency Convertible Bonds (FCCB) of US \$ 1000 each aggregating US \$105 million [Rs. 493.71 Crore] at par. The bonds are redeemable on 13th November, 2014 unless previously converted; these bonds are convertible into equity shares at an initial conversion price of Rs.46.70 per equity share with existing fixed rate of exchange on conversion @ Rs.47.02 = US \$ 1.00 at the option of the bondholder at any time on or after 22nd December, 2009 and prior to the close of business on 13th November, 2014. During the year, conversion option in respect of 350 bonds (Previous year Nil) bonds were exercised by the bondholders and pursuant to this 352,398 (previous year Nil) equity shares of Re.1/- each were allotted. The exercise of conversion option and the consequent allotment of shares resulted in increase of Share Capital and Securities Premium A/c.

The outstanding 104,650 bonds as at 31st March 2010 (previous year Nil) bonds when fully converted, would result in issue of additional 105,367,088 equity shares of Re.1/- each.

5. ISSUE OF NON – CONVERTIBLE DEBENTURES:

The company has issued 1400, 11.75% Non Convertible Debenture of Rs 10 Lacs each divided into 14000 Separately Transferable Redeemable Principle Part (STRPP) of Rs 1 Lacs each, which are redeemable at par in one or more installments, on various dates with the earliest redemption being on 20.06.2013 & the last being 20.12.2014. Debentures are redeemable as under :-

- a) In F.Y 2013-14 Rs 5600 Lacs
- b) In F.Y 2014-15 Rs 8400 Lacs

6. Estimated amount of contracts remaining to be executed on Capital account (net of advances) Rs. 2469 Lacs (previous year Rs. 401 Lacs).**7. Contingent liabilities not provided for in respect of:**

Letters of Guarantee issued by the Bank in favour of Dy. Commissioner of Customs, for Rs.22,29,200 is awaited clearance on completion of the Export performance under Para 5.2/5.7 of Exim Policy 2002-07.

8. Disclosure under the Micro, Small & Medium Enterprises Development Act 2006:

Based on the information available with the company there is no dues payable to Micro, Small and Medium Enterprises as defined in The Micro, Small and Medium Enterprises Development Act 2006.

9. Disclosures pursuant to Accounting Standard-15 (Revised) 'Employees Benefits':**A) Defined Contribution Plans**

In accordance with the Accounting Standard 15 on employee benefits issued by The Institute of Chartered Accountants of India, employer- established provident fund trust are treated as defined benefits plans.



B) Defined Benefit Plans

In keeping with the company Gratuity scheme (Defined Benefit Plan) eligible employees are entitled to gratuity benefits at one and half month's eligible salary for each completed year of service on Retirement / Death / Termination. Vesting occurs upon completion of 5 years of service subject to the payment of Gratuity Act, 1972. The present value of obligation is determined based on actuarial valuation using the 'projected unit credit method'. Obligation for the leave encashment is recognized in the same manner as Gratuity. Following are the further particulars with respect to Gratuity & Leave Encashment for the year ended 31.3.2010

(Rs. in lacs)

	2009-2010		2008-2009	
i) Changes in Defined Benefit obligation	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligation at the beginning of the year	71.92	12.98	51.92	11.10
Service Cost	13.88	2.78	16.92	2.99
Interest Cost	5.70	1.12	4.95	0.96
Actuarial (Gain)/Loss	(2.93)	12.68	(0.02)	9.28
Benefit Paid	(18.02)	(14.58)	(1.85)	(11.35)
Present Value of obligation at the end of the year	70.55	14.98	71.92	12.98
ii) Change in Plan Assets				
Plan Assets at the beginning of the year	-	-	-	-
Actual return on plan Assets	-	-	-	-
Contribution by the Company	18.02	14.58	1.85	11.35
Actual Benefits paid	(18.02)	(14.58)	(1.85)	(11.35)
Actuarial (Gain)/ Loss	-	-	-	-
Plan Asset at the end of year	-	-	-	-
iii) Reconciliation of the present value of defined obligation and fair value of planned Assets				
Present value of the obligation at the end of the year	70.55	14.98	71.92	12.98
Fair value of plan Assets at the end of the year	-	-	-	-
Liability / (Asset) recognized in the Balance Sheet	70.55	14.98	71.92	12.98
iv) Expenses Charged to profit & Loss Account:				
Current Service Cost	13.88	2.78	16.92	2.99
Interest Cost	5.70	1.12	4.95	0.96
Expected return on Plan Assets	-	-	-	-
Actuarial (Gain) / Loss	(2.93)	12.68	(0.02)	9.28
Total Expenses charged/(to be charged) in Profit & Loss A/c on accrual	16.65	16.58	21.86	13.23
v) Actuarial Assumption				
Discount rate Per Annum compound	8.00%	8.00%	8.00%	8.00%
Rate of Increase in Salary	5.00%	5.00%	5.00%	5.00%
Rate of Return on Plan Assets	0.00%	0.00%	0.00%	0.00%

The Principal assumptions used in the calculation are the (1) Discount Rate, (2) Salary increase. The Discount rate is based upon the market yields available on Government Bonds at the accounting date with a term that matches that of the liabilities and the salary increase take account of inflation, seniority, promotion and other relevant factors.

10. Fixed deposits with banks include Rs.31.71 Lacs (Rs. 30.09 Lacs) pledged as margin money against Letter of Guarantee issued by them.

11. Director's Remuneration: *

(Amount in Rupees)

	2009-2010	2008-2009
(a) Salary & Allowances	88,40,000	53,55,000
(b) Contribution to provident fund	9,360	9,360
(c) Commission to a director	24,00,000	24,00,000
(d) Perquisites	1,05,899	3,45,925
(e) Director Sitting Fees	4,70,000	1,47,500
TOTAL	1,18,25,259	82,57,785

* Exclusive of provision for future liabilities in respect of retirement benefits which is based on actuarial valuation done on overall company basis.

Computation of net profit in accordance with section 349 of the Companies Act 1956 and commission payable to a Director

Particulars	2009-2010	2008-2009
Profit Before Taxation	241,83,42,701	95,31,83,073
Add: Director's Remuneration (as above)	1,18,25,259	82,57,785
TOTAL	243,01,67,960	96,14,40,858
Add: Loss on sale of fixed assets	11,75,734	-
Net Profit	2,43,13,43,694	96,14,40,858
Commission to a Director	24,00,000	24,00,000
- Percentage of Net Profit	0.10%	0.25%

12. Auditors Remuneration includes:

	2009-2010	2008-2009
(a) Audit Fees	13,00,000	10,00,000
(b) Tax Audit Fees	2,00,000	2,00,000
(c) For Certification, QIP / FCCB issue	8,00,000	3,50,000
(d) For Service Tax	2,36,900	175,100
(e) For reimbursement of expenses	2,62,767	1,58,134
TOTAL	27,99,667	18,83,234

13. Deferred Taxation:

(Amount in Rupees)

Deferred Taxation:-	As at 31.03.2010	As at 31.03.2009
a) Deferred Tax Liabilities :		
- On Depreciation	86,89,32,057	90,51,74,450
b) Deferred Tax Assets		
- On Gratuity & Leave Encashment	29,07,459	28,86,072
- On Issue Expenses(U/s 35D)	-	44,00,695
- On Provision for Doubtful Debts	16,03,533	-
Sub-Total	45,10,992	72,86,767
Net Deferred Tax Liability	86,44,21,065	89,78,87,683

The Hon'ble Kolkata High Court vide its order has allowed the company to utilize the Securities Premium Account towards meeting Deferred Tax Liability computed as per the Accounting Standard (AS-22) "Accounting of Taxes on Income" prescribed by The Institute of Chartered Accountants of India. Accordingly the Securities Premium Account has increased by adjustment of Net Deferred Tax Assets of Rs. 3,34,66,618 for the year (Previous Year Rs. 1,27,01,391).

14. The Company had entered into contract for foreign currency rupee swap to hedge its part of long term exposure based on interest rate and currency exchange agreement. Net Loss on such contracts Rs.1.46 Crore settled during the year have been accounted for and adjusted against interest on other loan.

There is one Foreign Currency derivative contracts outstanding as at 31st March, 2010 entered into by the Company for hedging purposes and as on date, an adverse position of Rs. 10.32 Crore (Rs. 16.06 Crore) has been indicated on Mark to Market basis, which has not been provided in the accounts and will be recognized on settlement /or maturity of the contracts on or before 2nd July 2010.

15. Particulars of Unhedged foreign currency exposure as on balance Sheet date.

(Rate 1 USD = Rs 45.14)

Particulars	USD	Amount (In Rs)
Working Capital in Foreign Currency	1,20,00,000	54,16,80,000
PCFC	2,70,69,001	1,22,18,94,702
FCCB's (Net of Deposit abroad)	1,04,42,370	47,13,68,582
External Commercial Borrowing	52,00,059	23,47,30,652
TOTAL	5,47,11,430	2,46,96,73,936

16. Operating Lease:

The Company during the year has given on Operating Lease 17 Wind Turbine Generator (WTG) having capacity of 10.2 MW situated at Kutch, Gujarat. Disclosures required as per Accounting Standards-19 issued by the ICAI are given below:

	As at 31.03.2010	As at 31.03.2009
i) Gross Block of Fixed Assets	53,26,33,161	53,26,33,161
ii) Accumulated Depreciation	7,65,65,896	4,84,42,865
iii) Future Lease Rental Receivable		
a) Not later than one year	4,20,00,000	4,20,00,000
b) Later than one year and not later than five years	16,80,00,000	16,80,00,000
c) Later than five years	16,80,00,000	21,00,00,000

17. Segment Reporting (Under Accounting Standard 17 issued by ICAI)

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company. As part of secondary reporting revenues are attributed to geographical areas based on the location of the customers. The following table presents the revenue, profit, assets and liabilities information relating to the business/geographical segment for the year ended 31st March 2010.

A) Primary Business Reporting

(Rs. In Lacs)

S. No.	Particulars	Rice	Wind Power	Unallocable	Total
1	Net Sales/Income from operation	366,838.71	2,484.73	-	369,323.44
	Other Income	546.07	352.16	71.44	969.67
	Total Revenue	367,384.78	2,836.89	71.44	370,293.11
		(242,620.50)	(2,586.65)	(1.66)	(245,208.81)
2	Segment Result				
	Profit(+)/Loss (-) before Tax & Interest from each segment	57,764.46	1,172.14	71.44	59,008.04
		(42,450.99)	(362.4)	(1.66)	(42,815.05)
	Less: i) Interest	33,679.23	1,145.38	-	34,824.61
		(31,905.06)	(1,378.16)	-	(33,283.22)
	Total Profit Before Tax	24,085.23	26.75	71.44	24,183.43
		(10,545.93)	(-1,015.76)	(1.66)	(9,531.83)
3	Segment Assets	523,248.64	20,775.39	19,155.74	563,179.77
		(351,108.00)	(21,616.45)	(14,432.35)	(387,156.80)
4	Segment Liabilities	4,51,739.40	11,950.04	9,336.12	4,73,025.56
		(299,815.50)	(14,161.62)	(12,957.13)	(326,934.25)
5	Segment Assets - Segment Liability	71,509.24	8,825.35	9,819.62	90,154.21
		(51,292.50)	(7,454.83)	(1,475.22)	(60,222.55)
6	Addition to Segment Fixed Assets	572.52	6.48	-	579.00
		(723.01)	-	-	(723.01)
7	Depreciation	874.82	1,264.58	-	2,139.40
		(864.00)	(1264.59)	-	(2128.59)

B) Geographical Segment

S. No.	Particulars	Rice	Wind power	Unallocable	Total
1	Revenue Source : India	3,10,904.79 (1,42,347.41)	2,836.89 (2,586.65)	71.44 (1.66)	3,13,813.12 (1,44,935.72)
	Outside India	56,480.00 (99,886.98)	- -	- -	56,480.00 (99,886.98)
	Total	3,67,384.78 (2,42,234.40)	2,836.89 (2,586.65)	71.44 (1.66)	3,70,293.11 (2,44,822.71)
2	Assets : India	4,57,495.90 (3,25,291.65)	20,775.39 (21,616.45)	19,155.74 (14,432.35)	4,97,427.03 (3,61,340.46)
	Outside: India	65,752.74 (25,816.34)	- -	- -	65,752.74 (25,816.34)

18. Related party disclosures:

In accordance with Accounting Standard 18 on Related Party Disclosure issued by the Institute of Chartered Accountants of India, the company has complied with the required information as per details given below:

List of related parties:**I) Key Management Personnel**

- Shri Sanjay Jhunjunwala (Chairman)
- Shri Sandip Jhunjunwala (Managing Director)

II) Name of the Companies, where control exist (either individually or with others)

- Aspective Vanijya Pvt. Ltd.
- Jagdhatri Tracon Pvt. Ltd.
- REI Steel & Timber Pvt. Ltd.
- Snehpusph Barter Pvt. Ltd.
- Subhchintak Vancom Pvt. Ltd.
- Shree Krishna Gyanodaya Flour Mills Pvt. Ltd.
- Varrsana Ispat Limited
- REI Six Ten Retails Limited

III) Directors Relatives:

- Shri Kailash Chandra Jhunjunwala
- Mrs. Koushalya Devi Jhunjunwala
- Mrs. Sangita Jhunjunwala
- Mrs. Suruchi Jhunjunwala
- Shri Akshay Jhunjunwala
- Shri Ambuj Jhunjunwala

IV) Transactions with Related parties:

(Amount in Rupees)

Transactions	Control Exists	Key Management Personnel (KMP)	Relatives of KMP
Dividend ~ Equity Shares	2,30,31,218 (2,74,15,718)	10,20,768 (12,75,960)	143,580 (1,79,475)
Managerial Remuneration (Including Sitting Fees)	- -	1,13,75,259 (82,57,785)	- -
Sale of Rice ~ REI Six Ten Retail Ltd.	3,41,52,19,155 (212,01,84,532)	- -	- -



Investment in Shares			
- During the Year	NIL	-	-
~REI Six Ten Retail Ltd	(7,00,00,000/-)	-	-
Sundry Debtors			
~ REI Six Ten Retail Ltd.	1,22,85,10,192	-	-
	(172,65,58,481)	-	-
Loan Taken			
~ SKG Flour Mills Pvt Ltd	43,90,00,000	-	-
	(-)	-	-
Investments In Shares (At the year end)			
i) REI Six Ten Retail Ltd.	7,00,00,000/-	-	-
	(7,00,00,000/-)	-	-
ii) Varrsana Ispat Limited	103,21,00,000/-	-	-
	(103,21,00,000/-)	-	-

Note: Reimbursement of expenses has not been treated as related party transactions.

19. Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

(A) Capacities, Production, Sales and Stocks

(As certified by the Management)

	Unit	2009-2010	2008-2009
I) Licensed Capacity		N.A	N.A
II) Installed Capacity			
~ Basmati Rice Processing	(TPH)	103*	79*
~ Wind Turbine Generator	(MW)	46.10	46.10

* Includes Leased Capacity of 42 TPH for processing of Basmati Rice at various places in Punjab.

i) Finished Goods

Particulars	2009-2010		2008-2009	
	Qty in MT.	Amount (Rs)	Qty in MT.	Amount (Rs)
a) Processed Rice				
i) Opening stock	89,657	45,86,22,440	81,202	2,75,59,79,062
ii) Actual Production	5,56,039	-	4,29,889	-
iii) Sales*	5,46,316	32,26,74,62,158	4,21,434	20,80,82,13,369
iv) Closing stock	99,380	4,44,76,86,003	89,657	4,58,66,22,440

ii) By-Product

	2009-2010		2008-2009	
	Qty in MT.	Amount (Rs)	Qty in MT.	Amount (Rs)
Bran & Husk				
Sales	24,266	16,48,44,570	28,712	17,80,05,501

iii) Power Generation

	2009-2010		2008-2009	
	Units	Amount (Rs)	Units	Amount (Rs)
Electricity	5,45,91,920	24,84,73,351	4,95,55,443	22,91,69,712*

* Including Operating Lease Rental of Gujarat Wind Power Project

iv) Purchase/Sale of Goods

		2009-2010		2008-2009	
		Qty in MT.	Amount (Rs)	Qty in MT.	Amount (Rs)
i)	Op. stock- Rice	----	-----	----	-----
ii)	Purchase-Rice	1,16,340	4,03,33,72,704	72,445	2,95,03,21,541
iii)	Sales -Rice	1,16,340	4,24,60,25,573	72,445	3,24,70,85,647
iv)	Cl. stock- Rice	-----	-----	-----	-----

(B) Materials consumed & purchase of goods (100% Indigenous)

		2009-2010		2008-2009	
		Qty in MT.	Amount(Rs)	Qty in MT.	Amount(Rs)
Raw material consumed		7,25,680	25,21,30,26,396	5,86,121	16,82,99,17,534
Purchase of goods		1,16,340	4,03,33,72,704	72,445	2,95,03,21,541
Total		8,42,020	29,24,63,99,100	6,58,566	19,78,02,39,075

(Amount in Rupees)

		2009-2010	2008-2009
(C)	FOB Value of Export	5,73,65,07,118	9,76,91,20,706
(D)	C.I.F. Value of Capital Goods import	-	56,63,665
(E)	Expenditure in Foreign Currency		
i)	Foreign Traveling	6,71,885	80,40,231
ii)	Ocean Freight	-	1,42,59,775
iii)	Interest Paid on ECB	85,37,873	1,91,63,661
iv)	Legal & Professional	-	37,17,429
v)	Listing Fees	6,88,035	11,28,934
vi)	FCCB/QIP Issue Expenses	17,42,76,876	-
(F) i)	Amount remitted in Foreign Currency on Account of Dividend		
(a)	On Equity Share	14,15,090	17,68,800
(b)	On Preference Share	1,60,00,000	1,60,00,000
ii)	No. of Non-resident Shareholders		
(a)	Equity Shares	4	4
(b)	Preference Share	4	4
iii)	No. of shares held by Non- resident Shareholders		
(a)	Equity Shares	7,07,570	11,79,200
(b)	Preference Shares	40,00,000	40,00,000

20) Previous year's figures have been regrouped/re-arranged wherever considered necessary.**21) Figures in brackets in Note No. 17 denote previous year's figures.**

Signature to Schedule 1 to 21

In terms of our attached report of even date

For P. K. Lilha & Co.

Chartered Accountants

CA. P. K. Lilha

Partner

M No.: 11092

For and on behalf of the Board

Sandip Jhunjhunwala
Managing DirectorK. D. Ghosh
DirectorA. Chatterjee
DirectorMandan Mishra
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

I. Registration Details

Registration No. 104573 State Code 21
Balance Sheet Date 31 03 2010

II Capital Raised during the Year (Rs. in Thousand)

Public Issue NIL Right Issue NIL
Bonus Issue NIL Private Placement* 1843136

III Position of Mobilization and Deployment of Funds (Rs. in Thousands)

<p>Total Liabilities 54646914</p> <p>Sources of Funds</p> <p>Paid-up Capital 719328</p> <p>Reserves & Surplus 8296093</p> <p>Secured Loans 36074170</p> <p>Unsecured Loans 8692901</p> <p>Deferred Tax 864421</p>	<p>Total Assets 54646914</p> <p>Application of Funds</p> <p>Net Fixed Assets 4424852</p> <p>Net Current Assets 49114135</p> <p>Investments 1107927</p> <p>Misc. Expenditure 000</p> <p>Accumulated Losses NIL</p>
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IV Performance of Company (Rs. in Thousands)

<p>Turnover 37029311</p> <p>Profit/(Loss) Before Tax 2418343</p> <p>Earning per Share in (Rs.) 5.02</p>	<p>Total Expenditure 34610968</p> <p>Profit/(Loss) After Tax 1571694</p> <p>Dividend Rate 30%</p>
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V Generic Names of three principal Products/Services of Company (As per Monetary terms)

Product Description	Item Code No. (ITC Code)
Rice Processing	1 0 0 6
Wind Mill	8 4 1 2 8 0 . 0 4

* Through issue of QIPs and Conversion of Foreign Currency Convertible Bond

For and on behalf of the Board

Sandip Jhunjhunwala
Managing Director

A. Chatterjee
Director

K. D. Ghosh
Director

Mandan Mishra
Company Secretary

Place : New Delhi

Dated : 26th May, 2010

